

**UNITED WAY OF
SOUTHERN CHAUTAUQUA COUNTY, INC.**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017**

UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.

TABLE OF CONTENTS

	Page(s)
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 13

SAXTON KOCUR
AND ASSOCIATES, LLP
Certified Public Accountants

301 East Second Street • Suite 303 • Jamestown, NY 14701 • P: (716) 483-6109 • F: (716) 483-2511

Independent Auditors' Report

To the Board of Directors
United Way of Southern Chautauqua County, Inc.
Jamestown, New York

We have audited the accompanying financial statements of United Way of Southern Chautauqua County, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 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 under 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 involves 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 of Southern Chautauqua County, Inc. 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.

Saxton, Kocur and Associates, LLP

Saxton, Kocur and Associates, LLP
September 21, 2018

UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 945,411	\$ 758,327
Pledges receivable, net of allowance for uncollectible pledges of \$35,000 at both June 30, 2018 and 2017	218,496	248,850
Grants receivable - foundations and other	17,024	-
ESPRI contract receivable	5,720	13,916
Prepaid expenses	4,434	3,279
Total current assets	1,191,085	1,024,372
 PROPERTY AND EQUIPMENT, net of accumulated depreciation	 77,104	 5,574
 INVESTMENTS, at fair value	 1,993,218	 1,914,634
 TOTAL ASSETS	\$ 3,261,407	\$ 2,944,580

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 66,670	\$ 3,278
ESPRI payable - subcontractors	53,531	-
Donor designations	29,917	30,428
Refundable advances	2,530	1,227
Total current liabilities	152,648	34,933
 NET ASSETS		
Unrestricted	1,661,531	1,508,154
Temporarily restricted	1,447,228	1,401,493
Total net assets	3,108,759	2,909,647
 TOTAL LIABILITIES AND NET ASSETS	\$ 3,261,407	\$ 2,944,580

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

UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018		Total
	Unrestricted	Temporarily Restricted	
REVENUE AND OTHER SUPPORT			
Pledges from current year campaign	\$ -	\$ 1,342,044	\$ 1,342,044
New pledges from prior years' campaigns	-	6,807	6,807
Pledges received for future campaign	-	2,087	2,087
Less donor choice designations and designations to other United Ways	-	(44,891)	(44,891)
Pledges available	-	1,306,047	1,306,047
Foundation grants - office relocation and equipment	11,837	5,663	17,500
Administrative fee income and other income	35,421	-	35,421
Empire State Poverty Reduction Initiative (ESPRI)	254,767	-	254,767
Donated professional services and rent	11,333	-	11,333
Interest income - bank	2,384	-	2,384
Income from investments, net of fees of \$10,743 and \$10,068 for 2018 and 2017, respectively	52,674	-	52,674
Realized gain (loss) on sales of investments	32,055	-	32,055
Net assets released from restrictions	1,265,975	(1,265,975)	-
Total revenue and other support	<u>1,666,446</u>	<u>45,735</u>	<u>1,712,181</u>
EXPENSES			
Program:			
Allocations to agencies	995,000	-	995,000
Community Impact	385,399	-	385,399
Total program expenses	<u>1,380,399</u>	<u>-</u>	<u>1,380,399</u>
Supporting Services:			
Management and general	128,729	-	128,729
Fund-raising	83,796	-	83,796
Total supporting services expenses	<u>212,525</u>	<u>-</u>	<u>212,525</u>
Total expenses	<u>1,592,924</u>	<u>-</u>	<u>1,592,924</u>
CHANGE IN NET ASSETS FROM OPERATIONS	73,522	45,735	119,257
Unrealized gain on investments	<u>79,855</u>	<u>-</u>	<u>79,855</u>
CHANGE IN NET ASSETS	153,377	45,735	199,112
NET ASSETS, BEGINNING	<u>1,508,154</u>	<u>1,401,493</u>	<u>2,909,647</u>
NET ASSETS, ENDING	<u>\$ 1,661,531</u>	<u>\$ 1,447,228</u>	<u>\$ 3,108,759</u>

