UNITED WAY OF GREATER ROCHESTER, INC.
AND AFFILIATES

Consolidated Financial Statements
as of March 31, 2018
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

August 24, 2018

To the Board of Directors of
United Way of Greater Rochester, Inc.:

We have audited the accompanying consolidated financial statements of United Way of Greater Rochester, Inc. (a New York not-for-profit corporation) and Affiliates (collectively, the Organizations) which comprise the consolidated balance sheet as of March 31, 2018, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organizations as of March 31, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Report on Summarized Comparative Information
We have previously audited the Organizations' 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2018 supplementary information contained in Exhibits I – III is presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, result of operations and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The 2017 supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the 2017 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 consolidated supplementary information is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Bonadio & Co., LLP

UNITED WAY OF GREATER ROCHESTER, INC. AND AFFILIATES

CONSOLIDATED BALANCE SHEET
MARCH 31, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
Cash and cash equivalents	$ 6,924,639	$ 6,918,451
Pledges receivable, net	7,217,022	7,351,162
Government grants receivable	621,165	273,704
Bequests receivable	80,000	412,600
Investments	134,537,537	129,217,507
Property and equipment, net	1,801,758	1,868,415
Beneficial interest in split-interest agreements	4,271,633	4,030,872
Other assets	1,359,903	171,418
	$ 156,813,657	$ 150,244,129
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 1,056,420	$ 1,309,283
Due to agencies	6,475,315	6,149,061
Due to Red Cross	-	266,664
Charitable gift annuity reserve	226,257	237,073
Funds held for others	111,813	106,801
Pension and postretirement plan liability	4,795,428	5,284,000
Total liabilities	12,665,233	13,352,882
NET ASSETS:		
Unrestricted -		
Board designated	2,531,743	2,947,053
Undesignated	9,814,468	7,364,160
Quasi-endowment	57,126,791	54,549,767
Total unrestricted	69,473,002	64,860,980
Temporarily restricted	40,280,913	37,944,548
Permanently restricted	34,394,509	34,085,719
Total net assets	144,148,424	136,891,247
	$ 156,813,657	$ 150,244,129

The accompanying notes are an integral part of these statements.

UNITED WAY OF GREATER ROCHESTER, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2018
(With Comparative Totals for 2017)

	2018				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2017 Total
REVENUE, GAINS AND OTHER SUPPORT:					
Annual campaign, net	$ 16,607,799	$ 6,413,500	$ -	$ 23,021,299	$ 23,093,266
Less: Received as agent for other United Ways	(708,700)	-	-	(708,700)	(744,349)
Less: Provision for uncollectible pledges	(719,403)	(1,444)	-	(720,847)	(1,012,247)
Annual campaign, net	15,179,696	6,412,056	-	21,591,752	21,336,670
Investment income used in operations in accordance with the United Way's total return spending policy	4,850,362	-	-	4,850,362	4,785,997
Charitable gift fund gifts received	3,222,632	-	-	3,222,632	2,671,705
Donated goods and services	72,567	-	-	72,567	34,475
ROC the Day revenue, net	539,022	-	-	539,022	608,896
Endowment legacies and other gifts received, net	106,835	-	28,439	135,274	683,792
Government and other grant revenue	26,577	1,229,819	-	1,256,396	348,704
Other	757,317	131,476	-	888,793	720,990
	24,755,008	7,773,351	28,439	32,556,798	31,191,229
Net assets released from restrictions -					
Satisfaction of program restrictions	334,586	(252,773)	(81,813)	-	-
Appropriation of endowment assets for expenditure	3,513,582	(3,513,582)	-	-	-
Expiration of time restrictions	7,507,989	(7,507,989)	-	-	-
	11,356,157	(11,274,344)	(81,813)	-	-
Total revenue, gains and other support	36,111,165	(3,500,993)	(53,374)	32,556,798	31,191,229
EXPENSES:					
Program services -					
Allocations	25,171,760	-	-	25,171,760	22,525,141
Community investment and services	3,843,479	-	-	3,843,479	4,082,898
Total program services	29,015,239	-	-	29,015,239	26,608,039
Supporting services -					
Resource development	3,299,085	-	-	3,299,085	3,252,996
General management	1,934,253	-	-	1,934,253	2,096,617
Total supporting services	5,233,338	-	-	5,233,338	5,349,613
Total expenses	34,248,577	-	-	34,248,577	31,957,652
EXCESS (DEFICIENCY) OF REVENUE, GAINS AND OTHER SUPPORT OVER EXPENSES	1,862,588	(3,500,993)	(53,374)	(1,691,779)	(766,423)
OTHER ITEMS:					
Investment gains, net	6,775,373	5,837,358	362,164	12,974,895	12,861,310
Investment income used in operations in accordance with the United Way's total return spending policy	(4,850,362)	-	-	(4,850,362)	(4,785,997)
Change in funded status of pension and postretirement plans	824,423	-	-	824,423	1,807,624
CHANGE IN NET ASSETS	4,612,022	2,336,365	308,790	7,257,177	9,116,514
NET ASSETS - beginning of year	64,860,980	37,944,548	34,085,719	136,891,247	127,774,733
NET ASSETS - end of year	$ 69,473,002	$ 40,280,913	$ 34,394,509	$ 144,148,424	$ 136,891,247

The accompanying notes are an integral part of these statements.

