UNITED WAY OF BUFFALO AND ERIE COUNTY

FINANCIAL STATEMENTS

March 31, 2013

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

Cyclorama Building | 369 Franklin Street | Buffalo, New York 14202

716-856-3300 | Fax 716-856-2524 | www.LumsdenCPA.com

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, 2013 and 2012, 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 of 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, 2013 and 2012, 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

October 21, 2013

Balance Sheets

March 31,	2013	2012
Assets		
Cash and cash equivalents	$ 3,235,007	$ 3,459,802
Investments (Note 2)	3,831,920	3,652,398
Campaign pledges receivable, net (Note 3)	7,794,313	7,870,491
Grants and other receivables	1,335,696	483,967
Property and equipment, net (Note 4)	2,496,857	2,628,547
Other assets	75,580	37,243
	$ 18,769,373	$ 18,132,448
Liabilities and Net Assets		
Liabilities:		
Designations payable	$ 3,873,879	$ 3,652,352
Allocations payable	1,193,369	1,194,973
Accounts payable and accrued expenses	1,097,445	568,983
Deferred revenue	152,727	268,723
Accrued pension liability (Note 5)	1,260,590	1,010,663
Accrued postretirement benefit obligation (Note 5)	285,000	298,000
	7,863,010	6,993,694
Net assets:		
Unrestricted	6,970,929	6,943,895
Temporarily restricted	3,920,434	4,179,859
Permanently restricted (Note 6)	15,000	15,000
	10,906,363	11,138,754
	$ 18,769,373	$ 18,132,448

See accompanying notes.

Statements of Activities

For the years ended March 31,	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support:				
Campaign results:				
Current year campaign results	$ -	$ 14,038,121	$ -	$ 14,038,121
Less: donor designations	-	(4,544,437)	-	(4,544,437)
Estimated uncollectible pledges	-	(825,000)	-	(825,000)
Net assets released from restrictions	8,928,109	(8,928,109)	-	-
	8,928,109	(259,425)	-	8,668,684
Other revenues:				
Grant funding, program and other income	2,900,499	-	-	2,900,499
Investment income	128,854	-	-	128,854
	3,029,353	-	-	3,029,353
Total revenue, gains and other support	11,957,462	(259,425)	-	11,698,037
Expenses:				
Program services				
Gross funds awarded, granted or designated to agencies	11,615,216	-	-	11,615,216
Other program services	2,550,190	-	-	2,550,190
Total program services including designations	14,165,406	-	-	14,165,406
Less: donor designations	(4,544,437)	-	-	(4,544,437)
Total program services	9,620,969	-	-	9,620,969
Supporting services				
Management and general	413,646	-	-	413,646
Fundraising	1,635,681	-	-	1,635,681
	2,049,327	-	-	2,049,327
Total expenses	11,670,296	-	-	11,670,296
Increase (decrease)	287,166	(259,425)	-	27,741
Pension liability adjustment (Note 5)	(260,132)	-	-	(260,132)
Increase (decrease) in net assets	27,034	(259,425)	-	(232,391)
Net assets - beginning	6,943,895	4,179,859	15,000	11,138,754
Net assets - ending	$ 6,970,929	$ 3,920,434	$ 15,000	$ 10,906,363

See accompanying notes.

2012			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ -	$ 13,603,658	$ -	$ 13,603,658
-	(4,021,197)	-	(4,021,197)
-	(840,000)	-	(840,000)
9,192,239	(9,192,239)	-	-
9,192,239	(449,778)	-	8,742,461
2,689,878	-	-	2,689,878
42,964	-	-	42,964
2,732,842	-	-	2,732,842
11,925,081	(449,778)	-	11,475,303
10,703,241	-	-	10,703,241
2,942,722	-	-	2,942,722
13,645,963	-	-	13,645,963
(4,021,197)	-	-	(4,021,197)
9,624,766	-	-	9,624,766
377,736	-	-	377,736
1,443,675	-	-	1,443,675
1,821,411	-	-	1,821,411
11,446,177	-	-	11,446,177
478,904	(449,778)	-	29,126
(298,614)	-	-	(298,614)
180,290	(449,778)	-	(269,488)
6,763,605	4,629,637	15,000	11,408,242
$ 6,943,895	$ 4,179,859	$ 15,000	$ 11,138,754