2017		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 1,313,696	\$ 1,313,696
-	20,043	20,043
-	-	-
-	(45,357)	(45,357)
-	1,288,382	1,288,382
-	-	-
20,491	-	20,491
51,586	-	51,586
-	-	-
3,812	-	3,812
32,786	-	32,786
18,747	-	18,747
1,306,607	(1,306,607)	-
<u>1,434,029</u>	<u>(18,225)</u>	<u>1,415,804</u>
1,000,000	-	1,000,000
201,887	-	201,887
<u>1,201,887</u>	<u>-</u>	<u>1,201,887</u>
120,805	-	120,805
74,570	-	74,570
<u>195,375</u>	<u>-</u>	<u>195,375</u>
<u>1,397,262</u>	<u>-</u>	<u>1,397,262</u>
36,767	(18,225)	18,542
180,999	-	180,999
<u>217,766</u>	<u>(18,225)</u>	<u>199,541</u>
<u>1,290,388</u>	<u>1,419,718</u>	<u>2,710,106</u>
<u>\$ 1,508,154</u>	<u>\$ 1,401,493</u>	<u>\$ 2,909,647</u>

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

UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			
	Program	Supporting Services		
	Allocations & Community Impact	Management and General	Fund-raising	Total
Allocations to agencies	\$ 995,000	\$ -	\$ -	\$ 995,000
Salaries	78,997	73,816	47,757	200,570
Payroll taxes	5,638	4,897	3,787	14,322
Employee health insurance	8,448	7,336	5,673	21,457
Other employee insurances	905	786	608	2,299
Retirement	4,780	4,151	3,210	12,141
Program and project expense	31,904	-	-	31,904
Grants to ESPRI subcontractors	220,837	-	-	220,837
Building rent	3,500	3,039	2,351	8,890
Equipment repairs, maintenance and technology	5,415	4,703	3,637	13,755
Supplies	1,341	1,165	901	3,407
Utilities	4,207	3,653	2,825	10,685
Professional fees	837	6,077	562	7,476
Postage	407	354	273	1,034
Insurance	381	3,292	256	3,929
Telephone	1,382	1,200	928	3,510
Conferences	140	121	94	355
Printing	4,032	3,501	2,707	10,240
Dues	7,239	6,286	4,862	18,387
Meetings	1,808	1,571	1,215	4,594
Travel	414	360	278	1,052
Miscellaneous	1,656	1,439	1,112	4,207
Total expenses before depreciation	1,379,268	127,747	83,036	1,590,051
Depreciation expense	1,131	982	760	2,873
	<u>\$ 1,380,399</u>	<u>\$ 128,729</u>	<u>\$ 83,796</u>	<u>\$ 1,592,924</u>

2017

	2017			Total
	Program Allocations & Community Impact	Supporting Services		
		Management and General	Fund-raising	
Allocations to agencies	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Salaries	83,228	61,956	48,248	193,432
Payroll taxes	6,103	5,026	2,577	13,706
Employee health insurance	12,709	10,465	5,365	28,539
Other employee insurances	1,033	851	436	2,320
Retirement	7,743	6,377	3,269	17,389
Program and project expense	56,318	-	-	56,318
Grants to ESPRI subcontractors	-	-	-	-
Building rent	2,672	2,200	1,128	6,000
Equipment repairs, maintenance and technology	4,770	3,928	2,014	10,712
Supplies	1,452	1,195	613	3,260
Utilities	4,457	3,670	1,882	10,009
Professional fees	664	5,898	281	6,843
Postage	676	556	285	1,517
Insurance	276	2,390	117	2,783
Telephone	1,433	1,182	606	3,221
Conferences	780	642	329	1,751
Printing	4,545	3,742	1,919	10,206
Dues	8,072	6,647	3,408	18,127
Meetings	2,143	1,765	905	4,813
Travel	610	502	258	1,370
Miscellaneous	943	776	398	2,117
Total expenses before depreciation	1,200,627	119,768	74,038	1,394,433
Depreciation expense	1,260	1,037	532	2,829
	<u>\$ 1,201,887</u>	<u>\$ 120,805</u>	<u>\$ 74,570</u>	<u>\$ 1,397,262</u>

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

UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 199,112	\$ 199,541
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,873	2,829
Donated professional services	(9,444)	-
Allowance for uncollectible pledges	-	(5,000)
Investment fees	10,743	10,068
Reinvested investment income	(63,417)	(42,854)
Realized (gain) loss on investments	(32,055)	(18,747)
Unrealized (gain) loss on investments	(79,855)	(180,999)
(Increase) decrease in:		
Pledges receivable	30,354	(36,397)
Grants receivable - foundations and other	(17,024)	-
ESPRI contract receivable	8,196	(13,916)
Prepaid expenses	(1,155)	(784)
Increase (decrease) in:		
Accounts payable and accrued expenses	(417)	595
ESPRI payable - subcontractors	53,531	-
Donor designations	(511)	11,074
Refundable advances	1,303	1,127
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	102,234	(73,463)
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution from investments	86,000	82,500
Purchase of property and equipment	(1,150)	(2,080)
NET CASH PROVIDED BY INVESTING ACTIVITIES	84,850	80,420
CHANGE IN CASH AND CASH EQUIVALENTS	187,084	6,957
CASH AND CASH EQUIVALENTS, beginning	758,327	751,370
CASH AND CASH EQUIVALENTS, ending	\$ 945,411	\$ 758,327

