UNITED WAY OF BUFFALO
& ERIE COUNTY

FINANCIAL STATEMENTS

March 31, 2018

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2018 and 2017, 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, 2018 and 2017, 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.

October 31, 2018

Balance Sheets

March 31,	2018	2017
Assets		
Cash	$ 2,950,500	$ 2,926,068
Annual campaign pledges receivable, net (Note 2)	6,873,626	6,847,648
Contributions receivable, net (Note 3)	2,666,737	225,000
Grants receivable	960,291	908,268
Investments (Note 4)	4,072,026	4,057,233
Beneficial interest in assets held by Community Foundation for Greater Buffalo (Note 5)	11,150,904	8,138,490
Property and equipment, net (Note 6)	2,237,206	2,323,478
Other assets	107,803	75,120
	$ 31,019,093	$ 25,501,305
Liabilities and Net Assets		
Liabilities:		
Designations payable	$ 3,407,933	$ 3,602,519
Allocations payable	2,247,766	1,334,266
Accounts payable and accrued expenses	802,943	927,762
Deferred revenue	325,420	293,472
Accrued pension liability (Note 7)	1,536,930	1,698,751
Accrued postretirement benefit obligation (Note 7)	220,000	230,000
	8,540,992	8,086,770
Net assets (Note 9):		
Unrestricted	13,533,485	11,468,479
Temporarily restricted	5,375,254	3,424,786
Permanently restricted	3,569,362	2,521,270
	22,478,101	17,414,535
	$ 31,019,093	$ 25,501,305

See accompanying notes.

Statements of Activities

For the years ended March 31,	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support:				
Campaign results:				
Annual campaign	$ 120,003	$ 13,413,635	$ -	$ 13,533,638
Endowment campaign	1,976,550	-	1,048,092	3,024,642
	2,096,553	13,413,635	1,048,092	16,558,280
Less: donor designations	-	(4,394,893)	-	(4,394,893)
Estimated uncollectible pledges	-	(350,000)	-	(350,000)
Net assets released from restrictions	8,448,178	(8,448,178)	-	-
	10,544,731	220,564	1,048,092	11,813,387
Other revenues:				
Government grants	3,054,419	-	-	3,054,419
Foundation contributions	979,005	1,564,032	-	2,543,037
Other grants and program income	338,184	-	-	338,184
Investment income	14,793	-	-	14,793
Net appreciation of beneficial interest in assets held by Community Foundation for Greater Buffalo	515,175	261,872	-	777,047
Net assets released from restrictions	96,000	(96,000)		-
	4,997,576	1,729,904	-	6,727,480
Total revenue, gains and other support	15,542,307	1,950,468	1,048,092	18,540,867
Expenses:				
Program services				
Gross funds awarded, granted or designated to agencies	12,511,151	-	-	12,511,151
Other program services	3,300,746	-	-	3,300,746
Total program services including designations	15,811,897	-	-	15,811,897
Less: donor designations	(4,394,893)	-	-	(4,394,893)
Total program services	11,417,004	-	-	11,417,004
Supporting services				
Management and general	451,761	-	-	451,761
Fundraising	1,759,729	-	-	1,759,729
	2,211,490	-	-	2,211,490
Total expenses	13,628,494	-	-	13,628,494
Excess of revenue over expenses	1,913,813	1,950,468	1,048,092	4,912,373
Pension liability adjustment (Note 7)	151,193	-	-	151,193
Change in net assets	2,065,006	1,950,468	1,048,092	5,063,566
Net assets - beginning	11,468,479	3,424,786	2,521,270	17,414,535
Net assets - ending	$ 13,533,485	$ 5,375,254	$ 3,569,362	$ 22,478,101

See accompanying notes.

