UNITED WAY OF BUFFALO AND ERIE COUNTY

FINANCIAL STATEMENTS

March 31, 2015

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
United Way of Buffalo and Erie County

We have audited the accompanying balance sheets of United Way of Buffalo and Erie County as of March 31, 2015 and 2014, 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 of Buffalo and Erie County as of March 31, 2015 and 2014, 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.

Lumsden & McCormick, LLP

July 8, 2015

Balance Sheets

March 31,	2015	2014
Assets		
Cash and cash equivalents	$ 3,319,426	$ 3,882,082
Campaign pledges receivable, net (Note 2)	7,278,782	7,473,175
Grants and other receivables	1,251,054	2,205,156
Investments (Note 3)	4,002,211	2,558,760
Beneficial interest in assets held by Community Foundation for Greater Buffalo (Note 4)	5,011,642	3,686,933
Property and equipment, net (Note 5)	2,309,690	2,434,731
Other assets	69,529	68,506
	$ 23,242,334	$ 22,309,343
Liabilities and Net Assets		
Liabilities:		
Designations payable	$ 4,113,732	$ 3,830,719
Allocations payable	1,282,907	1,188,724
Accounts payable and accrued expenses	1,161,731	1,403,420
Deferred revenue	269,889	208,039
Accrued pension liability (Note 6)	1,272,822	698,734
Accrued postretirement benefit obligation (Note 6)	270,000	275,000
	8,371,081	7,604,636
Net assets:		
Unrestricted	11,184,932	10,890,981
Temporarily restricted	3,165,051	3,642,456
Permanently restricted (Note 7)	521,270	171,270
	14,871,253	14,704,707
	$ 23,242,334	$ 22,309,343

See accompanying notes.

Statements of Activities

For the years ended March 31,	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support:				
Campaign results:				
Current year campaign results	$ -	$ 14,473,746	$ -	$ 14,473,746
Less: donor designations	-	(4,925,606)	-	(4,925,606)
Estimated uncollectible pledges	-	(600,000)	-	(600,000)
Net assets released from restrictions	9,425,545	(9,425,545)	-	-
	9,425,545	(477,405)	-	8,948,140
Other revenues:				
Grant funding, program other income	3,593,496	-	-	3,593,496
Bequest and planned giving	314,160	-	350,000	664,160
Investment income	31,556	-	-	31,556
Net appreciation of beneficial interest in assets held by Community Foundation for Greater Buffalo	248,553	-	-	248,553
	4,187,765	-	350,000	4,537,765
Total revenue, gains and other support	13,613,310	(477,405)	350,000	13,485,905
Expenses:				
Program services				
Gross funds awarded, granted or designated to agencies	12,772,789	-	-	12,772,789
Other program services	2,736,475	-	-	2,736,475
Total program services including designations	15,509,264	-	-	15,509,264
Less: donor designations	(4,925,606)	-	-	(4,925,606)
Total program services	10,583,658	-	-	10,583,658
Supporting services				
Management and general	400,644	-	-	400,644
Fundraising	1,688,717	-	-	1,688,717
	2,089,361	-	-	2,089,361
Total expenses	12,673,019	-	-	12,673,019
Increase (decrease)	940,291	(477,405)	350,000	812,886
Pension liability adjustment (Note 6)	(646,340)	-	-	(646,340)
Increase (decrease) in net assets	293,951	(477,405)	350,000	166,546
Net assets - beginning	10,890,981	3,642,456	171,270	14,704,707
Net assets - ending	$ 11,184,932	$ 3,165,051	$ 521,270	$ 14,871,253

See accompanying notes.

