

UNITED WAY OF LONG ISLAND
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017
TOGETHER WITH AUDITOR'S REPORT

UNITED WAY OF LONG ISLAND
FINANCIAL STATEMENTS
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JUNE 30, 2018 AND 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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 30, 2018 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 30, 2018



UNITED WAY OF LONG ISLAND
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents:		
Unrestricted	\$ 1,540,130	\$ 2,204,699
Restricted	2,658,202	2,556,302
Total cash and cash equivalents	4,198,332	4,761,001
Investments, at fair value	-	229,710
Pledges and other receivables, net of allowance for uncollectible pledges of \$989,240 and \$1,336,207, respectively	3,082,647	3,003,546
Prepaid expenses	165,219	69,507
Total current assets	7,446,198	8,063,764
FIXED ASSETS, net of accumulated depreciation and amortization of \$2,776,070 and \$2,640,186, respectively	2,901,980	2,974,275
Total assets	\$ 10,348,178	\$ 11,038,039
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of bond payable	\$ 119,823	\$ 95,047
Current portion of promissory note payable	3,667	3,485
Accounts payable and accrued expenses	213,771	388,817
Allocations payable to agencies	689,346	812,772
Designations payable	506,241	671,719
Accrued benefit obligations	-	215,765
Deferred revenue	1,269,180	1,424,612
Total current liabilities	2,802,028	3,612,217
LONG-TERM LIABILITIES:		
Bond payable	1,879,066	1,998,889
Promissory note payable	65,715	69,383
Total long-term liabilities	1,944,781	2,068,272
Total liabilities	4,746,809	5,680,489
NET ASSETS:		
Unrestricted:		
Undesignated	4,035,619	3,670,430
Board-designated	1,170,446	1,143,788
Total unrestricted	5,206,065	4,814,218
Permanently restricted	395,304	543,332
Total net assets	5,601,369	5,357,550
Total liabilities and net assets	\$ 10,348,178	\$ 11,038,039

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, 2018 AND 2017

	2018			2017		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE:						
Public support -						
Long Island sources	\$ 8,603,336	\$ 11,900	\$ 8,615,236	\$ 9,148,104	\$ 239,913	\$ 9,388,017
Government contracts	8,251,072	-	8,251,072	7,381,366	-	7,381,366
Superstorm Sandy relief	908,568	-	908,568	936,865	-	936,865
Total funds raised	17,762,976	11,900	17,774,876	17,466,335	239,913	17,706,248
Amounts raised with donor designation	(635,607)	-	(635,607)	(978,884)	-	(978,884)
Total public support	17,127,369	11,900	17,139,269	16,487,451	239,913	16,727,364
Provision for estimated collection losses at the UWLI level	(989,240)	-	(989,240)	(1,159,214)	-	(1,159,214)
Total public support, net	16,138,129	11,900	16,150,029	15,328,237	239,913	15,568,150
Revenue -						
Interest	5,863	-	5,863	4,103	-	4,103
Other	1,097,492	-	1,097,492	705,209	-	705,209
Net assets released from restrictions	159,928	(159,928)	-	323,192	(323,192)	-
Total revenue	1,263,283	(159,928)	1,103,355	1,032,504	(323,192)	709,312
Total public support and revenue	17,401,412	(148,028)	17,253,384	16,360,741	(83,279)	16,277,462
EXPENSES:						
Program services -						
Allocations and contract payments	11,563,131	-	11,563,131	11,144,564	-	11,144,564
Other	2,852,641	-	2,852,641	2,616,797	-	2,616,797
Supporting and administrative services	2,593,793	-	2,593,793	2,416,939	-	2,416,939
Total expenses	17,009,565	-	17,009,565	16,178,300	-	16,178,300
Change in net assets	391,847	(148,028)	243,819	182,441	(83,279)	99,162
NET ASSETS, BEGINNING OF YEAR	4,814,218	543,332	5,357,550	4,631,777	626,611	5,258,388
NET ASSETS, END OF YEAR	\$ 5,206,065	\$ 395,304	\$ 5,601,369	\$ 4,814,218	\$ 543,332	\$ 5,357,550

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 243,819	\$ 99,162
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	154,714	151,164
Provision for collection loss, net of collections	(346,967)	54,066
Unrealized gain on investments	-	(17,493)
Changes in assets and liabilities:		
(Increase) decrease in pledges and other receivables	267,866	(187,500)
(Increase) decrease in prepaid expenses	(95,712)	20,728
Increase (decrease) in accounts payable and accrued expenses	(175,046)	30,415
Decrease in allocations payable to agencies	(123,426)	(145,913)
Increase (decrease) in designations payable	(165,478)	206,909
Decrease in accrued benefit obligations	(215,765)	(5,180)
Increase (decrease) in deferred revenue	(155,432)	297,348
	<u>(611,427)</u>	<u>503,706</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in restricted cash and cash equivalents	(101,900)	(506,811)
Purchase of fixed assets	(63,589)	(15,629)
Dividend income reinvested	-	(3,844)
Sale of investments	224,060	-
	<u>58,571</u>	<u>(526,284)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of bond payable	(108,227)	(108,227)
Repayment of promissory note payable	(3,486)	(3,312)
	<u>(111,713)</u>	<u>(111,539)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(664,569)	(134,117)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,204,699</u>	<u>2,338,816</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,540,130</u>	<u>\$ 2,204,699</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 75,077</u>	<u>\$ 82,927</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, 2018 AND 2017

