UNITED WAY OF BUFFALO & ERIE COUNTY

FINANCIAL STATEMENTS

March 31, 2019

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS
Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202
p: 716.856.3300 | f: 716.856.2524 | www.LumsdenCPA.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
United Way of Buffalo & Erie County

We have audited the accompanying balance sheets of United Way of Buffalo & Erie County (United Way) as of March 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the 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.

Auditors' 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. 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 auditors' 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.

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 United Way as of March 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lumsden & McCormick, LLP

November 13, 2019

Balance Sheets

March 31,	2019	2018
Assets		
Cash	**$ 2,362,587**	$ 2,950,500
Annual campaign pledges receivable, net (Note 2)	**6,837,173**	6,873,826
Contributions receivable, net (Note 3)	**1,707,700**	2,666,737
Grants receivable	**1,717,504**	960,091
Investments (Note 4)	**4,156,697**	4,072,026
Beneficial interest in assets held by Community Foundation for Greater Buffalo (Note 5)	**11,912,717**	11,150,904
Property and equipment, net (Note 6)	**2,265,285**	2,237,206
Other assets	**131,153**	107,803
	$ 31,090,816	$ 31,019,093
Liabilities and Net Assets		
Liabilities:		
Designations payable	**$ 3,623,999**	$ 3,407,933
Allocations payable	**1,793,385**	2,247,766
Accounts payable and accrued expenses	**1,107,456**	802,943
Deferred revenue	**291,632**	325,420
Accrued pension liability (Note 7)	**1,828,509**	1,536,930
Accrued postretirement benefit obligation (Note 7)	**190,000**	220,000
	8,834,981	8,540,992
Net assets:		
Without donor restrictions	**13,364,734**	13,683,485
With donor restrictions (Note 9)	**8,891,101**	8,794,616
	22,255,835	22,478,101
	$ 31,090,816	$ 31,019,093

See accompanying notes.

UNITED WAY OF BUFFALO & ERIE COUNTY

Statements of Activities

For the years ended March 31,		2019	
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Campaign results:			
Annual campaign	$ 163,267	$ 13,609,042	$ 13,772,309
Endowment campaign	20,701	248,500	269,201
	183,968	13,857,542	14,041,510
Less: donor designations	-	(4,853,167)	(4,853,167)
Estimated uncollectible pledges	-	(200,000)	(200,000)
Net assets released from restrictions	8,748,394	(8,748,394)	-
	8,932,362	55,981	8,988,343
Other revenues:			
Government grants	3,339,915	-	3,339,915
Foundation and other contributions	209,208	207,099	416,307
Other grants and program income	290,389	-	290,389
Investment income	84,671	-	84,671
Net appreciation of beneficial interest in assets held by Community Foundation for Greater Buffalo	163,321	76,693	240,014
Net assets released from restrictions	243,288	(243,288)	-
	4,330,792	40,504	4,371,296
Total revenue, gains and other support	13,263,154	96,485	13,359,639
Expenses:			
Program services			
Gross funds awarded, granted or designated to agencies	12,351,158	-	12,351,158
Other program services	2,970,768	-	2,970,768
Total program services including designations	15,321,926	-	15,321,926
Less: donor designations	(4,853,167)	-	(4,853,167)
Total program services	10,468,759	-	10,468,759
Supporting services			
Management and general	1,164,679	-	1,164,679
Fundraising	1,594,304	-	1,594,304
	2,758,983	-	2,758,983
Total expenses	13,227,742	-	13,227,742
Excess of revenue over expenses	35,412	96,485	131,897
Pension liability adjustment (Note 7)	(354,163)	-	(354,163)
Change in net assets	(318,751)	96,485	(222,266)
Net assets - beginning	13,683,485	8,794,616	22,478,101
Net assets - ending	$ 13,364,734	$ 8,891,101	$ 22,255,835

See accompanying notes.