2014			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ -	$ 14,320,871	$ -	$ 14,320,871
-	(4,750,171)	-	(4,750,171)
-	(700,000)	-	(700,000)
9,148,678	(9,148,678)	-	-
9,148,678	(277,978)	-	8,870,700
3,865,880	-	-	3,865,880
2,833,507	-	156,270	2,989,777
43,001	-	-	43,001
316,956	-	-	316,956
7,059,344	-	156,270	7,215,614
16,208,022	(277,978)	156,270	16,086,314
12,951,189	-	-	12,951,189
2,577,984	-	-	2,577,984
15,529,173	-	-	15,529,173
(4,750,171)	-	-	(4,750,171)
10,779,002	-	-	10,779,002
431,494	-	-	431,494
1,562,679	-	-	1,562,679
1,994,173	-	-	1,994,173
12,773,175	-	-	12,773,175
3,434,847	(277,978)	156,270	3,313,139
485,205	-	-	485,205
3,920,052	(277,978)	156,270	3,798,344
6,970,929	3,920,434	15,000	10,906,363
$ 10,890,981	$ 3,642,456	$ 171,270	$ 14,704,707

Statements of Functional Expenses

For the years ended March 31,	2015				
		Supporting Services			
	Program Services	Management and General	Fund-raising	Total Supporting Services	Total
Allocations and distributions	$ 4,587,000	$ -	$ -	$ -	$ 4,587,000
Designations	4,925,606	-	-	-	4,925,606
Grant awards	3,260,183	-	-	-	3,260,183
	12,772,789	-	-	-	12,772,789
Salaries	1,536,118	249,840	921,827	1,171,667	2,707,785
Payroll taxes and employee benefits	343,363	56,588	206,060	262,648	606,011
Total salaries and related expenses	1,879,481	306,428	1,127,887	1,434,315	3,313,796
Professional fees	162,959	19,865	152,086	171,951	334,910
Supplies	64,305	1,283	20,625	21,908	86,213
Telephone	23,974	3,563	21,495	25,058	49,032
Postage	7,500	925	18,603	19,528	27,028
Occupancy	141,096	20,435	85,096	105,531	246,627
Printing and public relations	45,206	5,462	81,383	86,845	132,051
Travel, conferences and meetings	61,179	15,178	25,155	40,333	101,512
Membership dues	17,024	5,240	780	6,020	23,044
Employee education and training	4,248	374	2,615	2,989	7,237
Equipment rental and maintenance	133,663	4,262	29,798	34,060	167,723
Payments to State affiliate	21,665	1,910	13,340	15,250	36,915
Miscellaneous	5,881	881	6,226	7,107	12,988
Depreciation	89,738	7,912	55,257	63,169	152,907
Payments to National affiliate	78,556	6,926	48,371	55,297	133,853
	2,736,475	400,644	1,688,717	2,089,361	4,825,836
Total program services including designations	15,509,264	400,644	1,688,717	2,089,361	17,598,625
Less: donor designations	(4,925,606)	-	-	-	(4,925,606)
	$ 10,583,658	$ 400,644	$ 1,688,717	$ 2,089,361	$ 12,673,019

See accompanying notes.

2014				
	Supporting Services			
Program Services	Management and General	Fund-raising	Total Supporting Services	Total
$ 4,587,000	$ -	$ -	$ -	$ 4,587,000
4,750,171	-	-	-	4,750,171
3,614,018	-	-	-	3,614,018
12,951,189	-	-	-	12,951,189
1,442,513	242,715	814,882	1,057,597	2,500,110
372,955	63,591	210,392	273,983	646,938
1,815,468	306,306	1,025,274	1,331,580	3,147,048
142,961	48,109	146,779	194,888	337,849
47,497	1,548	22,832	24,380	71,877
19,070	2,871	18,189	21,060	40,130
7,257	882	19,997	20,879	28,136
140,396	21,718	82,296	104,014	244,410
27,608	7,625	70,040	77,665	105,273
40,193	15,188	25,966	41,154	81,347
5,695	4,209	1,985	6,194	11,889
5,830	539	3,493	4,032	9,862
131,826	4,109	26,617	30,726	162,552
22,517	2,083	13,491	15,574	38,091
3,249	731	4,813	5,544	8,793
91,215	8,436	54,652	63,088	154,303
77,202	7,140	46,255	53,395	130,597
2,577,984	431,494	1,562,679	1,994,173	4,572,157
15,529,173	431,494	1,562,679	1,994,173	17,523,346
(4,750,171)	-	-	-	(4,750,171)
$ 10,779,002	$ 431,494	$ 1,562,679	$ 1,994,173	$ 12,773,175