UNITED WAY OF GREATER ROCHESTER, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2018
(With Comparative Totals for 2017)

	2018							
	Program Services			Supporting Services				
	Allocations	Community Investment and Services	Total	Resource Development	General Management	Total	Total	2017 Total
SALARIES AND RELATED EXPENSES:								
Salaries	$ -	$ 1,754,239	$ 1,754,239	$ 1,406,355	$ 935,521	$ 2,341,876	$ 4,096,115	$ 4,147,496
Employee health, retirement, pension and postretirement expenses	-	593,267	593,267	547,496	389,598	937,094	1,530,361	1,714,911
Payroll taxes	-	124,764	124,764	101,717	65,207	166,924	291,688	294,399
Total salaries and related expenses	-	2,472,270	2,472,270	2,055,568	1,390,326	3,445,894	5,918,164	6,156,806
OTHER EXPENSES:								
Allocations	21,150,718	-	21,150,718	-	-	-	21,150,718	20,173,281
Less: Granted as agent to other United Ways	(708,700)	-	(708,700)	-	-	-	(708,700)	(744,349)
	20,442,018	-	20,442,018	-	-	-	20,442,018	19,428,932
Charitable gift fund grants	3,252,790	-	3,252,790	-	-	-	3,252,790	2,520,282
ROC the Day allocations	516,952	-	516,952	-	-	-	516,952	575,927
Rochester-Monroe Anti-Poverty Initiative allocations	710,000	-	710,000	-	-	-	710,000	-
Wegmans Family Foundation allocations	250,000	-	250,000	-	-	-	250,000	-
Purchase of services (including $18,035 and $21,666 of donated services in 2018 and 2017, respectively)	-	624,232	624,232	249,336	143,753	393,089	1,017,321	1,057,134
Organization meetings and conferences (including $1,971 and $2,029 of donated organization meetings and conferences expense in 2018 and 2017, respectively)	-	81,587	81,587	155,156	28,805	183,961	265,548	220,635
United Way Worldwide dues	-	109,873	109,873	109,830	71,310	181,140	291,013	295,482
Information technology	-	63,211	63,211	44,535	30,556	75,091	138,302	153,930
Printing, binding, and advertising	-	112,458	112,458	270,965	6,552	277,517	389,975	428,660
Rent and occupancy	-	39,823	39,823	45,650	24,392	70,042	109,865	108,485
Communication services	-	70,467	70,467	45,570	23,804	69,374	139,841	134,493
Professional fundraising counsel fees	-	-	-	124,500	-	124,500	124,500	229,000
Membership fees	-	62,116	62,116	10,899	6,591	17,490	79,606	69,872
Professional fees (including $47,105 and $10,441 of donated services in 2018 and 2017, respectively)	-	25,434	25,434	3,868	103,191	107,059	132,493	78,497
Insurance	-	28,325	28,325	27,185	19,381	46,566	74,891	84,553
Office supplies	-	16,671	16,671	16,814	11,245	28,059	44,730	50,784
Building maintenance and repairs	-	25,103	25,103	23,782	17,176	40,958	66,061	70,523
Transportation	-	9,355	9,355	19,891	4,275	24,166	33,521	33,122
Rental of equipment	-	14,464	14,464	9,874	5,983	15,857	30,321	32,395
Recognition programs (including $535 and $510 of donated items in 2018 and 2017, respectively)	-	19,118	19,118	31,379	183	31,562	50,680	63,905
Loss on disposal of property and equipment	-	1,031	1,031	977	705	1,682	2,713	26
Interest	-	376	376	312	135	447	823	1,210
Other	-	13,677	13,677	1,942	9,019	10,961	24,638	30,547
Total other expenses	25,171,760	1,317,321	26,489,081	1,192,465	507,056	1,699,521	28,188,602	25,668,394
Total expenses before depreciation	25,171,760	3,789,591	28,961,351	3,248,033	1,897,382	5,145,415	34,106,766	31,825,201
DEPRECIATION	-	53,888	53,888	51,052	36,871	87,923	141,811	132,451
Total expenses	$ 25,171,760	$ 3,843,479	$ 29,015,239	$ 3,299,085	$ 1,934,253	$ 5,233,338	$ 34,248,577	$ 31,957,652

The accompanying notes are an integral part of these statements.

UNITED WAY OF GREATER ROCHESTER, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018
(With Comparative Totals for 2017)

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 7,257,177	$ 9,116,514
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Net realized and unrealized (gain) loss on investments	(11,127,369)	(10,921,125)
Sale proceeds of donated financial assets	2,855,124	1,841,687
Depreciation	141,811	132,451
Loss on disposal of property and equipment	2,713	26
Permanently restricted legacies and gifts	(28,439)	(189,783)
Change in funded status of pension and postretirement plans	(824,423)	(1,807,624)
Provision for uncollectible pledges	720,847	1,012,247
Changes in:		
Pledges receivable	(586,707)	(435,039)
Government grants receivable	(347,461)	226,296
Other assets	(1,188,485)	(49,540)
Bequests receivable	332,600	(110,592)
Accounts payable and accrued expenses	(252,863)	38,260
Due to agencies	326,254	253,073
Due to Red Cross	(266,664)	(844,646)
Funds held for others	5,012	6,799
Pension and postretirement plan liability	335,851	689,211
Net cash flow from operating activities	(2,645,022)	(1,041,785)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(77,867)	(110,606)
Purchases of investments	(1,353,714)	(9,687,183)
Sales of investments	4,305,929	11,277,068
Change in beneficial interest in split-interest arrangements	(253,598)	(133,238)
Net cash flow from investing activities	2,620,750	1,346,041
CASH FLOW FROM FINANCING ACTIVITIES:		
Permanently restricted legacies and gifts	28,439	189,783
Decrease in charitable gift annuity reserve	(10,816)	(11,169)
Change in pooled life income fund assets	12,837	17,412
Net cash flow from financing activities	30,460	196,026
CHANGE IN CASH AND CASH EQUIVALENTS	6,188	500,282
CASH AND CASH EQUIVALENTS - beginning of year	6,918,451	6,418,169
CASH AND CASH EQUIVALENTS - end of year	$ 6,924,639	$ 6,918,451

The accompanying notes are an integral part of these statements.