NONCASH INVESTING ACTIVITIES:

Property and equipment acquisitions included in accounts payable at June 30, 2018, were \$63,809. Donated professional services valued at \$9,444 related to leasehold improvements were capitalized during the year ended June 30, 2018.

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

UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

AGENCY BACKGROUND - United Way of Southern Chautauqua County, Inc. (the Agency) is a nonprofit fund-raising organization. Substantially all of the support and revenue received by the Agency is derived from individuals, businesses and foundations in the southern Chautauqua County, New York area. The support received is allocated to Community Partners who deliver programming in southern Chautauqua County and for administrative expenses of the Agency.

COMMUNITY IMPACT - Includes the Agency's annual allocations process which grants funding to Community Partners to deliver programs aligned with the following Strategic Objectives:

- * Increase the number of families with the necessary life skills to be self-sufficient.
- * Increase the ready workforce by addressing soft and hard skill gaps among young people and adults.
- * Improve academic success by working directly with youth from cradle to career.
- * Improve the health and independence of vulnerable populations.

It also includes administering the Emergency Food & Shelter Program, Volunteer Income Tax Assistance Program, Empire State Poverty Reduction Initiative (ESPRI), and the Kindergarten Readiness Initiative of the Chautauqua County Education Coalition. Direct financial support maintains the 2-1-1 Helpline for southern Chautauqua County. Agency staff continually provide technical assistance to its Community Partners to strengthen programs and the ability to measure impact. Agency staff also mobilizes stakeholders around emerging community needs.

ESPRI PROGRAM

New York State selected the City of Jamestown as one of sixteen communities to participate in the Empire State Poverty Reduction Initiative (ESPRI). This initiative is an exciting opportunity to develop community driven solutions to the challenges of a growing poverty rate. The City of Jamestown selected the Agency as the non-profit lead to coordinate the effort and serve as co-convenor of the City of Jamestown ESPRI Taskforce. The New York State Office of Temporary and Disability Assistance (OTDA) has contracted with the Agency to administer the grant.

Through ESPRI, \$1,000,000 is to be invested by NYS in the City of Jamestown. These dollars must be used to get a better understanding of the challenges facing those struggling to make ends meet, and then implement transformational approaches to overcoming those challenges. All decision-making for how the money will be invested is at the discretion of the Taskforce.

ESPRI PROGRAM, continued

Funding of the program provides for the reimbursement of Agency expenses in administering the program and for payments to program subcontractors. The following expenses of the program are included in the Allocations & Community Impact column on the Statements of Functional Expenses:

	<u>2018</u>	<u>2017</u>
Reimbursed Agency expenses:		
Salaries, payroll taxes, and insurances	\$ 20,624	\$ 15,543
Program and project expense	4,200	33,187
Meetings	1,127	1,724
Supplies	6,242	185
Travel	537	647
Building rent	1,200	300
Total reimbursed Agency expenses	<u>33,930</u>	<u>51,586</u>
Grants to ESPRI subcontractors	<u>220,837</u>	<u>-</u>
Total ESPRI funding for the year	<u>\$ 254,767</u>	<u>\$ 51,586</u>

In addition to reimbursement of the above Agency expenses, the Agency received an administrative fee of \$30,000 in 2018. This fee is included in *Administrative fee income and other income* on the 2018 Statement of Activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The Agency maintains its records on the accrual basis of accounting. Campaigns are conducted annually to raise support which is allocated to participating agencies and administrative expenses in the subsequent year. Allocations to participating agencies and appropriations for administrative expenses are approved by the Board of Directors of the Agency prior to the allocation year and are reported as temporarily restricted assets. All current year pledges are considered available for use for the campaign year pledged unless restricted by the donor and are recorded as temporarily restricted until the following year.