Statements of Cash Flows

For the years ended March 31,	2015	2014
Operating activities:		
Change in net assets:		
Change in net assets from operations	$ 812,886	$ 3,313,139
Net assets adjustment - defined benefit pension plan (Note 6)	(646,340)	485,205
	166,546	3,798,344
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	152,907	154,303
Realized and unrealized loss on investments	33,109	2,783
Net appreciation of beneficial interest in assets held by Community Foundation for Greater Buffalo	(248,553)	(316,956)
Changes in other operating assets and liabilities:		
Pledges receivable	194,393	321,138
Grants and other receivables	954,102	(869,460)
Other assets	(1,023)	7,074
Designations payable	283,013	(43,160)
Allocations payable	94,183	(4,645)
Accounts payable and accrued expenses	(241,689)	305,975
Deferred revenue	61,850	55,312
Accrued pension liability	574,088	(561,856)
Accrued postretirement benefit obligation	(5,000)	(10,000)
Net operating activities	2,017,926	2,838,852
Investing activities:		
Purchase of investments	(2,177,335)	(1,379,252)
Proceeds from sale of investments	700,775	1,572,766
Transfers to beneficial interest in assets held by Community Foundation for Greater Buffalo	(1,076,156)	(2,293,114)
Purchase of property and equipment	(27,866)	(92,177)
Net investing activities	(2,580,582)	(2,191,777)
Net change in cash and cash equivalents	(562,656)	647,075
Cash and cash equivalents - beginning	3,882,082	3,235,007
Cash and cash equivalents - ending	$ 3,319,426	$ 3,882,082

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization and Operations:

United Way of Buffalo and 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 campaign drive begins around September 1 of each year, and is substantially completed by December 31. Annual campaign funds generally support programs whose services are provided in the subsequent year. Donors may designate their pledges among several care programs. Community care designations are pooled and allocated to service providers.

Campaign contributions are used for 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.

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.

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.

Subsequent Events:

United Way has evaluated events and transactions for potential recognition or disclosure in the financial statements through July 8, 2015, the date the financial statements were available to be issued.

Cash and Cash Equivalents:

Cash and cash equivalents include highly liquid investments with original maturities of three months or less. Cash and cash equivalents at financial institutions may exceed insured limits at various times during the year, and subject United Way to concentrations of credit risk.

Pledges Receivable:

Pledges receivable are recognized in the year in which the pledges become known, regardless of campaign year. Unconditional promises to give are recorded at estimated net realizable value.

Investments:

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

Beneficial Interest in Assets in Community Foundation for Greater Buffalo:

United Way maintains a board-designated endowment fund with Community Foundation for Greater Buffalo (CFGB) to benefit from investment opportunities not readily available to smaller organizations.

United Way's investment fund, established primarily with bequest funds received in 2014, 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 the 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 quarterly market value of the fund in accordance with CFGB's current spending policy percentage, which is 5.25%. 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.

During 2014, United Way adopted an endowment spending policy whereby, absent specific authorization, earnings from the fund will not be available for 5 years, or until the fund reaches a market value of $5 million.

Management expects distributions to be available in January 2016 and is in the process of revising its spending policy related to the endowment fund.

Property and Equipment:

Property and equipment is recorded at cost if purchased, or, if donated, at fair market value at the date of donation, net of accumulated depreciation. Depreciation is provided over estimated useful 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.

Cost 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. United Way believes it is no longer subject to examination by Federal and State taxing authorities for years prior to 2012.

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.