1. BASIS OF PRESENTATION AND DESCRIPTION OF THE ORGANIZATION

The consolidated financial statements include the combined funds of the United Way of Greater Rochester, Inc. (founded in 1918); the United Way of Wayne County, Inc.; the United Way of Ontario County, Inc.; the Genesee Country United Way; the United Way of Livingston County, Inc.; and the United Way of Wyoming County, Inc. (collectively, the United Way). Under the terms of the affiliation agreements, each entity will maintain its corporate existence and any party may terminate the agreement with one year's advance notice to other parties.

The consolidated financial statements also include the accounts of UWGR Holding Company, Inc. (Holding Company), a not-for-profit corporation organized for the purpose of accepting, holding and managing gifts of real property, interests in real property, and other gifts for the sole benefit of United Way of Greater Rochester, Inc. United Way of Greater Rochester, Inc. is Holding Company's sole corporate member.

The consolidated financial statements also include the accounts of the Wegmans Family Foundation, Inc. An affiliation between The Wegmans Family Foundation, Inc. and the United Way of Greater Rochester, Inc. was approved in December 2017 that establishes the Foundation as a supporting organization of the United Way of Greater Rochester, Inc.

United Way's mission is to unite the good will and resources of the Greater Rochester community so that everyone can thrive. United Way addresses critical challenges by connecting local people in need with evidence-based programs, strategic funding investments, community initiatives, volunteer support and community leadership to direct resources and solve problems.

United Way is governed by a volunteer Board of Directors (Board) and carries out its purpose through various programs.

Annual Campaign and Year-Round Giving
As part of United Way's annual campaign, the resource development team secures financial and volunteer resources on a year-round basis by developing a long-range, revenue generating strategic plan. Critical components of that plan include; recruiting high level volunteers to serve throughout the entire United Way organization; securing and conducting annual workplace campaigns in over 800 organizations; developing a new account acquisition model to secure first time employee campaigns and corporate contributions, with a special emphasis on the small business sector; and connecting community initiatives with government grants and funding for sustainable change. Additionally, an individual giving program is also utilized in the annual campaign that includes; gifts from donors outside workplace campaigns of less than $10k, and cultivating major gifts of $10k and above for the Tocqueville Society. Other giving opportunities include Women's Leadership Council, African American Leadership Society, Circulo Latino Leadership Society, Labor Leaders Club and Emerging Leaders Society.

1. BASIS OF PRESENTATION AND DESCRIPTION OF THE ORGANIZATION (Continued)

Community Impact
Through its annual campaign efforts, United Way invests donor dollars in the community by utilizing a network of community volunteers who, in coordination with trained staff, determine how to invest dollars in the most efficient and effective manner possible to ensure strong long-term results for our entire community. These dollars are invested where they will make a measurable impact on the community by funding programs, engaging in strategic community partnerships, mobilizing volunteers and advancing advocacy efforts in support of declared strategies to help across a person's lifespan—from babies to elders and everyone in between.

These programs are preventative and/or "evidence-based" – proven to work based on extensive research and effective long-lasting results. United Way of Greater Rochester, Inc. also allows donors to direct their campaign pledges to various service areas, funded providers and other eligible health and human service organizations.

In addition, United Way serves as a key community partner and fiscal agent for the Rochester-Monroe Anti-Poverty Initiative, an unprecedented community-wide effort to reduce poverty in the Rochester and Monroe County region by 50 percent over the next 15 years. This initiative is made possible by extraordinary community collaboration and integration with community leaders, local and state government, service providers and practitioners, faith institutions, volunteers, youth advocates, and importantly, the active participation of people impacted by poverty.Implementation efforts are underway, focusing on three key areas: adult mentoring/navigating, early childhood supports, and designing a comprehensive and integrated system of social supports. There are three common themes that will serve as the foundation for all anti-poverty planning and implementation efforts, including community building, racial equity and trauma-informed actions. The initiative's vision is to eliminate poverty by ensuring that every child lives in a stable family environment where the promise of economic mobility is a reality.

Charitable Gift Funds
United Way of Greater Rochester offers various opportunities for planned gifts, charitable gift funds and endowment giving. The charitable gift fund (CGF) program (donor advised fund) is a free service United Way provides to support donor's philanthropic interests. A CGF can be established by an individual, family or group. Gifts are made to the CGF through cash, marketable securities or other assets. The donors may recommend grant distributions from their fund to any qualified domestic 501(c)(3) charity.

ROC the Day
ROC the Day is an annual 24-hour online event established by the United Way of Greater Rochester, Inc. that provides donors an opportunity to support more than 600 participating not-for-profit organizations in the nine-county Greater Rochester area. United Way powers the ROC the Day website, convenes community partners, recruits local not-for-profits to participate and processes the donations during the event. ROC the Day is open to any eligible not-for-profit in the nine-county Greater Rochester region, serving a variety of sectors including animals, arts and culture, environment, human services, health, education, religion and community development.

1. BASIS OF PRESENTATION AND DESCRIPTION OF THE ORGANIZATION (Continued)

Leadership Development

United Way of Greater Rochester, Inc. provides leadership development programs in the following areas: African American Leadership, Latinos Leadership, Asian Pacific Americans, LGTBQ, young professionals and Labor unions. These leadership programs prepare individuals for leadership positions in the community, in particular, on the boards and committees of not-for-profit organizations. The labor participation program continues the collaborations and historic relationships between labor unions and United Way with the annual Union Community Assistance Network program, recognition of the work unions provide, as well as various activities aimed at promoting organized labor's support.

National Campaign Processing

United Way of Greater Rochester, Inc. provides processing for workplace campaigns where fundraising occurs at a national level. This processing includes collecting pledges, data entry of the pledges and payment to other United Ways and agencies as directed by the donor. Fees for this service are charged at a rate as allowed by the United Way Worldwide standards and are included in other revenue.