2018		
Without Donor Restrictions	With Donor Restrictions	Total
$ 120,003	$ 13,413,635	$ 13,533,638
1,976,550	1,048,092	3,024,642
2,096,553	14,461,727	16,558,280
-	(4,394,893)	(4,394,893)
-	(350,000)	(350,000)
8,598,178	(8,598,178)	-
10,694,731	1,118,656	11,813,387
3,054,419	-	3,054,419
979,005	1,564,032	2,543,037
338,184	-	338,184
14,793	-	14,793
515,175	261,872	777,047
96,000	(96,000)	-
4,997,576	1,729,904	6,727,480
15,692,307	2,848,560	18,540,867
12,511,151	-	12,511,151
2,866,226	-	2,866,226
15,377,377	-	15,377,377
(4,394,893)	-	(4,394,893)
10,982,484	-	10,982,484
1,126,740	-	1,126,740
1,519,270	-	1,519,270
2,646,010	-	2,646,010
13,628,494	-	13,628,494
2,063,813	2,848,560	4,912,373
151,193	-	151,193
2,215,006	2,848,560	5,063,566
11,468,479	5,946,056	17,414,535
$ 13,683,485	$ 8,794,616	$ 22,478,101

Statements of Functional Expenses

For the years ended March 31,	2019				
		Supporting Services			
	Program Services	Management and General	Fund-raising	Total Supporting Services	Total
Allocations and distributions	$ 4,500,000	$ -	$ -	$ -	$ 4,500,000
Designations	4,853,167	-	-	-	4,853,167
Grant awards and other funding	2,997,991	-	-	-	2,997,991
	12,351,158	-	-	-	12,351,158
Salaries	1,614,393	703,742	885,523	1,589,265	3,203,658
Payroll taxes and employee benefits	419,623	181,487	230,379	411,866	831,489
Total salaries and related expenses	2,034,016	885,229	1,115,902	2,001,131	4,035,147
Professional fees	110,557	93,114	67,371	160,485	271,042
Supplies	70,713	2,071	17,738	19,809	90,522
Telephone and internet	16,618	6,465	14,146	20,611	37,229
Postage	6,166	1,626	18,394	20,020	26,186
Occupancy	135,958	48,477	72,674	121,151	257,109
Printing and public relations	93,366	4,471	77,821	82,292	175,658
Travel, conferences and meetings	120,680	17,492	26,037	43,529	164,209
Dues and subscriptions	20,355	8,319	7,164	15,483	35,838
Employee education and training	7,789	1,036	1,883	2,919	10,708
Equipment rental and maintenance	130,321	30,628	55,667	86,295	216,616
Payments to State affiliate	18,326	5,394	9,804	15,198	33,524
Miscellaneous	8,919	2,371	4,311	6,682	15,601
Depreciation	95,050	27,980	50,854	78,834	173,884
Payments to National affiliate	101,934	30,006	54,538	84,544	186,478
	2,970,768	1,164,679	1,594,304	2,758,983	5,729,751
Total program services including designations	15,321,926	1,164,679	1,594,304	2,758,983	18,080,909
Less: donor designations	(4,853,167)	-	-	-	(4,853,167)
	$ 10,468,759	$ 1,164,679	$ 1,594,304	$ 2,758,983	$ 13,227,742

See accompanying notes.

2018				
	Supporting Services			
Program Services	Management and General	Fund-raising	Total Supporting Services	Total
$ 4,560,000	$ -	$ -	$ -	$ 4,560,000
4,394,893	-	-	-	4,394,893
3,556,258	-	-	-	3,556,258
12,511,151	-	-	-	12,511,151
1,471,159	682,859	812,068	1,494,927	2,966,086
405,778	176,196	225,845	402,041	807,819
1,876,937	859,055	1,037,913	1,896,968	3,773,905
245,927	76,992	56,021	133,013	378,940
70,991	2,828	29,068	31,896	102,887
20,060	7,347	16,360	23,707	43,767
6,632	1,524	17,219	18,743	25,375
129,895	48,341	69,863	118,204	248,099
21,142	2,677	83,960	86,637	107,779
110,850	16,753	20,978	37,731	148,581
15,910	8,570	6,792	15,362	31,272
10,593	837	1,477	2,314	12,907
136,687	34,549	60,878	95,427	232,114
20,521	6,300	11,120	17,420	37,941
13,110	3,566	6,293	9,859	22,969
87,197	26,770	47,256	74,026	161,223
99,774	30,631	54,072	84,703	184,477
2,866,226	1,126,740	1,519,270	2,646,010	5,512,236
15,377,377	1,126,740	1,519,270	2,646,010	18,023,387
(4,394,893)	-	-	-	(4,394,893)
$ 10,982,484	$ 1,126,740	$ 1,519,270	$ 2,646,010	$ 13,628,494