2. Campaign Pledges Receivable:

	2015	2014
United Way:		
2014 - 2015 Campaign	$ 8,105,475	$ -
2013 - 2014 Campaign	622,263	8,441,694
2012 - 2013 Campaign	286,031	450,450
2011 - 2012 Campaign	-	216,692
	9,013,769	9,108,836
Less allowance for uncollectible pledges	2,441,959	2,368,719
	6,571,810	6,740,117
Federal and State Federated Appeals	706,972	733,058
	$ 7,278,782	$ 7,473,175

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.

3. Investments:

	2015	2014
Marketable securities:		
Certificates of deposit	$ 2,969,052	$ 1,278,813
Money market accounts	1,033,159	1,126,314
Mutual funds	-	136,735
Equities	-	16,898
	$ 4,002,211	$ 2,558,760

The following summarizes investment income in the statements of activities:

	2015	2014
Interest and dividends	$ 64,665	$ 45,784
Net realized and unrealized losses	(33,109)	(2,783)
	$ 31,556	$ 43,001

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

	2015	2014
Beginning of year	$ 3,686,933	$ 1,076,863
Transfers	1,076,156	2,293,114
Investment gain, net	248,553	316,956
End of year	$ 5,011,642	$ 3,686,933

5. Property and Equipment:

	2015	2014
Land	$ 158,930	$ 158,930
Building and improvements	3,667,811	3,664,627
Furniture and equipment	3,112,448	3,087,766
	6,939,189	6,911,323
Less accumulated depreciation	4,629,499	4,476,592
	$ 2,309,690	$ 2,434,731

6. Retirement 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).

The status of the defined benefit pension plan at and for the years ended March 31, 2015 and 2014 is presented below. The measurement date used to determine the plan assets and benefit obligations is March 31st of each year.

	2015	2014
Projected benefit obligation	$ 4,787,269	$ 3,812,029
Fair value of plan assets	3,514,447	3,113,295
Funded status	$ (1,272,822)	$ (698,734)
Accumulated benefit obligation	$ 4,079,270	$ 3,333,473

Amounts recognized on the balance sheets:

	2015	2014
Accrued pension liability	$ (1,272,822)	$ (698,734)
Accumulated adjustment to net assets	$ (1,378,212)	$ (731,872)

Amounts recognized as the accumulated adjustment to net assets as of March 31, 2015 and 2014 consist of:

	2015	2014
Unrecognized actuarial loss	$ 1,373,589	$ 721,892
Unrecognized prior service cost	4,623	9,980
	$ 1,378,212	$ 731,872

Amounts included in the accumulated adjustment to net assets as of March 31, 2015 expected to be recognized in expense in 2016 are as follows:

Unrecognized actuarial loss	$ 117,900
Unrecognized prior service cost	4,600
	$ 122,500

Amounts recognized as pension liability adjustment for the years ended March 31, 2015 and 2014 consist of:

	2015	2014
Unrecognized net asset	$ -	$ -
Unrecognized actuarial gain (loss)	(651,697)	479,848
Unrecognized prior service cost	5,357	5,357
	$ (646,340)	$ 485,205

	2015	2014
Pension expense	$ 167,748	$ 223,349
Employer contributions	240,000	300,000
Benefits paid	54,553	84,046
Weighted average assumptions used to determine benefit obligations at March 31:		
Discount rate	3.65%	4.20%
Expected future salary increase	4.00%	3.00%
Weighted average assumptions used to determine net periodic benefit cost:		
Discount rate	4.20%	4.00%
Expected return on plan assets	7.25%	7.25%
Expected future salary increase	3.00%	3.50%

The expected long-term rate of return on plan assets assumption of 7.25% 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, 2015, 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 3.75% was selected and added to the real rate of return range to arrive at a range of 6.60% - 9.02%.

No contributions are expected to be required by United Way for 2016.