Affiliate Regional System

United Way of Greater Rochester, Inc. provides professional leadership and support services in the areas of governance, fundraising, communications, finance, pledge processing, information technology, human resources, marketing and fund distribution to independent United Way affiliates in Wayne, Ontario, Genesee, Livingston and Wyoming counties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the United Way are prepared in conformity with accounting principles generally accepted in the United States (GAAP).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the United Way, Wegmans Family Foundation and Holding Company (collectively, the Organizations). All significant intercompany transactions and balances have been eliminated.

Financial Reporting

The revenue, expenses and net assets of the Organizations are reported in the following classifications:

- **Unrestricted**
  Unrestricted net assets include funds available for operating activities. In addition, they include net investment in property and equipment and other resources specifically designated by the respective governing Boards.

- **Temporarily Restricted**
  Temporarily restricted net assets include investments and other assets received with donor stipulations that limit their use, as well as unrestricted investment earnings on permanently restricted endowment funds not yet appropriated for expenditure by the Board. When a donor restriction expires or the Board makes an appropriation, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restriction.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting (Continued)

- **Permanently Restricted**
  Permanently restricted net assets consist primarily of investments from endowments and beneficial interests in shared interest arrangements. These are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity.

Cash and Cash Equivalents

The Organizations consider liquid investments, with a maturity of less than three months when purchased, to be cash equivalents. In addition, cash and cash equivalents include bank accounts and money market funds, which, at times, may exceed federally insured limits. The Organizations have not experienced any losses in such accounts and believe they are not exposed to any significant credit risk with respect to cash and cash equivalents

Government Grants Receivable and Revenue

The United Way received New York State government grants for the purpose of funding the Rochester Monroe Anti-Poverty Initiative and for capital improvements. These amounts are recorded as revenue to the extent that expenses have been incurred for the program.

Bequests Receivable

The United Way is the beneficiary under various wills and trust agreements, the total realizable value of which is not presently determinable. Amounts are recorded as bequests receivable when a will is declared valid by a probate court and the proceeds are measurable. Bequest receivables recorded were $80,000 and $412,600 at March 31, 2018 and 2017, respectively.

Investments

The United Way invests in various types of investment vehicles that are recorded at fair value in the accompanying consolidated financial statements. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Fair Value Measurement - Definition and Hierarchy

The United Way uses various valuation techniques in determining fair value. Generally, accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the United Way. Unobservable inputs are inputs that reflect the United Way's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the United Way has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation does not entail a significant degree of judgment.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all-significant inputs are observable, directly or indirectly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement - Definition and Hierarchy (Continued)

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Property and Equipment

Property and equipment are recorded at cost if purchased or the fair market value at the date of donation. The Organizations' policy is to capitalize all property and equipment purchases greater than $1,000 with a useful life greater than one year. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 3 to 15 years for equipment and furniture and 40 years for building and improvements. No depreciation expense is recognized in the year of acquisition for equipment and furniture. Depreciation is recognized in the first full month after acquisition for building and improvements.

Split-Interest Agreements

The United Way has recorded as contributions various types of split-interest agreements, including charitable remainder and perpetual trusts. With respect to charitable remainder trust agreements, the United Way has recorded the contributions as temporarily restricted revenue at the estimated fair value of the assets to be received based on the present value of the estimated future payments using a discount rate of 2.56% as of March 31, 2018, or, if the payout terms of the trust may be revised, their minimum interest in the fair value of the trust's assets.

Under the terms of perpetual trust arrangements, a donor establishes and funds a perpetual trust administered by an individual or organization other than the United Way. Under the terms of the trust, the United Way has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. The United Way has recorded an asset at the estimated fair value of the United Way's beneficial interest in trust assets. Income earned on the trust assets is recorded as unrestricted revenue in the accompanying consolidated statement of activities unless otherwise restricted by the donor. Subsequent changes in fair value of the beneficial interest in the trust assets are recorded as a component of investment income in the permanently restricted net asset class.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due to Agencies

The United Way allocates campaign pledges to agencies on a twelve-month cycle, which runs from August 1 to July 31 each year except for the Genesee Country United Way and the United Way of Wyoming County. The amount accrued represents the final four months of 2017 campaign pledges due to be paid to agencies as of the United Way's fiscal year-end. All donor-designated pledges are paid in full to agencies by year-end. The Genesee Country United Way and the United Way of Wyoming County allocation cycles run from January 1 to December 31 and October 1 through September 1, respectively. The amounts accrue 2017 campaign pledges due to be paid to agencies for the final nine-months and six-months, respectively.

Contributions

The United Way reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. Donor-restricted contributions whose restrictions are met in the same reporting period as the contributions are received are reported directly as unrestricted support.

Donated Goods and Services

The United Way recognizes contributed goods and services as revenue and expense if such services meet the criteria for recognition under generally accepted accounting principles. Donated services totaled $65,140 and $32,107 in fiscal 2018 and 2017, respectively. Donated services consist primarily of advertising services, including advertising time on television and radio stations, and advertisements placed in newspapers and legal services provided to the organization.

Donated goods totaled $2,506 and $2,539 in fiscal 2018 and 2017, respectively.

In addition to the previously described services, volunteers have donated significant amounts of time in support of the United Way's activities. These contributions have not been recorded as revenue and expense as they do not meet the criteria for recognition under generally accepted accounting principles.