Statements of Cash Flows

For the years ended March 31,	2019	2018
Operating activities:		
Change in net assets:		
Excess of revenue over expenses	$ 131,897	$ 4,912,373
Net assets adjustment - defined benefit pension plan (Note 7)	(354,163)	151,193
	(222,266)	5,063,566
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	173,884	161,223
Unrealized (gain) loss on investments	(23,045)	25,221
Net appreciation of beneficial interest in assets held by Community Foundation for Greater Buffalo	(240,014)	(777,047)
Changes in other operating assets and liabilities:		
Annual campaign pledges receivable	36,653	(25,978)
Contributions receivable	959,037	(2,441,737)
Grants receivable	(757,413)	(52,023)
Other assets	(23,350)	(32,683)
Designations payable	216,066	(194,586)
Allocations payable	(454,381)	913,500
Accounts payable and accrued expenses	304,513	(124,819)
Deferred revenue	(33,788)	31,948
Accrued pension liability	291,579	(161,821)
Accrued postretirement benefit obligation	(30,000)	(10,000)
Net operating activities	197,475	2,374,764
Investing activities:		
Purchase of investments	(166,730)	(545,092)
Proceeds from sale of investments	105,104	505,078
Transfers to beneficial interest in assets held by Community Foundation for Greater Buffalo	(521,799)	(2,235,367)
Purchase of property and equipment	(201,963)	(74,951)
Net investing activities	(785,388)	(2,350,332)
Net change in cash	(587,913)	24,432
Cash - beginning	2,950,500	2,926,068
Cash - ending	$ 2,362,587	$ 2,950,500

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization and Operations:

United Way of Buffalo & Erie County (United Way) is a nonprofit corporation whose mission is to bring people, organizations and resources together to improve community well-being. United Way raises, administers, and distributes funds to support programs for community needs. United Way's fund-raising efforts are concentrated in Erie County.

United Way's annual workplace campaign drive begins around September 1 of each year, and is substantially completed by March 31. Annual campaign funds generally support programs whose services are provided in the subsequent year. Donors may designate their pledges among several care programs. Pledges received without donor designations are pooled and allocated to the work of United Way which may include grants and other funding to various community services providers. The level of contributions can be affected by economic conditions, and a decrease in the level of undesignated contributions may adversely affect United Way's ability to fund community service providers.

Campaign contributions are used for the work of United Way, including allocations to agencies, payments to United Way of America, services provided directly by United Way, fund raising, fund distribution, management, and general expenses.

Contributions:

Contributions are reported at fair value at the date the contribution or pledge is received. Contributions are reported as restricted support if they are received with donor stipulations that limit their use. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are reported as revenue without donor restrictions.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using an appropriate interest rate applicable to the year in which the promise is received. Amortization of the discount is included in endowment campaign revenue.

United Way administers the local campaign for state employees. The State Employees Federated Appeal Steering Committee, representing the State Employees Federated Appeal, has designated United Way to conduct their annual campaigns in conjunction with the annual campaign of United Way.

United Way combines the activities of the separate campaign with the activities of its own campaign in the accompanying financial statements, and presents the contributions as donor designations. The State Federated Appeals campaign remits an administrative fee to United Way for campaign management services.

The fees for the State Employee Federated Appeal (SEFA) campaign were $156,000 and $161,000 for 2019 and 2018, respectively. During 2017, the federal government established a new single source electronic pledging system and no longer had the United Way System manage the campaign for the CFC at the local level. United Way no longer receives CFC fee revenue subsequent to March 31, 2017.

Gross campaign results are reduced by pledges collected on behalf of others or pledged to a specific organization (i.e. donor designation) and by a provision for uncollectible pledges. The net campaign results are recorded as net assets with donor restrictions in the accompanying statements of activities since the amounts are generally collected over time. Campaign collections are reflected as net assets released from restrictions. Revenues received from certain special events related to the campaign are recorded as net assets without donor restrictions.