BASIS OF PRESENTATION - In accordance with U.S. generally accepted accounting principles, the Agency reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Net assets, revenues, expenses, gains and loss are classified based on the existence or absence of donor restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

UNRESTRICTED NET ASSETS - Net assets that are not subject to donor restrictions.

TEMPORARILY RESTRICTED NET ASSETS - Net assets subject to donor restrictions that may or will be met, either by use and/or the passage of time.

PERMANENTLY RESTRICTED NET ASSETS - Net assets subject to donor restrictions that the assets be maintained permanently. The Agency had no permanently restricted net assets at June 30, 2018 or 2017.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

RECOGNITION OF DONOR RESTRICTED CONTRIBUTIONS - Support that is restricted by donors is reported as an increase in unrestricted net assets if the restriction is satisfied during the reporting period in which that support is recognized. All other donor-restricted support is reported as temporarily restricted or permanently restricted support depending on the nature of the restriction. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statements of Activities as *Net assets released from restrictions*. Non-cash contributions are recognized as support based on estimated fair market value on the date received. Contributions, including unconditional promises to give, are recorded when made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are recorded at their net realizable value.

DONATED PROFESSIONAL SERVICES AND RENT - The fair value of donated professional services and rent was \$9,444 and \$1,889, respectively, during the year ended June 30, 2018.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. In addition, numerous individuals volunteer their time to assist the Agency in meeting its annual financial campaign goals or serving on Agency boards and committees. Such services do not meet the revenue recognition criteria.

PROPERTY AND EQUIPMENT - Acquisitions of property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support. Property and equipment over \$1,000 with an estimated useful life of five years or more are capitalized. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of existing property and equipment are also capitalized. Depreciation is computed using the straight-line method over estimated lives.

CASH AND CASH EQUIVALENTS - For the purposes of the Statements of Cash Flows, the Agency considers all highly liquid debt instruments with maturities of three months or less at the time of purchase to be cash equivalents. Cash held in investments is excluded.

PLEDGES RECEIVABLE - The fair value of the receivables approximates their carrying value because of the relatively short time until anticipated realization. Substantially all of these receivables are from individuals, businesses, and foundations in or near southern Chautauqua County.

ESTIMATES - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

INCOME TAX STATUS - The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from New York State income taxes under Article 7-A of the Executive Law. Therefore, no provision has been made for federal or New York State income taxes in the accompanying financial statements. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and is not classified as a private foundation under Section 509(a)(2).

SUBSEQUENT EVENTS - Management has evaluated events and transactions through September 21, 2018, which is the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

Investments are carried at fair value and consisted of the following at June 30:

	2018	2017
Cash and cash alternatives	\$ 6,365	\$ 10,580
Exchange Traded Funds (ETFs):		
Bond funds - high yield	109,009	115,435
Stock funds - large capitalization - U.S. and foreign	556,490	517,269
Stock funds - mid-capitalization	116,876	103,359
Stock funds - small capitalization	62,888	54,113
Mutual Funds:		
Equities - large capitalization - U.S. and foreign	398,700	394,215
Equities - mid-capitalization	53,362	49,545
Equities - small capitalization	118,826	98,437
Equities - diversified emerging markets	56,149	66,656
Equities - alternative investment - global real estate	44,532	43,272
Equities - alternative investment - natural resources	39,240	33,670
Bonds - inflation protected	82,868	81,782
Bonds - intermediate term	172,717	173,346
Bonds - short-term	175,196	172,955
	<u>\$ 1,993,218</u>	<u>\$ 1,914,634</u>

The investments had a cost basis of \$1,657,026 and \$1,658,297 at June 30, 2018 and 2017, respectively.

NOTE 2 - INVESTMENTS, continued

All of the investments' fair values are based on Level 1 inputs. A Level 1 input is a quoted price in an active market for an identical asset of liability. The methods used to measure fair value may produce an amount that may be indicative of net realizable value or reflective of future fair values. Furthermore, although the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Board of Directors had designated all of the investments as a general endowment fund to provide a resource for current and future operational expenses of the Agency. Since these investments resulted from an internal designation and any original donor restrictions have expired or have been waived, the endowment related investments are classified and reported as unrestricted net assets.

All uses of the endowment fund assets are at the discretion of the Board of Directors. The annual spending distribution amount is calculated using a 12-quarter average market value of the investment's total assets multiplied by 5%. Additional appropriations for expenditures in excess of this amount are based on the recommendation of the Agency's Finance Committee and are subject to approval by 2/3 majority of the Board of Directors. The investment value is not to be drawn below an amount equal to 12 months of operating expenses excluding agency allocation commitments.