2017			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 118,862	$ 13,984,498	$ -	$ 14,103,360
442,156	-	-	442,156
561,018	13,984,498	-	14,545,516
-	(4,614,311)	-	(4,614,311)
-	(525,000)	-	(525,000)
8,224,609	(8,224,609)	-	-
8,785,627	620,578	-	9,406,205
2,677,634	-	-	2,677,634
-	-	-	-
316,115	-	-	316,115
27,435	-	-	27,435
804,906	179,657	-	984,563
100,000	(100,000)		-
3,926,090	79,657	-	4,005,747
12,711,717	700,235	-	13,411,952
11,737,765	-	-	11,737,765
3,001,497	-	-	3,001,497
14,739,262	-	-	14,739,262
(4,614,311)	-	-	(4,614,311)
10,124,951	-	-	10,124,951
481,892	-	-	481,892
1,786,788	-	-	1,786,788
2,268,680	-	-	2,268,680
12,393,631	-	-	12,393,631
318,086	700,235	-	1,018,321
157,052	-	-	157,052
475,138	700,235	-	1,175,373
10,993,341	2,724,551	2,521,270	16,239,162
$ 11,468,479	$ 3,424,786	$ 2,521,270	$ 17,414,535

Statements of Functional Expenses

For the years ended March 31,	2018				
		Supporting Services			
	Program Services	Management and General	Fund-raising	Total Supporting Services	Total
Allocations and distributions	$ 4,560,000	$ -	$ -	$ -	$ 4,560,000
Designations	4,394,893	-	-	-	4,394,893
Grant awards	3,556,258	-	-	-	3,556,258
	12,511,151	-	-	-	12,511,151
Salaries	1,730,379	281,260	954,447	1,235,707	2,966,086
Payroll taxes and employee benefits	469,143	78,016	260,660	338,676	807,819
Total salaries and related expenses	2,199,522	359,276	1,215,107	1,574,383	3,773,905
Professional fees	288,698	10,743	79,499	90,242	378,940
Supplies	71,701	1,710	29,476	31,186	102,887
Telephone and internet	22,782	3,058	17,927	20,985	43,767
Postage	7,238	569	17,568	18,137	25,375
Occupancy	147,391	20,781	79,927	100,708	248,099
Printing and public relations	21,674	1,841	84,264	86,105	107,779
Travel, conferences and meetings	111,201	16,202	21,178	37,380	148,581
Dues and subscriptions	17,307	6,369	7,596	13,965	31,272
Employee education and training	10,962	254	1,691	1,945	12,907
Equipment rental and maintenance	151,933	10,533	69,648	80,181	232,114
Payments to State affiliate	23,305	1,913	12,723	14,636	37,941
Miscellaneous	14,685	1,083	7,201	8,284	22,969
Depreciation	99,032	8,128	54,063	62,191	161,223
Payments to National affiliate	113,315	9,301	61,861	71,162	184,477
	3,300,746	451,761	1,759,729	2,211,490	5,512,236
Total program services including designations	15,811,897	451,761	1,759,729	2,211,490	18,023,387
Less: donor designations	(4,394,893)	-	-	-	(4,394,893)
	$ 11,417,004	$ 451,761	$ 1,759,729	$ 2,211,490	$ 13,628,494

See accompanying notes.

2017				
	Supporting Services			
Program Services	Management and General	Fund-raising	Total Supporting Services	Total
$ 4,587,000	$ -	$ -	$ -	$ 4,587,000
4,614,311	-	-	-	4,614,311
2,536,454	-	-	-	2,536,454
11,737,765	-	-	-	11,737,765
1,591,787	292,137	905,298	1,197,435	2,789,222
448,299	83,303	254,530	337,833	786,132
2,040,086	375,440	1,159,828	1,535,268	3,575,354
210,996	19,231	187,227	206,458	417,454
66,494	809	20,155	20,964	87,458
25,515	3,245	19,756	23,001	48,516
7,061	701	19,680	20,381	27,442
146,466	21,227	77,714	98,941	245,407
30,117	10,670	92,156	102,826	132,943
91,281	14,531	19,278	33,809	125,090
21,355	6,660	9,291	15,951	37,306
4,443	385	2,380	2,765	7,208
124,503	8,805	54,456	63,261	187,764
20,859	1,807	11,173	12,980	33,839
10,839	930	5,773	6,703	17,542
90,977	7,880	48,731	56,611	147,588
110,505	9,571	59,190	68,761	179,266
3,001,497	481,892	1,786,788	2,268,680	5,270,177
14,739,262	481,892	1,786,788	2,268,680	17,007,942
(4,614,311)	-	-	-	(4,614,311)
$ 10,124,951	$ 481,892	$ 1,786,788	$ 2,268,680	$ 12,393,631