Net campaign results are allocated to providers approved to receive community funding at the completion of the campaign. Committed community allocations are included in allocations payable in the accompanying balance sheets. Designated care donations have been recorded as designations payable in the accompanying balance sheets.

Contributions from two foundations included in other revenues total $2,466,200 in 2018.

Grants:

United Way is the recipient of awards and reimbursements from federal, state and local sources. The awards and reimbursements are subject to various compliance and financial audits by the funding sources. Management believes no significant adjustments are necessary to recognized amounts.

Grant awards are accounted for as exchange transactions and revenue is deferred until the related services are performed.

Subsequent Events:

United Way has evaluated events and transactions for potential recognition or disclosure through November 13, 2019, the date the financial statements were available to be issued.

Cash:

Cash at financial institutions may exceed insured limits at various times during the year, and subject United Way to concentrations of credit risk.

Campaign Pledges Receivable:

Campaign pledges receivable consist primarily of uncollected campaign pledges and are recognized in the year in which the pledges become known, regardless of campaign year. An allowance for uncollectible pledges is recorded based on collection history, aging, and general economic conditions.

Investments:

Investments consist of marketable securities stated at fair value as determined by quoted prices in active markets.

United Way is the owner and beneficiary of six fully paid life insurance policies, each with death benefit coverage between $100,000 and $250,000. The value of these policies is not recorded in these financial statements.

Beneficial Interest in Assets Held by Community Foundation for Greater Buffalo:

United Way maintains a donor restricted and board-designated endowment fund with Community Foundation for Greater Buffalo (CFGB) to benefit from increased investment management opportunities.

United Way's investment fund is pooled with other actively managed CFGB investment assets, and includes money market funds, marketable securities and alternative investments. Values of amounts held by CFGB are based on United Way's contributions, plus its allocable share of the fund's net investment earnings, as defined, less any withdrawals or distributions.

Under the terms of an agreement with CFGB, United Way may receive a distribution based upon United Way's current spending policy (Note 10). Other withdrawals are subject to certain notification and approval requirements, and distributions in excess of $2.5 million during any 12-month period are subject to additional notification and distribution restrictions.

Property and Equipment:

Property and equipment is recorded at cost or fair market value at the date of donation, net of accumulated depreciation. Depreciation is provided over estimated useful asset lives using the straight-line method. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

Fund Raising Expenses:

Fund raising activities in connection with the annual campaign are conducted throughout the year and are reported as expenses when incurred.

Contributed Volunteer Services:

No amounts have been reflected in the financial statements for contributed volunteer services. United Way pays for substantially all services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist United Way in its program services and fundraising campaigns.

Functional Expense Allocation:

The financial statements report certain categories of expenses that are attributable to program and supporting functions. Some expenses require allocation on a reasonable basis that is constantly applied. The allocated expenses include certain salaries and related benefits, occupancy, equipment, rental, and payments to national/state affiliates, which are allocated based on management's estimate of function benefited.

Deferred Revenue:

Deferred revenue arises from grants and specific purpose program income for which related expenditures have not yet been made.

Income Taxes:

United Way is a 501(c)(3) corporation exempt from taxation under Section 501(a) of the Internal Revenue Code.

Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Net Assets:

United Way's financial position and activities are reported according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are those whose use has been limited by donors for a specific time period, purpose, or to be maintained by United Way in perpetuity.

Reclassifications:

The 2018 financial statements have been reclassified to conform to the presentation adopted in 2019.

2. Annual Campaign Pledges Receivable:

	2019	2018
United Way:		
2018 – 2019	**$ 7,711,085**	$ -
2017 – 2018	**576,826**	8,000,638
2016 – 2017	**223,004**	525,043
2015 - 2016	**-**	390,116
	8,510,915	8,915,797
Less allowance for uncollectible pledges	**1,673,742**	2,042,171
	$ 6,837,173	$ 6,873,626

Campaign pledge receivables include donor designated amounts payable of $3,623,999 and $3,407,933 as of March 31, 2019 and 2018.