2018

	Program Services					Supporting and Administrative Services					Total	Total Expenses	
	Agencies Relations	Housing Services	Community Impact	Ryan White Services	Allocations and Contract Payments	Fund Raising	Marketing and Communications	Management and General	Planning and Grants Management				
Grants and allocations	\$ -	\$ -	\$ -	\$ -	\$ 11,563,131	\$ 11,563,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,563,131
Salaries	144,200	744,165	357,272	320,759	-	1,566,396	446,646	230,236	490,737	194,625	1,362,244	2,928,640	
Employee benefits	37,075	191,330	91,856	82,470	-	402,731	114,836	59,195	126,172	50,040	350,243	752,974	
Occupancy	6,702	34,586	16,605	14,907	-	72,800	20,758	10,700	22,808	9,045	63,311	136,111	
Publicity and events	32,003	165,158	79,293	71,188	-	347,642	211,892	51,098	108,913	43,195	415,098	762,740	
Professional fees and insurance	20,046	103,451	49,667	44,591	-	217,755	62,091	32,007	68,221	27,056	189,375	407,130	
Conference and travel	1,071	5,526	2,652	2,382	-	11,631	3,317	1,709	3,644	1,445	10,115	21,746	
Equipment maintenance and rental	7,972	41,138	19,751	17,732	-	86,593	24,691	12,728	27,129	10,759	75,307	161,900	
Miscellaneous	5,923	30,568	14,676	13,176	-	64,343	18,527	9,457	20,158	7,994	56,136	120,479	
Subtotal	254,992	1,315,922	631,772	567,205	11,563,131	14,333,022	902,758	407,130	867,782	344,159	2,521,829	16,854,851	
Depreciation	6,691	34,527	16,577	14,883	-	72,678	20,724	10,683	22,769	9,030	63,206	135,884	
Amortization	927	4,786	2,297	2,062	-	10,072	2,872	1,480	3,155	1,251	8,758	18,830	
Total expenses	\$ 262,610	\$ 1,355,235	\$ 650,646	\$ 584,150	\$ 11,563,131	\$ 14,415,772	\$ 926,354	\$ 419,293	\$ 893,706	\$ 354,440	\$ 2,593,793	\$ 17,009,565	

2017

	Program Services					Supporting and Administrative Services					Total	Total Expenses
	9,388,017 Agencies Relations	Housing Services	Community Impact	Ryan White Services	Allocations and Contract Payments	Fund Raising	Marketing and Communications	Management and General	Planning and Grants Management			
Grants and allocations	\$ -	\$ -	\$ -	\$ -	\$ 11,144,564	\$ 11,144,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,144,564
Salaries	241,396	647,153	345,270	340,450	-	1,574,269	534,957	223,624	457,691	188,566	1,384,838	2,959,107
Employee benefits	46,401	124,395	66,367	65,441	-	302,604	102,828	42,985	87,977	32,401	266,191	568,795
Occupancy	10,092	27,054	14,434	14,232	-	65,812	22,364	9,348	19,134	7,047	57,893	123,705
Publicity and events	37,325	100,063	53,386	52,641	-	243,415	197,738	34,577	70,769	26,064	329,148	572,563
Professional fees and insurance	26,828	71,922	38,372	37,836	-	174,958	59,453	24,853	50,866	18,734	153,906	328,864
Conference and travel	1,796	4,816	2,569	2,534	-	11,715	3,981	1,664	3,406	1,254	10,305	22,020
Equipment maintenance and rental	14,287	38,301	20,435	20,149	-	93,172	31,661	13,235	27,088	9,976	81,960	175,132
Miscellaneous	10,800	28,953	15,447	15,231	-	70,431	23,933	10,005	20,476	7,541	61,955	132,386
Subtotal	388,925	1,042,657	556,280	548,514	11,144,564	13,680,940	976,915	360,291	737,407	271,583	2,346,196	16,027,136
Depreciation	10,795	28,942	15,441	15,225	-	70,403	23,924	10,001	20,468	7,538	61,931	132,334
Amortization	1,536	4,118	2,197	2,167	-	10,018	3,404	1,423	2,912	1,073	8,812	18,830
Total expenses	\$ 401,256	\$ 1,075,717	\$ 573,918	\$ 565,906	\$ 11,144,564	\$ 13,761,361	\$ 1,004,243	\$ 371,715	\$ 760,787	\$ 280,194	\$ 2,416,939	\$ 16,178,300

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, 2018 and 2017, 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, 2018 and 2017.

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, 2018 are designated amounts set aside for future obligations of \$905,376, amounts set aside for specific purposes or programs of \$2,414,974 (including \$394,949 of advance collections which are recognized as deferred revenues as of June 30, 2018) and unrestricted cash of \$634,754.