Statements of Cash Flows

For the years ended March 31,	2018	2017
Operating activities:		
Change in net assets:		
Excess of revenue over expenses	$ 4,912,373	$ 1,018,321
Net assets adjustment - defined benefit pension plan (Note 7)	151,193	157,052
	5,063,566	1,175,373
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	161,223	147,588
Unrealized loss on investments	25,221	3,517
Net appreciation of beneficial interest in assets held by Community Foundation for Greater Buffalo	(777,047)	(984,563)
Changes in other operating assets and liabilities:		
Annual campaign pledges receivable	(25,978)	(201,162)
Contributions receivable	(2,441,737)	(140,000)
Grants receivable	(52,023)	56,815
Other assets	(32,683)	703
Designations payable	(194,586)	(331,048)
Allocations payable	913,500	100,539
Accounts payable and accrued expenses	(124,819)	(362,881)
Deferred revenue	31,948	(55,220)
Accrued pension liability	(161,821)	15,906
Accrued postretirement benefit obligation	(10,000)	(30,000)
Net operating activities	2,374,764	(604,433)
Investing activities:		
Purchase of investments	(545,092)	(954,708)
Proceeds from sale of investments	505,078	923,756
Transfers to beneficial interest in assets held by Community Foundation for Greater Buffalo	(2,235,367)	(286,738)
Purchase of property and equipment	(74,951)	(164,995)
Net investing activities	(2,350,332)	(482,685)
Net change in cash	24,432	(1,087,118)
Cash - beginning	2,926,068	4,013,186
Cash - ending	$ 2,950,500	$ 2,926,068

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 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 care 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 the use of the donated assets, or if they are designated as support for future periods. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions whose stipulated purpose restrictions are accomplished in the same reporting period as received are reported as an increase in unrestricted net assets.

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 campaigns for federal and state employees. The Local Federal Coordinating Committee, representing the Combined Federal Campaign, and 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 campaigns with the activities of its own campaign in the accompanying financial statements, and presents the contributions as donor designations. The Federal and State Federated Appeals campaign remits an administrative fee to United Way for campaign management services.

The fees for the State Federated Appeal (SEFA) campaign were $161,000 and $158,000 for 2018 and 2017, respectively. The fees included in Campaign results, for the Federal (CFC) Campaign were $8,000 and $146,000 for 2018 and 2017, respectively. During 2018, the federal government has established a new single source electronic pledging system and will no longer have the United Way System manage the campaign for the CFC at the local level. United Way will no longer receive CFC fee revenue subsequent to March 31, 2018. Additionally, $647,834 recorded as accounts receivable held for CFC and SEFA in 2017 has been reclassified to conform to the presentation adopted in 2018.

Annual 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 temporarily restricted 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 unrestricted.

Net campaign results are allocated to providers approved to receive community care funding at the completion of the campaign. Committed community care 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 October 31, 2018, 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 four fully paid life insurance policies, each with death benefit coverage of $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 and board-designated endowment fund with Community Foundation for Greater Buffalo (CFGB) to benefit from increased investment 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 the current spending policy (Note 9). 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. Under variance power granted by United Way, CFGB is able to modify any restriction or condition on the distribution of funds if the restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

Based on United Way's endowment policy, distribution and withdrawals are available to United Way. United Way elected to not make any discretionary appropriations or distributions during 2018 or 2017. Appropriations during 2018 and 2017 were in accordance with donor requirements.

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:

United Way's costs of providing its services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services 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 conformity 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.

Reclassifications:

The 2017 financial statements have been reclassified to conform to the presentation adopted in 2018.