Investment Gains, Losses and Income

Dividend, interest and other investment income are reported in the period earned as increases in unrestricted net assets, unless the use of income on such assets is explicitly limited by donor-imposed restrictions. Investment income earned on permanently restricted endowment gifts follows the donor's restrictions on the use of the related income (interest and dividends), and unrestricted income on permanent endowment funds is classified as temporarily restricted until appropriated for expenditure by the Board. Donor-restricted investment income is reported as an increase in temporarily restricted or permanently restricted net assets based on donor stipulation. Gains and investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the gains and income are recognized.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising costs other than donated services were $262,628 and $228,742 in 2018 and 2017, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses
United Way records allocations to agencies as allocations expense in the period such allocations are approved by the Board of Directors and commitments are made to the recipient agencies. United Way has a policy of making allocation commitments in July for an allocation-funding year of August 1 to July 31 except for Genesee Country United Way and the United Way of Wyoming County whose allocation funding cycles run from January 1 to December 31 and October 1 through September 1, respectively.

Charitable Gift Fund grants include grants recommended by donors to qualified organizations and approved for distribution from charitable gift funds.

The costs of providing various community investment and services, resource development and general management activities have been summarized on a functional basis in the statement of activities and change in net assets and are based on the percentage of salary dollars for the specific programs or activities to total salary expense. All other expenses are directly allocated to the program benefited by the expense.

Community Investment and Services expenses are incurred for the following programs described in footnote 1: annual campaign allocations and designations, charitable gift fund grants, ROC the Day allocations, Rochester Monroe Anti-Poverty Initiative, labor and leadership development and grants from the Wegmans Family Foundation.

Resource Development expenses are incurred to secure financial resources obtained through the annual campaign and individual and planned giving.

General Management expenses include the functions of the offices of the president, finance, information technology, human resources and facilities. Specific activities include accounting, endowment investment management, pledge processing (local and national campaigns), facilities management, data security, information technology support and human resources management.

Cost Deduction
The United Way may assess fundraising and management and general fees in accordance with the United Way Worldwide membership requirements as outlined in United Way Worldwide's publication titled "United Way of America Cost Deduction Requirements for Standard M." The standard establishes a maximum fee amount a United Way may assess another United Way organization. The United Way of Greater Rochester, Inc. follows the standard by charging the maximum fee allowed or less.

Income Taxes
The United Way and Holding Company are not-for-profit organizations and are exempt from income taxes as organizations qualified under Section 501(c)(3) of the Internal Revenue Code. The Organizations have also been classified by the Internal Revenue Service (IRS) as entities that are not private foundations. The Wegmans Family Foundation qualified as a private foundation under Section 507 of the Internal Revenue Code. In calendar year 2017, the Wegmans Family Foundation, Inc., filed a request with the IRS to terminate its status as a private foundation, and convert to a public charity as a Type I supporting organization to the United Way of Greater Rochester, Inc. As of the time of issuance of these financial statements, the request was approved.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Information

The consolidated financial statements include certain prior year comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organizations' consolidated financial statements for the year ended March 31, 2017, from which the information was derived.

Estimates

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

Change in Accounting Principle

In 2018, the Organizations adopted Accounting Standards Update (ASU) 2015-07: "Fair Value Measurement (Topic 820) Disclosures for Investments in Certain Entities that Calculate Net Asset per Share (or its Equivalent)," which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. Retrospective application to all periods presented is shown in these financial statements.

3. ANNUAL CAMPAIGN

The annual campaign is conducted to raise support for distribution to programs that are driven by demonstrated quality, customer focus and results.

Campaign results are as follows for the years ended March 31:

	2018	2017
Total amount raised	$ 25,400,545	$ 25,146,818
Less:		
State and federal campaign fundraising	(269,660)	(311,108)
Provision for doubtful pledges - current year	(720,847)	(1,012,247)
Perpetual gifts of investment income from bequests	(434,147)	(446,028)
Reversal of investment grants from advised funds	(1,815,244)	(2,242,429)
Amounts recorded in prior year	(6,982,395)	(6,924,154)
Add:		
Amounts recorded related to next year's campaign	6,413,500	7,125,818
Amount recorded in consolidated statement of activities	$ 21,591,752	$ 21,336,670

4. DUE TO RED CROSS

The United Way of Greater Rochester, Inc. and the American Red Cross, Greater Rochester Chapter entered into an agreement effective January 28, 2013 to dissolve their fundraising partnership. As part of the understanding, they agreed to a non-contingent, non-cancellable phased-down funding schedule. The final commitment of $266,664 to the Red Cross was completed in 2017.

The United Way of Greater Rochester, Inc. and the American Red Cross entered into an amended and restated agreement on February 13, 2017 agreeing to contingent annual allocation amounts beginning August 2017 through August 2022. The allocations are conditioned on the Red Cross meeting certain goals as mutually agreed upon between the parties and therefore no liabilities are recognized on the consolidated balance sheet at March 31, 2018. Allocations paid to the American Red Cross under the terms of the amended and restated agreement were $550,000 in 2018.

5. PLEDGES RECEIVABLE

At March 31, 2018 and 2017, contributors to the United Way had outstanding written unconditional promises to give in connection with annual campaigns as follows:

	2018	2017
2018 Campaign	$ 4,284,326	$ -
2017 Campaign	3,868.975	4,618,440
2016 Campaign	193,039	3,750,163
2015 Campaign	20,668	213,367
2014 Campaign and prior Campaigns	50,018	148,649
Less: Allowance for uncollectible pledges	(1,200,004)	(1,379,457)
	$ 7,217,022	$ 7,351,162

Most pledges lack due dates or are due within one year or less. Consequently, all pledges are recorded without any discount to present value. The United Way records an allowance for doubtful accounts in anticipation of future collection problems. The allowance for doubtful accounts is computed based on management estimates of current collectability and includes estimates of economic factors, which are applied to gross campaign pledges, including donor designations.