Statements of Functional Expenses

For the years ended March 31,	2013				
		Supporting Services			
	Program Services	Management and General	Fund-raising	Total Supporting Services	Total
Allocations and distributions	$ 4,587,001	$ -	$ -	$ -	$ 4,587,001
Designations	4,544,437	-	-	-	4,544,437
Grant awards	2,483,778	-	-	-	2,483,778
	11,615,216	-	-	-	11,615,216
Salaries	1,383,435	236,938	809,490	1,046,428	2,429,863
Payroll taxes and employee benefits	360,905	62,642	210,751	273,393	634,298
Total salaries and related expenses	1,744,340	299,580	1,020,241	1,319,821	3,064,161
Professional fees	137,259	36,060	173,452	209,512	346,771
Supplies	61,213	1,257	18,579	19,836	81,049
Telephone	24,976	3,670	22,382	26,052	51,028
Postage	7,676	1,081	20,595	21,676	29,352
Occupancy	121,700	18,952	74,532	93,484	215,184
Printing and public relations	63,468	6,977	93,404	100,381	163,849
Travel, conferences and meetings	42,641	17,183	41,443	58,626	101,267
Membership dues	2,830	4,031	2,083	6,114	8,944
Employee education and training	4,762	440	2,980	3,420	8,182
Equipment rental and maintenance	122,632	3,963	27,130	31,093	153,725
Payments to State affiliate	22,171	2,049	13,871	15,920	38,091
Miscellaneous	4,527	844	6,116	6,960	11,487
Depreciation	97,267	8,989	60,857	69,846	167,113
Payments to National affiliate	92,728	8,570	58,016	66,586	159,314
	2,550,190	413,646	1,635,681	2,049,327	4,599,517
Total program services including designations	14,165,406	413,646	1,635,681	2,049,327	16,214,733
Less: donor designations	(4,544,437)	-	-	-	(4,544,437)
	$ 9,620,969	$ 413,646	$ 1,635,681	$ 2,049,327	$ 11,670,296

See accompanying notes.

2012				
	Supporting Services			
Program Services	Management and General	Fund-raising	Total Supporting Services	Total
$ 4,497,001	$ -	$ -	$ -	$ 4,497,001
4,021,197	-	-	-	4,021,197
2,185,043	-	-	-	2,185,043
10,703,241	-	-	-	10,703,241
1,517,094	221,143	738,842	959,985	2,477,079
412,476	60,859	200,713	261,572	674,048
1,929,570	282,002	939,555	1,221,557	3,151,127
257,413	13,456	97,310	110,766	368,179
46,226	1,265	32,124	33,389	79,615
16,834	2,409	15,011	17,420	34,254
12,302	941	19,186	20,127	32,429
143,446	19,454	72,598	92,052	235,498
77,930	5,895	75,399	81,294	159,224
76,212	15,708	43,533	59,241	135,453
9,940	3,913	2,949	6,862	16,802
6,276	530	3,219	3,749	10,025
144,633	4,368	26,641	31,009	175,642
23,847	2,014	12,230	14,244	38,091
10,583	531	3,302	3,833	14,416
119,525	10,094	61,299	71,393	190,918
67,985	15,156	39,319	54,475	122,460
2,942,722	377,736	1,443,675	1,821,411	4,764,133
13,645,963	377,736	1,443,675	1,821,411	15,467,374
(4,021,197)	-	-	-	(4,021,197)
$ 9,624,766	$ 377,736	$ 1,443,675	$ 1,821,411	$ 11,446,177