2. Annual Campaign Pledges Receivable:

	2018	2017
United Way;		
2017 - 2018	**$ 8,000,638**	$ -
2016 - 2017	**525,043**	8,280,242
2015 - 2016	**390,116**	626,514
2014 - 2015	**-**	333,641
	8,915,797	9,240,397
Less allowance for uncollectible pledges	**2,042,171**	2,392,749
	$ 6,873,626	$ 6,847,648

Campaign pledge receivables include donor designated amounts payable of $3,407,933 and $3,602,519 as of March 31, 2018 and 2017.

3. Contributions Receivable:

	2018	2017
Gross unconditional promises to give from:		
Endowment campaign	**$ 1,058,092**	$ 100,000
Foundations	**1,749,534**	-
Bequests and other	**9,111**	150,000
	2,816,737	250,000
Less allowances for:		
Uncollectible pledges	**118,313**	21,631
Unamortized discount	**31,687**	3,369
	$ 2,666,737	$ 225,000
Amounts due in:		
Less than one year	**$ 1,573,637**	$ 170,000
One to five years	**992,100**	60,000
Greater than five years	**251,000**	20,000
	$ 2,816,737	$ 250,000

4. Investments:

	2018	2017
Certificates of deposit	**$ 1,075,747**	$ 3,067,191
Money market	**2,996,279**	990,042
	$ 4,072,026	$ 4,057,233

The following summarizes investment income in the statements of activities:

	2018	2017
Interest and dividends	**$ 40,014**	$ 30,952
Net unrealized losses	**(25,221)**	(3,517)
	$ 14,793	$ 27,435

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

	2018	2017
Beginning of year	$ 8,138,490	$ 6,867,189
Transfers	2,235,367	286,738
Net appreciation	777,047	984,563
End of year	$ 11,150,904	$ 8,138,490

6. Property and Equipment:

	2018	2017
Land	$ 158,930	$ 158,930
Building and improvements	3,686,804	3,682,810
Furniture and equipment	3,473,205	3,402,248
	7,318,939	7,243,988
Less accumulated depreciation	5,081,733	4,920,510
	$ 2,237,206	$ 2,323,478

7. Employee Benefit Plans:

Defined Benefit Pension Plan:

United Way maintains a defined benefit pension plan covering essentially all nonunion employees. 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, 2018 and 2017 is presented below. The measurement date used to determine the plan assets and benefit obligations is March 31st of each year.

	2018	2017
Projected benefit obligation	$ 6,020,499	$ 5,697,366
Fair value of plan assets	4,483,569	3,998,615
Funded status	$(1,536,930)	$ (1,698,751)
Accumulated benefit obligation	$ 5,249,790	$ 4,915,810

Amounts recognized on the balance sheets:

	2018	2017
Accrued pension liability	$ (1,536,930)	$ (1,698,751)
Accumulated adjustment to net assets	$ (1,495,720)	$ (1,646,913)

Amounts recognized as the accumulated adjustment to net assets as of March 31, 2018 and 2017 consist of:

	2018	2017
Unrecognized actuarial loss	$ 1,495,720	$ 1,646,913

Amounts included in the accumulated adjustment to net assets as of March 31, 2018 expected to be recognized in expense in 2019 are:

Unrecognized actuarial loss	$ 115,611

Amounts recognized as pension liability adjustment for the years ended March 31, 2018 and 2017 consist of:

	2018	2017
Unrecognized actuarial gain	$ 151,193	$ 157,052

	2018	2017
Pension expense	$ 289,372	$ 352,958
Employer contributions	$ 300,000	$ 180,000
Benefits paid	$ 76,649	$ 152,195

	2018	2017
Weighted average assumptions used to determine benefit obligations at March 31:		
Discount rate	3.70%	3.70%
Expected future salary increase	4.00%	4.00%
Weighted average assumptions used to determine net periodic benefit cost:		
Discount rate	3.70%	3.50%
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, 2018, 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 6.52% - 9.05%.