6. DONOR DIRECTED PLEDGES

Annual Campaign
As part of the annual campaign, United Way donors have the option of directing their pledges to various service areas, funded providers, and other eligible organizations as part of our annual campaign giving. Pledges directed to funded providers, which are in excess of the program allocation as determined by the United Way, are also remitted to the provider.

6. DONOR DIRECTED PLEDGES (Continued)

Annual Campaign (Continued)
Annual campaign revenue includes donor directed pledges as follows for the years ended March 31:

	2018	2017
Donor directed pledges - funded providers	$ 1,256,266	$ 1,281,586
Donor directed pledges - funded providers in excess of program allocations	20,578	43,772
Donor directed pledges - other eligible organizations	6,468,470	5,582,130
	$ 7,745,314	$ 6,907,488

Donor directed pledges made through United Way of Greater Rochester, Inc.'s annual campaign are subject to the United Way's policy, which provides that the United Way can unilaterally redirect the funds otherwise designated by the donor should the United Way determine the designation is contrary to the goals and strategies of the United Way.

ROC the Day
As part of the ROC the Day event, United Way donors have the option of designating their donations to local not-for-profit organizations approved for participation in the event. Designations to ROC the Day, excluding sponsorships, were $538,653 and $602,303 as of March 31, 2018 and 2017, respectively.

7. INVESTMENTS

Investments consisted of the following at March 31:

	2018	2017
Mutual funds and pooled funds:		
Domestic equity mutual funds	$ 41,838,510	$ 40,447,658
International equity mutual and pooled funds	38,967,243	35,541,146
Fixed income mutual and pooled funds	11,694,708	17,175,925
Balanced mutual funds	16,956,354	6,198,388
Flexible capital	86,750	11,050,447
Private equity	220,637	299,097
Inflation risk management:		
Real estate	7,961,109	8,134,314
Commodities	2,535,485	2,350,698
Treasury inflation protected securities	2,437,349	2,422,107
Natural resources	3,021,602	3,332,445
Fixed income:		
U.S. government obligations	7,115,205	260,291
Corporate bonds	73,926	65,404
Common stocks	287,408	280,647
Temporary investments	1,341,251	1,658,940
	$ 134,537,537	$ 129,217,507

7. INVESTMENTS (Continued)

For the years ended March 31, 2018 and 2017, the total amount of investment income, including amounts appropriated under and used in operations in accordance with the United Way's total return spending policy, are as follows:

	2018	2017
Interest and dividends	$ 2,252,549	$ 2,350,113
Realized and unrealized gains, net	11,127,369	10,921,125
Fees	(621,982)	(503,847)
Gains on split interest agreements	216,959	93,919
	$ 12,974,895	$ 12,861,310

8. SPLIT-INTEREST AGREEMENTS

Assets related to split-interest agreements, valued at fair value, consisted of the following at March 31:

	2018	2017
Perpetual trusts	$ 3,618,237	$ 3,411,585
Pooled life income fund	286,369	273,532
Charitable remainder trusts	303,801	288,547
Life insurance	38,015	37,288
UWW Charitable Gift Annuity	25,211	19,920
	$ 4,271,633	$ 4,030,872

In addition, included in the United Way's investments are certain assets given under the term of charitable gift annuities for which United Way is the trustee. Liabilities related to these agreements were $226,257 and $237,073, respectively, at March 31, 2018 and 2017. Liabilities are recorded equal to the estimated present value of payments that the United Way is required to make to specified beneficiaries under the terms of these agreements.

In conjunction with their pooled life income fund, the United Way has recorded a liability related to funds held for others in the amount of $111,813 and $106,801, respectively, at March 31, 2018 and 2017.

The change in value of split-interest agreements was $216,959 and $93,919 for the years ended March 31, 2018 and 2017, respectively, and is included in “Investment gains” in the accompanying consolidated statement of activities and change in net assets.

9. FAIR VALUE MEASUREMENTS

General

Fair value of the United Way’s domestic equity mutual funds, international equity mutual funds, fixed income mutual funds and balanced mutual funds, U.S. government obligations and common stocks is determined based on quoted market prices. The fair value of all of the United Way’s international equity pooled funds and fixed income pooled funds are stated at fair market value utilizing net asset value (NAV) provided by the underlying fund managers as a practical expedient for determining fair value of the investment. All of the United Way’s corporate bonds are determined by entering standard inputs into a pricing model. These inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads and industry and economic events.

9. FAIR VALUE MEASUREMENTS (Continued)

Split-Interest Agreements

The fair value of the United Way's split-interest agreements is determined on a recurring basis by estimating the present value of future cash flows, which incorporates an estimate of an annual rate of return on trust assets, life expectancy and discount rate. Trust assets held in split-interest agreements include publicly traded equity securities and corporate and U.S. government bonds.

Flexible Capital Funds

The United Way utilized the NAV reported by each of the flexible capital funds as a practical expedient for determining fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the United Way's interest in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the United Way's interest in the funds.

The United Way's flexible capital fund strategies are described as follows:

<u>Archstone Offshore Fund, Ltd.</u>

The United Way had an investment in this fund of $86,750 and $5,257,557 at March 31, 2018 and 2017, respectively. The fund was formed primarily with the purpose of achieving long-term growth of capital with reduced volatility by allocating its capital among various money managers that, as a group, employ a variety of investment techniques and strategies. The fund is a multi-manager, multi-strategy fund of funds formed to invest predominantly in limited partnerships and similar pooled investment vehicles. After an initial one-year lock-up period that ended April 30, 2010, the fund allows quarterly redemption with a 90-day redemption notice period. As of March 31, 2018, and 2017, there were no unfunded commitments associated with this investment. This limited partnership closed the fund and is returning all capital.