Benefits expected to be paid in each of the next five fiscal years and the following five years in aggregate are:

2016	$ 921,000
2017	42,000
2018	345,000
2019	343,000
2020	800,000
2021-2025	848,000
	$ 3,299,000

United Way's pension plan weighted-average asset allocations at March 31, 2015 and 2014 are as follows:

	2015	2014
Asset Category:		
Equity securities	50%	51%
Debt securities	41%	44%
Other	9%	5%
	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% debt securities. The plan essentially invests only in securities for which there is an active market.

Union Employee 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, 2015 and 2014 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 2015 and 2014 for Plan 1 is for the plan's year-end at December 31, 2013 and December 31, 2012, 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
	2013	2012	2013	2012		2015	2014		
16-0908576/001	Red	Red	82%	76%	Yes	$ 13,900	$ 11,900	No	6/30/2017

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 2013 and 2012.

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, 2015 and 2014 is as follows:

	2015	2014
Accrued postretirement benefit obligation (benefit liability)	**$ 270,000**	$ 275,000
Benefit cost	**16,000**	7,000
Benefits paid	**21,000**	17,000
Weighted average assumptions used:		
Yearly health care premium increases	**1.25%**	1.25%
Discount rate	**5.75%**	5.75%

United Way assumes the annual health care premium increase will be approximately 1.25% based on its ability under the plan to adjust coverage or limit contributions to maintain this percentage increase.

Expected future benefit payments:

2016	**$ 29,700**
2017	**29,700**
2018	**29,700**
2019	**29,700**
2020	**29,700**
2021-2025	**138,600**
	$ 287,100

7. Permanently Restricted Net Assets:

Permanently restricted net assets have been restricted by donors to be maintained by United Way in perpetuity, the earnings from which can be used for unrestricted purposes. 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 gift date of donor endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of a donor gift instrument at the time the accumulation is added to the fund.

Generally, investment earnings related to permanently restricted endowment assets would be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by United Way in a manner consistent with the standard of prudence prescribed by NYPMIFA.

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 effects of inflation and deflation
- Expected total return from income and appreciation of investments
- Other United Way resources
- 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

Currently, because of the small size of donor-restricted endowment assets relative to all investment assets, the Board considers all related earnings as appropriated unrestricted amounts.

8. Lease Commitments:

United Way leases various equipment under the terms of noncancelable operating leases. Future minimum lease payments due after March 31, 2015 are $28,379 for 2016. Rent expense totaled $65,000 and $57,900 in 2015 and 2014.

9. Fair Value Measurements:

Investment assets (including United Way's beneficial interest in assets held by CFGB) are recorded at fair value on a recurring basis, and categorized, for disclosure purposes, based upon whether the inputs used to determine their fair values are observable or unobservable. More specifically, accounting guidance establishes a three-level fair value hierarchy that prioritizes the inputs used to measure assets and liabilities at fair value. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). Level inputs are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that United Way has the ability to access on the reporting date.

Level 2 – Inputs other than quoted market prices included in Level 1, that are observable, either directly or indirectly. If the asset or liability has a specific (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable for the asset or liability. Valuations incorporate significant professional judgment to determine the fair value assigned to such assets or liabilities, including assumptions that a market participant would use in pricing the asset.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments for which net asset value is used as a practical expedient to estimate fair value (United Way's beneficial interest in assets held by CFGB) are classified as Level 2 or Level 3, based on the United Way's ability to redeem in the near term the invested amounts. Based on the contractual withdrawal terms of the arrangements with CFGB, management classifies the amounts as Level 3.

The fair value of investments is determined as follows at March 31, 2015 and 2014:

	Based on		
	Level 1	Level 2	Level 3
2015			
Investments	**$ 4,002,211**	**$ -**	**$ -**
Beneficial interest in assets held by CFGB	**-**	**-**	**5,011,642**
	$ 4,002,211	**$ -**	**$ 5,011,642**
2014			
Investments	$ 2,558,760	$ -	$ -
Beneficial interest in assets held by CFGB	-	-	3,686,933
	$ 2,558,760	$ -	$ 3,686,933