3. Contributions Receivable:

	2019	2018
Gross unconditional promises to give from:		
Endowment campaign	**$ 780,000**	$ 1,058,092
Foundations	**966,200**	1,749,534
Bequests and other	**51,500**	9,111
	1,797,700	2,816,737
Less allowances for:		
Uncollectible pledges	**61,550**	118,313
Unamortized discount	**28,450**	31,687
	$ 1,707,700	$ 2,666,737
Amounts due in:		
Less than one year	**$ 1,177,700**	$ 1,573,637
One to five years	**424,000**	992,100
Greater than five years	**196,000**	251,000
	$ 1,797,700	$ 2,816,737

4. Investments:

	2019	2018
Certificates of deposit	**$ 1,348,675**	$ 1,075,747
Money market	**2,808,022**	2,996,279
	$ 4,156,697	$ 4,072,026

Investment returns for the years ended March 31, 2019 and 2018 are as follows:

	2019	2018
Interest and dividends	**$ 61,626**	$ 40,014
Net unrealized gains (losses)	**23,045**	(25,221)
Total return on investments	**$ 84,671**	$ 14,793

5. Beneficial Interest in Assets Held by Community Foundation for Greater Buffalo

	2019	2018
Beginning of year	$ 11,150,904	$ 8,138,490
Transfers	521,799	2,235,367
Net appreciation	240,014	777,047
End of year	$ 11,912,717	$ 11,150,904

6. Property and Equipment:

	2019	2018
Land	$ 158,930	$ 158,930
Building and improvements	3,693,604	3,686,804
Furniture and equipment	3,668,368	3,473,205
	7,520,902	7,318,939
Less accumulated depreciation	5,255,617	5,081,733
	$ 2,265,285	$ 2,237,206

7. Employee Benefit Plans:

Defined Benefit Pension Plan:

United Way maintains a defined benefit pension plan covering all nonunion employees hired prior to 2016. United Way's policy is to fund at least the minimum amount required by the Employee Retirement Income Security Act (ERISA). United Way no longer allows new participants to the Plan effective 2016.

The status of the defined benefit pension plan at and for the years ended March 31, 2019 and 2018 is presented below. The measurement date used to determine the plan assets and benefit obligations is March 31st of each year.

	2019	2018
Projected benefit obligation	$ 6,384,344	$ 6,020,499
Fair value of plan assets	4,555,835	4,483,569
Funded status	$(1,828,509)	$ (1,536,930)
Accumulated benefit obligation	$ 5,688,166	$ 5,249,790

Amounts recognized on the balance sheets:

	2019	2018
Accrued pension liability	$ (1,828,509)	$ (1,536,930)
Accumulated adjustment to net assets	$ (1,849,883)	$ (1,495,720)

Amounts recognized as the accumulated adjustment to net assets as of March 31, 2019 and 2018 consist of:

	2019	2018
Unrecognized actuarial loss	$ 1,849,883	$ 1,495,720

Amounts recognized as pension liability adjustment for the years ended March 31, 2019 and 2018 consist of:

	2019	2018
Unrecognized actuarial gain (loss)	$ (354,163)	$ 151,193

	2019	2018
Pension expense	$ 237,416	$ 289,372
Employer contributions	$ 300,000	$ 300,000
Benefits paid	$ 398,370	$ 76,649

	2019	2018
Weighted average assumptions used to determine benefit obligations at March 31:		
Discount rate	3.45%	3.70%
Expected future salary increase	3.50%	4.00%
Weighted average assumptions used to determine net periodic benefit cost:		
Discount rate	3.70%	3.70%
Expected return on plan assets	6.75%	6.75%
Expected future salary increase	4.00%	4.00%

The expected long-term rate of return on plan assets assumption of 6.75% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 – Selection of Economic Assumptions for Measuring Pension Obligations. Based on United Way's investment policy for the pension plan in effect as of the beginning of the fiscal year ended March 31, 2019, an estimated range was determined for both the real rate of return (net of inflation) and for inflation based on a historical 30 year rolling average. An average inflation rate within the range equal to 3.50% was selected and added to the real rate of return range to arrive at a range of 6.68% - 9.19%.