Statements of Cash Flows

For the years ended March 31,	2013	2012
Operating activities:		
Change in net assets:		
Change in net assets from operations	$ 27,741	$ 29,126
Net assets adjustment - defined benefit pension plan (Note 5)	(260,132)	(298,614)
	(232,391)	(269,488)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	167,113	190,918
Realized and unrealized gain on investments	(103,077)	(15,611)
Gain on disposal of equipment	-	(2,269)
Changes in other operating assets and liabilities:		
Pledges receivable	76,178	158,661
Grants and other receivables	(851,729)	58,619
Other assets	(38,337)	8,506
Designations payable	221,527	252,837
Allocations payable	(1,604)	13,480
Accounts payable and accrued expenses	528,462	(57,628)
Deferred revenue	(115,996)	(501,669)
Accrued pension liability	249,927	282,637
Accrued postretirement benefit obligation	(13,000)	17,000
Net operating activities	(112,927)	135,993
Investing activities:		
Purchase of investments	(1,287,028)	(1,820,323)
Proceeds from sale of investments	1,210,583	1,825,896
Purchase of property and equipment	(35,423)	(54,564)
Proceeds from disposal of equipment	-	3,869
Net investing activities	(111,868)	(45,122)
Net change in cash and cash equivalents	(224,795)	90,871
Cash and cash equivalents - beginning	3,459,802	3,368,931
Cash and cash equivalents - ending	$ 3,235,007	$ 3,459,802

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 raise and distribute funds for community needs. United Way's fund raising efforts are concentrated in the Buffalo and Erie County metropolitan area.

Annual campaigns are conducted in the fall of each year to support programs whose services are provided primarily in the subsequent year. Campaign contributions are used to support local health and human service providers and to pay United Way's operating expenses. Donors may designate their pledges among several care programs. Community care designations are pooled and allocated to health and human service providers. Specific care donors designate their pledges to a specific nonprofit health and human services agency or another United Way.

Annual fall 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 reflected 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. Specific care donations have been recorded as pledges receivable and designations payable in the accompanying balance sheets.

Donor-Imposed Restrictions:

All contributions are considered available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires (i.e. 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:

United Way's annual campaign drive begins around September 1 of each year, and is substantially completed by December 31. Revenues from the campaign are reported as temporarily restricted net assets.

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.

Subsequent Events:

United Way has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 21, 2013 (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.

Investments:

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

United Way has established a fund at Community Foundation for Greater Buffalo (CFGB). CFGB is a nonprofit community foundation that, among other things, assists donors to manage their investments through the expertise of investment managers. The fund is pooled with other CFGB investment assets, and includes money market funds, marketable securities and alternative investments stated at fair value. Under the terms of an agreement with CFGB, United Way receives an annual distribution of 5% of the average value of the fund based on a moving average over a period of time as determined by CFGB. There are no restrictions on the use of the distributed funds from CFGB. Values of amounts held by CFGB are based on United Way’s contributions, plus its allocable share of CFGB net investment earnings, as defined, less any withdrawals or distributions.

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.

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 2010.

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. Investments:

	2013	2012
Marketable securities:		
Certificates of deposit	**$ 1,906,447**	$ 2,384,503
Money market accounts	**709,029**	181,252
Mutual funds	**115,063**	102,391
Equities	**24,518**	43,367
Community Foundation for Greater Buffalo	**1,076,863**	940,885
	$ 3,831,920	$ 3,652,398

The following summarizes investment income in the statements of activities:

	2013	2012
Interest and dividends	**$ 25,777**	$ 27,353
Net realized and unrealized gains	**103,077**	15,611
	$ 128,854	$ 42,964

3. Campaign Pledges Receivable:

	2013	2012
United Way:		
2012 - 2013 Campaign	**$ 8,481,804**	$ -
2011 - 2012 Campaign	**582,722**	8,635,170
2010 - 2011 Campaign	**410,519**	570,677
2009 - 2010 Campaign	**-**	242,054
	9,475,045	9,447,901
Less allowance for uncollectible pledges	**2,468,031**	2,372,716
	7,007,014	7,075,185
Federal and State Federated Appeals	**787,299**	795,306
	$ 7,794,313	$ 7,870,491

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, have 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.

4. Property and Equipment:

	2013	2012
Land	$ 158,930	$ 158,930
Building and improvements	3,664,627	3,664,627
Furniture and equipment	2,995,589	2,960,166
	6,819,146	6,783,723
Less accumulated depreciation	4,322,289	4,155,176
	$ 2,496,857	$ 2,628,547

5. 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 Employee Retirement Income Security Act (ERISA).