<u>Weatherlow Offshore Fund I, Ltd.</u>

The United Way had an investment in this fund of $5,792,890 at March 31, 2017. The fund was formed primarily with the purpose of achieving long-term growth of capital with reduced volatility by allocating its capital among various money managers that, as a group, employ a variety of investment techniques and strategies. The fund is a multi-manager, multi-strategy fund of funds formed to invest predominantly in limited partnerships and similar pooled investment vehicles. After a three year lock-up period, which ended June 1, 2013, the fund allows quarterly redemption with a 65 day redemption notice period. As of March 31, 2017, there were no unfunded commitments associated with this investment. This limited partnership closed the fund and is returning all capital.

As of March 31, 2018, the United Way has commenced redemption of their investments with the Weatherlow and Archstone Offshore Funds. Final cash payments in the amounts of $603,117 and $568,726 for Weatherlow and Archstone, were received in April and May 2018, respectively. The expected cash is included as a component of other assets on the accompanying consolidated balance sheet.

Private Equity

The United Way invested in a private equity partnership with Gilbert Global Equity Partners, L.P. in March 1999. As of December 31, 2017, this investment was transferred to GGEP CPM Holdings, LLC. This is an illiquid partnership, which is expected to be distributed in the near term.

9. FAIR VALUE MEASUREMENTS (Continued)

Inflation Risk Management Securities

United Way's inflation risk management strategies consist of a real estate investment trust pooled fund, a commodities pooled fund, a Treasury Inflation Protected Security (TIPS) mutual fund and natural resource mutual fund. The mutual funds are daily priced mutual funds.

The fair value of the United Way's investment in real estate was $7,860,130 and $8,134,314 at March 31, 2018 and 2017, respectively. The underlying securities are real estate investment trusts (REITs), which are publicly traded with a daily quoted market price. The fair value of the United Way's investment in the commodities pooled fund was $2,535,485 and $2,350,698 at March 31, 2018 and 2017, respectively. The underlying securities are commodities, publicly traded with a daily quoted market price. Fair value of both of these pooled fund investments are determined utilizing the current net asset value (NAV), derived from the value of the underlying investments input into an industry standard valuation model.

Temporary investments consist of cash included in the investment portfolio expected to be reinvested.

The United Way's investments and split-interest agreements are classified in the following fair value hierarchy at March 31, 2018:

Investments	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	NAV as Practical Expedient	Total
Mutual funds:					
Domestic equity mutual funds	$ 41,811,291	$ -	$ -	$ 27,219	$ 41,838,510
International equity mutual funds	8,588,997	-	-	-	8,588,997
Fixed income mutual funds	6,661,578	-	-	-	6,661,578
Balanced mutual funds	16,934,399	-	-	21,955	16,956,354
Pooled funds:					
International equity pooled funds	-	-	-	30,378,246	30,378,246
Fixed income pooled funds	-	-	-	5,033,130	5,033,130
Flexible capital:					
Archstone Offshore Fund Ltd.	-	-	-	86,750	86,750
Private equity	-	-	220,637	-	220,637
Inflation risk management:					
Real estate	100,979	-	-	7,860,130	7,961,109
Commodities	-	-	-	2,535,485	2,535,485
Treasury inflation protected securities	2,437,349	-	-	-	2,437,349
Natural resources	3,021,602	-	-	-	3,021,602
Fixed income:					
U.S. government obligations	7,115,205	-	-	-	7,115,205
Corporate bonds	-	73,926	-	-	73,926
Common stocks	287,408	-	-	-	287,408
Total investments	$ 86,958,808	$ 73,926	$ 220,637	$ 45,942,915	$ 133,196,286

Split-interest agreements					
	$ 286,369	$ -	$ -	$ -	$ 286,369
Pooled life income fund	-	3,985,264	-	-	3,985,264
Other split-interest agreements					
Total split-interest agreements	$ 286,369	$ 3,985,264	$ -	$ -	$ 4,271,633

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The United Way's investments and split-interest agreements are classified in the following fair value hierarchy at March 31, 2017:

Investments	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	NAV as Practical Expedient	Total
Mutual funds:					
Domestic equity mutual funds	$ 40,429,640	$ -	$ -	$ 18,018	$ 40,447,658
International equity mutual funds	8,394,865	-	-	-	8,394,865
Fixed income mutual funds	10,108,592	-	-	-	10,108,592
Balanced mutual funds	6,189,740	-	-	8,647	6,198,387
Pooled funds:					
International equity pooled funds	-	-	-	27,146,282	27,146,282
Fixed income pooled funds	-	-	-	7,067,333	7,067,333
Flexible capital:					
Archstone Offshore Fund Ltd.	-	-	-	5,257,557	5,257,557
Weatherlow Offshore Fund I, LTD	-	-	-	5,792,890	5,792,890
Private equity	-	-	299,097	-	299,097
Inflation risk management:					
Real estate	-	-	-	8,134,314	8,134,314
Commodities	-	-	-	2,350,698	2,350,698
Treasury inflation protected securities	2,422,107	-	-	-	2,422,107
Natural resources	3,332,445	-	-	-	3,332,445
Fixed income:					
U.S. government obligations	260,291	-	-	-	260,291
Corporate bonds	-	65,404	-	-	65,404
Common stocks	280,647	-	-	-	280,647
Total investments	$ 71,418,327	$ 65,404	$ 299,097	$ 55,775,739	$ 127,558,567
Split-interest agreements					
Pooled life income fund	$ 273,532	$ -	$ -	$ -	$ 273,532
Other split-interest agreements	-	3,757,340	-	-	3,757,340
Total split-interest agreements	$ 273,532	$ 3,757,340	$ -	$ -	$ 4,030,872

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following is a reconciliation of the beginning and ending balances for the United Way's flexible capital investments, which are measured at fair value using significant unobservable inputs (Level 3):

	Private Equity
Balance at April 1, 2016	$ 283,503
Unrealized gains	15,594
Balance at March 31, 2017	299,097
Unrealized losses	(138)
Distribution	(78,322)
Balance at March 31, 2018	$ 220,637

The unrealized gains (losses) included in the change in net assets relating to financial instruments still held at the reporting date were ($138) and $15,594, respectively, for level 3 alternative investments, for the years ended March 31, 2018 and 2017.