No contributions are expected to be required by United Way for 2019.

Benefits expected to be paid in each of the next five fiscal years and the following five years in aggregate based upon participants reaching assumed retirement age are:

2020	$ 2,015,000
2021	249,000
2022	154,000
2023	41,000
2024	86,000
2025-2029	2,745,000
	$ 5,290,000

United Way's pension plan weighted-average asset allocations at March 31, 2019 and 2018 are as follows:

	2019	2018
Asset Category:		
Equity securities	51%	51%
Fixed income	49%	33%
Other	-	16%
	100%	100%

The plan's overall portfolio mix of equity securities and fixed income securities was based upon asset allocation modeling taking into consideration historical return patterns and risk factors. The plan believes that the current mix of assets under a balanced growth concept provides an appropriate level of return to achieve current assumed return plan assumptions. The plan has a target asset allocation of 50% equity securities and 50% fixed income securities. The plan essentially invests only in securities for which there is an active market.

Union Employee Pension Plan:

United Way contributes to the Service Employees Pension Fund of Upstate New York, a multiemployer defined benefit pension plan, under the terms of collective-bargaining agreements that cover its union-represented employees.

The risks of participating in this multiemployer plan are different from single-employer plans in the following aspects:

a. Assets contributed to multiemployer plans by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If United Way chooses to stop participating in a multiemployer plan, United Way may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

United Way's participation in the plan for the years ended March 31, 2019 and 2018 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number. The most recent Pension Protection Act (PPA) zone status available in 2019 and 2018 is for the plan's year-end at December 31, 2018 and December 31, 2017, respectively. The zone status is based on information that United Way received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates whether a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreement to which the plan is subject.

EIN/Pension Plan Number	PPA Zone Status		Funded Percentage		FIP/RP Status Pending/ Implemented	Company Contributions		Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
	2018	2017	2018	2017		2019	2018		
16-0908576/001	Red	Red	83%	87%	Yes	$ 19,800	$ 19,400	No	6/30/2020

United Way was not listed in the Plan's Form 5500 as providing more than 5 percent of the total contributions for the plan years ended in 2018 and 2017.

Defined Contribution Pension Plan:

United Way maintains a 403(b)-defined contribution plan covering essentially all employees (as defined). The plan requires certain minimum employer contributions based on salaries and employee deferrals. Expenses related to this plan for the years ended March 31, 2019 and 2018 were $36,255 and $29,927.

Post-Retirement Health Care Benefits:

United Way provides postretirement health care benefits for certain eligible employees. United Way's practice is to fund these benefits as paid. The measurement date used to determine the benefit obligation is March 31st of each year.

The status of the postretirement health benefit plan at and for the years ended March 31, 2019 and 2018 is as follows:

	2019	2018
Accrued postretirement benefit obligation	$ 190,000	$ 220,000
Benefit cost (adjustment)	$ (10,000)	$ 16,000
Benefits paid	$ 20,000	$ 26,000
Weighted average assumptions used:		
Discount rate	6.00%	6.00%

United Way's postretirement health care benefits plan provides for a limit on the amount of health care premiums paid for by United Way. United Way assumes the maximum annual premium per participant to determine the benefit.

Expected future annual benefit payments:

2020	$ 19,800
2021	19,800
2022	19,800
2023	19,800
2024	19,800
2025-2029	89,100
	$ 188,100

8. Lease Commitments:

United Way leases certain equipment under the terms of noncancelable operating leases. Rental expense for all operating leases amounted to approximately $64,000 and $106,000 for the years ended March 31, 2019 and 2018.

Future minimal annual rentals due under these leases are:

2020	$ 31,000
2021	22,000
2022	13,000
	$ 66,000

9. Net Assets:

Net assets without donor restrictions include board-designated endowment funds amounting to $8,572,633 and $8,294,105 at March 31, 2019 and 2018 (see Note 10).