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:

2019	$ 1,546,000
2020	798,000
2021	217,000
2022	128,000
2023	22,000
2024-2028	2,562,000
	$ 5,273,000

United Way's pension plan weighted-average asset allocations at March 31, 2018 and 2017 are as follows:

	2018	2017
Asset Category:		
Equity securities	51%	50%
Fixed income	33%	37%
Other	16%	13%
	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, 2018 and 2017 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 2018 and 2017 is for the plan's year-end at December 31, 2016 and December 31, 2015, 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	PPA Zone Status		Funded Percentage		FIP/RP Status Pending/	Company Contributions		Surcharge	Expiration Date of Collective-Bargaining
Plan Number	2016	2015	2016	2015	Implemented	2018	2017	Imposed	Agreement
16-0908576/001	Red	Red	86%	84%	Yes	$ 19,400	$ 16,500	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 2016 and 2015.

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, 2018 and 2017 is as follows:

	2018	2017
Accrued postretirement benefit obligation (benefit liability)	$ 220,000	$ 230,000
Benefit cost	$ 16,000	$ -
Benefits paid	$ 26,000	$ 30,000
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:

2019	$ 26,400
2020	26,400
2021	26,400
2022	26,400
2023	26,400
2024-2028	112,200
	$ 244,200

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, 2018 and 2017 were $29,927 and $23,356.

8. Lease Commitments:

United Way leases certain equipment under the terms of noncancelable operating leases. Rental expense for all operating leases amounted to approximately $106,000 and $88,000 for the years ended March 31, 2018 and 2017.

Future minimal annual rentals due under these leases are:

2019	$ 42,000
2020	15,000
2021	7,000
	$ 64,000

9. Net Assets:

Unrestricted net assets include board-designated endowment funds and unrestricted funds. From time to time the market value of certain donor restricted endowment funds is lower than the original gifted values due to investment experience. These amounts are included in unrestricted net assets as underwater funds. Net earnings and appreciation that restore the value are also included in unrestricted net assets.

The composition of unrestricted net assets is as follows:

	2018	2017
Board-designated endowments	$ 8,294,105	$ 5,537,563
Unrestricted funds	5,239,380	5,930,916
	$ 13,533,485	$ 11,468,479

Temporarily restricted net assets represent net campaign pledges outstanding, donor restricted contributions, and unappropriated earnings on permanently restricted endowment gifts. The composition of temporarily restricted net assets is as follows:

	2018	2017
Net campaign pledges outstanding	$ 3,465,693	$ 3,245,129
Program restricted	1,564,032	-
Unappropriated restricted endowment earnings (Note 9)	345,529	179,657
	$ 5,375,254	$ 3,424,786

Permanently restricted net assets represent the accumulated principal of donor-restricted endowment gifts, which are to be invested in perpetuity. Income earned from the investment of permanently restricted net assets is expendable based upon donor specification, if any, and United Way's spending policy (see Note 10).

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 unrestricted net assets. The donor-restricted endowment consists of endowment gifts that are to be invested in perpetuity and are reported as permanently restricted net assets. 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 permanently restricted net assets (a) original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent 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 unrestricted net assets. Investment gains related to the donor-restricted endowment are reported as increases (decreases) to temporarily restricted net assets until appropriated and expended in accordance with United Way's spending policy. United Way's endowment assets activity for the years ended March 31, 2018 and 2017 is as follows:

2018	**Unrestricted (Board-designated)**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment assets - beginning of year	**$ 5,537,563**	**$ 179,657**	**$ 2,521,270**	**$ 8,238,490**
Net investment income	**515,175**	**261,872**	**-**	**777,047**
Contributions	**2,241,367**	**-**	**1,048,092**	**3,289,459**
Appropriated	**-**	**(96,000)**	**-**	**(96,000)**
Endowment assets - end of year	**$ 8,294,105**	**$ 345,529**	**$ 3,569,362**	**$ 12,208,996**

2017	Unrestricted (Board-designated)	Temporarily Restricted	Permanently Restricted	Total
Endowment assets - beginning of year	$ 4,528,362	$ -	$ 2,521,270	$ 7,049,632
Net investment income	647,463	279,657	-	927,120
Contributions	361,738	-	-	361,738
Appropriated	-	(100,000)	-	(100,000)
Endowment assets - end of year	$ 5,537,563	$ 179,657	$ 2,521,270	$ 8,238,490