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, 2018 and 2017 are comprised of unconditional promises to give by donors. As of June 30, 2018, 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, 2018 and 2017, UWLI recognized an allowance for doubtful accounts of \$989,240 and \$1,336,207, 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 forty 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, 2018 and 2017.

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, 2018 and 2017, 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.

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, 2018 and 2017 are as follows:

	2018		2017	
	Cost	Market Value	Cost	Market Value
Money market	\$ -	\$ -	\$ 35,420	\$ 35,420
Mutual funds	-	-	140,406	194,290
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,826</u>	<u>\$ 229,710</u>

Investment income, which is included in other revenue in the Statements of Activities for the years ended June 30, 2018 and 2017, consists of the following:

	2018	2017
Unrealized gain	\$ -	\$ 17,493
Realized gain	13,521	-
Dividend income	-	3,844
Total investment income	<u>\$ 13,521</u>	<u>\$ 21,337</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.

Investments -

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.

(5) Fixed assets

Fixed assets as of June 30, 2018 and 2017 are comprised of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 373,761	\$ 373,761
Buildings and improvements	4,228,086	4,187,657
Machinery, equipment, furniture and fixtures	<u>1,076,203</u>	<u>1,053,043</u>
	5,678,050	5,614,461
Less: accumulated depreciation	<u>2,776,070</u>	<u>2,640,186</u>
	<u>\$ 2,901,980</u>	<u>\$ 2,974,275</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$135,884 and \$132,334, 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, 2018, \$1,998,889 was outstanding under the bond payable, net of deferred bond issuance costs of \$112,980.

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, 2018, \$69,382 was outstanding under this promissory note.

Long-term debt interest expense for 2018 and 2017 was comprised of the following:

	<u>2018</u>	<u>2017</u>
Bond	\$ 71,645	\$ 79,291
Promissory note	<u>3,454</u>	<u>3,636</u>
	75,099	82,927
Plus: amortization of issuance costs	<u>18,830</u>	<u>18,830</u>
	<u>\$ 93,929</u>	<u>\$ 101,757</u>

Future maturities represent actual obligations of long-term debt and do not include the deferred bond issuance costs of \$112,980 netted against long-term debt on the Statements of Financial Position. As of June 30, 2018, future maturities are estimated as follows:

<u>Year ending June 30,</u>	
2019	\$ 123,490
2020	129,937
2021	136,721
2022	143,859
2023	151,370
Thereafter	<u>1,495,874</u>
	2,181,251
Less: issuance costs	<u>(112,980)</u>
	<u>\$ 2,068,271</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, 2018 there are no borrowings outstanding. Borrowings under this arrangement bear interest at the bank's prime rate (4.25% as of June 30, 2018) 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 \$0 and \$28,000 were designated as contributions to UWLI for fiscal 2018 and 2017, respectively. Pledges receivable from LICFC were \$0 and \$33,200 at June 30, 2018 and 2017, respectively. UWLI receives administrative fees for coordinating the campaign which amounted to \$99,750 for the year

ended June 30, 2017. UWLI no longer coordinates the LICFC campaign and did not receive any compensation or contributions during the fiscal year ended June 30, 2018. These fees are recorded in supporting and administrative services in the Statements of Activities.

Of the total campaign revenues for SEFA, approximately \$51,000 and \$61,000 were designated as contributions to UWLI for fiscal 2018 and 2017, respectively. Pledges receivable from SEFA were \$13,374 and \$23,169 at June 30, 2018 and 2017, respectively. UWLI receives administrative fees for coordinating the campaign which amounted to \$34,750 for each of the years ended June 30, 2018 and 2017. 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, 2018 and 2017, related grants receivables were \$829,172 and \$468,354, 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 2018 and 2017, UWLI obtained an actuarially determined calculation of this estimated liability, which was determined to be \$0 and \$215,765 as of June 30, 2018 and 2017, respectively.

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 2018 and 2017 were \$172,121 and \$117,821, respectively.

(11) **Net assets**

Net assets as of June 30, 2018 and 2017 are comprised of the following:

	<u>2018</u>	<u>2017</u>
Unrestricted and undesignated	<u>\$ 4,035,619</u>	<u>\$ 3,670,430</u>
Board designated -		
Building fund	336,737	336,317
Fixed assets	<u>833,709</u>	<u>807,471</u>
	<u>1,170,446</u>	<u>1,143,788</u>
Permanently restricted (endowment funds) -		
Schaufeld Family Fund	81,313	241,055
Cammy Belser Fund	106,783	106,969
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
Scott Martella Fund	<u>20,232</u>	<u>8,332</u>
	<u>395,304</u>	<u>543,332</u>
	<u>\$ 5,601,369</u>	<u>\$ 5,357,550</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, 2018.

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.

(12) **Rental income**

UWLI has signed four 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>	
2019	\$ 206,992
2020	211,122
2021	215,242
2022	<u>67,295</u>
	<u>\$ 700,651</u>

Rental income for years ended June 30, 2018 and 2017 was \$237,009 and \$226,633, 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) **Subsequent events**

UWLI has evaluated subsequent events through October 30, 2018, which is the date the financial statements were available to be issued. No subsequent events having a material effect on the financial statements were noted.