Net assets with donor restrictions are for the following purposes or periods:

	2019	2018
Subject to expenditure for specific purpose:		
WNY Girls in Sports	$ 1,326,512	$ 1,466,200
Other programs	301,331	97,832
	1,627,843	1,564,032
Subject to passage of time:		
Net campaign pledges outstanding	3,213,174	3,465,693
Subject to United Way's spending policy and appropriation (see Note 10):		
Endowment assets, which once appropriated, is expendable to support:		
WNY Girls in Sports	2,194,557	2,249,133
General program and operations	1,855,527	1,515,758
	4,050,084	3,764,891
	$ 8,891,101	$ 8,794,616

United Way's endowment assets represent the accumulated principal of endowment gifts invested in perpetuity, which totaled $3,817,862 and $3,569,362 as of March 31, 2019 and 2018, and the related unappropriated net investment earnings. Net endowment campaign receivables included in endowment assets above amounted to $690,000 and $908,092 at March 31, 2019 and 2018 (Note 3).

10. Endowment Assets:

United Way's endowment assets are comprised of a board-designated endowment and a donor-restricted endowment. The board-designated endowment serves to enhance the sustainability of United Way and is included in net assets without donor restrictions. The donor-restricted endowment consists of endowment gifts that are to be invested in perpetuity and are reported as net assets with donor restrictions. United Way has adopted investment and spending policies for endowment assets that attempt to provide returns sufficient to address the purposes of the assets over the long-term. United Way intends to distribute approximately 5.25% of the total market value annually, net of fees, while maintaining the purchasing power of the endowment assets over the long-term.

United Way's Board has interpreted the New York State Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the date of donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way classifies as net assets with donor restrictions (a) original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts donated to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of a donor gift instrument at the time the accumulation is added to the fund.

In accordance with NYPMIFA, United Way considers the following factors to appropriate or accumulate donor-restricted endowment funds

- Duration and preservation of the fund
- Purposes of United Way and the fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from income and appreciation of investments
- Other resources of United Way
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on United Way
- Investment policy of United Way

Investment earnings are allocated among the endowment assets based upon their proportionate share of the investment portfolio. Investment earnings related to the board-designated endowment are shown as increases (decreases) in net assets without donor restrictions. Investment gains related to the donor-restricted endowment are reported as increases (decreases) to net assets with donor restrictions until appropriated and expended in accordance with United Way's spending policy. United Way's endowment assets below exclude outstanding endowment campaign receivables (see Note 3) for the years ended March 31, 2019 and 2018 is as follows:

2019	**Without Donor Restrictions (Board-designated)**	**With Donor Restrictions**	**Total**
Endowment assets – beginning of year	**$ 8,294,105**	**$ 2,856,799**	**$ 11,150,904**
Net investment activity	**163,321**	**76,693**	**240,014**
Contributions	**115,207**	**506,592**	**621,799**
Appropriation	**-**	**(100,000)**	**(100,000)**
Endowment assets – end of year	**$ 8,572,633**	**$ 3,340,084**	**$ 11,912,717**

2018	Without Donor Restrictions (Board-designated)	With Donor Restrictions	Total
Endowment assets – beginning of year	$ 5,537,563	$ 2,600,927	$ 8,138,490
Net investment activity	515,175	261,872	777,047
Contributions	2,241,367	90,000	2,331,367
Appropriation	-	(96,000)	(96,000)
Endowment assets – end of year	$ 8,294,105	$ 2,856,799	$ 11,150,904

Appropriations included above were required by donor request. United Way elected not to make any discretionary appropriations during 2019 or 2018 to allow the endowment balance to continue to grow.

11. Financial Resources Available for Operations:

United Way obtains financial assets generally through annual campaign giving, government and other grants, and contributions. The financial assets are acquired throughout the year to help meet United Way's cash needs for general expenditures. If necessary, United Way also has access to approximately $12,729,000 of investment funds not subject to donor restrictions. Although United Way does not intend to spend from these assets, the assets could be made available if necessary through approval by the Board of Directors.

United Way's financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist of the following at March 31, 2019 and 2018:

	2019	2018
Cash	$ 2,362,587	$ 2,950,500
Net campaign receivables	3,213,174	3,465,693
Grants receivable	1,717,504	960,091
Investments without donor restrictions	12,729,330	12,366,131
	$ 20,022,595	$ 19,742,415