The Agency's adopted investment policy provides that a total return (income and appreciation) approach will be used to preserve principal while providing opportunities for growth. To meet this objective of income and long-term growth, the target asset allocation is to be 65% equities, 30% fixed income, and 5% alternative investments, with a range of +/- 10%. Rebalancing to the target allocation is to occur no less than annually. At June 30, 2018, the investment allocation was 68% equities, 26% fixed income, 5% alternative equities, and 1% in cash.

	2018	2017
Board-designated endowment net assets, beginning	\$ 1,914,634	\$ 1,764,602
Interest and dividends earned and reinvested	63,417	42,854
Realized gains (losses)	32,055	18,747
Annual spending distribution	(86,000)	(82,500)
Net appreciation (depreciation)	79,855	180,999
Investment fees	(10,743)	(10,068)
Board-designated endowment net assets, ending	<u>\$ 1,993,218</u>	<u>\$ 1,914,634</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2018	2017
Office equipment and furnishings	\$ 24,233	\$ 30,895
Construction in progress - leasehold improvements	64,533	-
	<u>88,766</u>	<u>30,895</u>
Less accumulated depreciation	11,662	25,321
	<u>\$ 77,104</u>	<u>\$ 5,574</u>

Depreciation expense was \$2,873 and \$2,829 for 2018 and 2017, respectively.

As of June 30, 2018, office equipment of \$8,720 and the leasehold improvements of \$64,533, were not yet placed in service and being depreciated.

NOTE 4 - REFUNDABLE ADVANCES

The Agency records grant awards considered to be for exchange transactions as refundable advances until related services are performed, at which time the advances are recognized as revenue.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following periods or purposes at June 30:

	2018	2017
Current year campaign amounts to be used to fund operations in the subsequent year:		
Allocations to agencies	\$ 1,020,000	\$ 995,000
Community impact	100,725	84,323
Fund-raising and administrative expenses	304,953	310,220
Other reserves - equipment	13,800	11,950
	<u>1,439,478</u>	<u>1,401,493</u>
Pledges received for future campaign	2,087	-
Office relocation and equipment	5,663	-
	<u>\$ 1,447,228</u>	<u>\$ 1,401,493</u>

NOTE 6 - EMPLOYEE BENEFIT PLAN

The Agency maintains a SEP/SARSEP plan in which substantially all employees participate. It is a discretionary non-integrated plan in which employer contributions are allocated to each participant in the same proportion as the participant's compensation bears to all participants for the year, with limits. The Agency contributed 6% and 9% of the total compensation for the years ended June 30, 2018 and June 30, 2017. Plan expense for the years ended June 30, 2018 and June 30, 2017, was \$12,141 and \$17,389, respectively. The Agency also offers a 403(b) plan for its employees in which their contributions are immediately vested. The Agency does not contribute to this plan.

NOTE 7 - FACILITY LEASES

The Agency entered into a building lease agreement in 2013. The lease was for a term of twenty years, beginning January 1, 2013 and ending December 31, 2032. The annual lease amount was \$6,000. The lessor was responsible for all taxes, insurance, repairs and maintenance. The agreement was terminated as of April 30, 2018. Rent expense at this location for 2018 and 2017, was \$5,000 and \$6,000, respectively.

Effective May 1, 2018, the Agency entered into a lease agreement of space located at 208 Pine Street, Jamestown NY. The lease has an initial five year term ending April 30, 2023, and provides for one additional five-year renewal option. Monthly rent is \$1,000 (\$12,000 annually) for the duration of the lease, including the option. Rent for the year ended June 30, 2018, was \$2,000. The landlord is responsible for all property taxes, water, sewer and electricity charges. The Agency took occupancy of the space in July, 2018, after leasehold improvements made at the Agency's expense were substantially completed.

NOTE 8 - EFFECT OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Agency depends on contributions and grants for support of its operations. The ability of the Agency's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Agency's management believes the Agency will have the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factor.

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Agency's maintains its cash balances in one financial institution located in Jamestown, NY. Occasionally during any year, the Agency's cash balances held in the financial institution may exceed the FDIC deposit insurance amount. At June 30, 2018, the Agency's uninsured cash balance was \$698,243.

NOTE 10 - LAWSUIT

A personal inquiry claim in which the Agency was named as a third party defendant in 2015, was settled in the year ended June 30, 2018. The settlement amount was covered by the Agency's insurance coverage.