The status of the defined benefit pension plan at and for the years ended March 31, 2013 and 2012 is presented below. The measurement date used to determine the plan assets and benefit obligations is March 31st of each year.

	2013	2012
Projected benefit obligation	$ 3,903,036	$ 3,481,645
Fair value of plan assets	2,642,446	2,470,982
Funded status	$ (1,260,590)	$ (1,010,663)
Accumulated benefit obligation	$ 3,388,780	$ 2,998,815

Amounts recognized on the balance sheets:

	2013	2012
Accrued pension liability	$ (1,260,590)	$ (1,010,663)
Accumulated adjustment to net assets	$ (1,217,077)	$ (956,945)

Amounts recognized as the accumulated adjustment to net assets as of March 31, 2013 and 2012 consist of:

	2013	2012
Unrecognized actuarial loss	$ 1,201,740	$ 936,251
Unrecognized prior service cost	15,337	20,694
	$ 1,217,077	$ 956,945

Amounts included in the accumulated adjustment to net assets as of March 31, 2013 expected to be recognized in expense in 2014 are as follows:

Unrecognized actuarial loss	$ 103,500
Unrecognized prior service cost	5,400
	$ 108,900

Amounts recognized as pension liability adjustment for the years ended March 31, 2013 and 2012 consist of:

	2013	2012
Unrecognized net asset	$ -	$ -
Unrecognized actuarial gain (loss)	(265,489)	(303,971)
Unrecognized prior service cost	5,357	5,357
	$ (260,132)	$ (298,614)

	2013	2012
Pension expense	$ 228,896	$ 194,023
Employer contributions	239,101	210,000
Benefits paid	242,067	73,086
Weighted average assumptions used to determine benefit obligations at March 31:		
Discount rate	4.00%	4.40%
Expected future salary increase	4.00%	4.00%
Weighted average assumptions used to determine net periodic benefit cost:		
Discount rate	4.40%	5.50%
Expected return on plan assets	7.25%	7.50%
Expected future salary increase	4.00%	4.00%

The expected long-term rate of return on plan assets assumption of 7.25% (7.50% for 2012) 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, 2013, 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 6.62% - 9.04%.

No contributions are expected to be required by United Way for 2014.

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

2014	**$ 628,000**
2015	**117,000**
2016	**183,000**
2017	**37,000**
2018	**307,000**
2019-2023	**1,333,000**
	$ 2,605,000

United Way's pension plan weighted-average asset allocations at March 31, 2013 and 2012 are as follows:

	2013	2012
Asset Category:		
Equity securities	**50%**	52%
Debt securities	**40%**	43%
Other	**10%**	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 Plans:

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, 2013 and 2012 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 2013 and 2012 for Plan 1 is for the plan's year-end at December 31, 2012 and December 31, 2011, 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 2012	PPA Zone Status 2011	FIP/RP Status Pending/ Implemented	Company Contributions 2013	Company Contributions 2012	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
16-0908576/001	Yellow	Green	Yes	$ 12,300	$ 10,400	No	6/30/2014

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 2012 and 2011.

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, 2013 and 2012 is as follows:

	2013	2012
Accrued postretirement benefit obligation (benefit liability)	**$ 285,000**	$ 298,000
Benefit cost	**4,900**	40,300
Benefits paid	**17,900**	23,300
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:

2014	**$ 28,000**
2015	**29,800**
2016	**31,000**
2017	**33,000**
2018	**33,000**
2019-2023	**155,100**
	$ 309,900

6. 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), effective September 17, 2010, and prior law, Uniform Management of Institutional Funds Act (UMIFA), 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 endowment assets relative to all investment assets, the Board considers all related earnings as appropriated unrestricted amounts.

7. Lease Commitments:

United Way leases various equipment under the terms of noncancelable operating leases. Future minimum lease payments due after March 31, 2013 are:

2014	**$ 56,208**
2015	**56,208**
2016	**17,919**
	$ 130,335

Rent expense totaled $56,300 and $65,700 in 2013 and 2012.