10. CHARITABLE GIFT FUNDS

At March 31, 2018 and 2017, the Organizations held investments of approximately $12,400,000 and $11,500,000, respectively, as part of the United Way's Charitable Gift Fund program. These amounts represent unrestricted contributions received by the United Way. However, the donors may make non-binding recommendations to the United Way as to the timing, amount and recipient of distributions from these funds, including the distribution of fund principal.

11. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31:

	2018	2017
Land	$ 228,000	$ 228,000
Building and improvements	3,009,036	2,951,007
Equipment	225,127	273,378
Furniture and fixtures	77,469	79,641
Computer equipment	447,092	411,577
	3,986,724	3,943,603
Less: Accumulated depreciation	(2,184,966)	(2,075,188)
	$ 1,801,758	$ 1,868,415

12. PENSION AND OTHER POSTRETIREMENT BENEFITS

Pension Plan

The United Way maintains a noncontributory defined benefit pension plan that provides retirement, disability and death benefits and covers individuals who were employees of the United Way of Greater Rochester, Inc. and United Way Services Corporation (collectively, the Organizations) prior to January 1, 2007. The Plan was frozen by United Way of Greater Rochester, Inc.'s Board of Directors as of January 1, 2007 at which time it was replaced by a 403(b) plan. The United Way's funding policy is to contribute annually an amount that meets the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

Measurement Dates

The measurement date for the year-end benefit obligations and assets is March 31 for the fiscal years ended March 31, 2018 and 2017.

Funded Status

Obligations and funded status of the plan are as follows:

	2018	2017
Projected benefit obligation	$ (13,245,365)	$ (13,577,533)
Fair value of plan assets at end of year	10,547,520	10,183,608
Funded status	$ (2,697,845)	$ (3,393,925)
Accumulated benefit obligation	$ (13,245,365)	$ (13,577,533)
Employer contributions	$ 326,000	$ 140,934
Benefit payments	$ (720,892)	$ (725,373)

Financial Statement Recognition

As of March 31, the following amounts were recognized in the consolidated balance sheet:

	2018	2017
As a non-current liability	$ (2,697,845)	$ (3,393,925)

Amounts recognized in the consolidated statements of activities and changes in net assets as of March 31 consist of:

	2018	2017
Net periodic cost	$ 570,237	$ 712,521

12. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

As of March 31, 2018, the following items included in net assets had not yet been recognized as components of benefits expense:

	Net Actuarial Loss
Unrecognized amounts at March 31, 2018	$ 4,250,828
Expected amortization of unrecognized items in next year's expense	$ 552,132

For the year ended March 31, 2018, the United Way recognized $656,404 related to the amortization of its net actuarial loss in the consolidated statement of activities and change in net assets.

Assumptions
Weighted average assumptions used to determine benefit obligations at March 31, are as follows:

	2018	2017
Discount rate	3.78%	3.79%
Average annual increase in compensation	N/A	N/A
Expected long-term rate of return on plan assets	7.0%	7.0%

The expected long-term rate of return on plan assets was developed by considering historical plan performance, current asset allocation and forecasts of future returns.

The United Way uses the RP-2014 Mortality Table for the actuarial calculation of Plan obligations.

Plan Assets
The United Way's pension plan weighted average asset allocations at March 31, 2018 and 2017, by asset category, were as follows:

	2018	2017	Target
Equity securities	36%	37%	36%
Fixed income securities	30%	29%	30%
International securities	24%	24%	24%
Real estate	10%	10%	10%
	100%	100%	100%

12. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

The fair values of the pension plan assets at March 31, 2018 are as follows:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Cash and equivalents	$ 67,109	$ -	$ -	$ 67,109
Vanguard Total Bond Market Index Fund	1,579,877	-	-	1,579,877
Vanguard Intermediate-Term Investment Grade Bonds	947,862	-	-	947,862
Vanguard Short-term Investment Grade bonds	631,382			631,382
Vanguard Total Stock Market Index Fund	3,743,432	-	-	3,743,432
Vanguard REIT Index Fund	1,049,777	-	-	1,049,777
Vanguard Total International Stock Index	2,528,081	-	-	2,528,081
	$ 10,547,520	$ -	$ -	$ 10,547,520

The fair values of the pension plan assets at March 31, 2017 are as follows:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Cash and equivalents	$ 66,141	$ -	$ -	$ 66,141
Vanguard Total Bond Market Index Fund	1,490,785	-	-	1,490,785
Vanguard Intermediate- Term Investment Grade Bonds	893,939	-	-	893,939
Vanguard Short-term Investment Grade bonds	594,098			594,098
Vanguard Total Stock Market Index Fund	3,684,323	-	-	3,684,323
Vanguard REIT Index Fund	1,000,553	-	-	1,000,553
Vanguard Total International Stock Index	2,453,769	-	-	2,453,769
	$ 10,183,608	$ -	$ -	$ 10,183,608

Contributions

The United Way contributed $326,000 to the Plan in calendar year 2018, which will comply with the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

12. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

Estimated Future Benefit Payments

Benefit payments are expected to be paid as follows:

2019	$	750,533
2020	$	758,399
2021	$	757,380
2022	$	760,899
2023	$	785,607
2024 – 2028	$	4,161,996

Other Postretirement Benefits Plan

The United Way provides health care for employees who retire from United Way and have attained age 55 with 10 years of service. The United Way's policy is to contribute amounts to this plan on an annual basis as needed for current benefit payments. The plan was amended in January 2015 to increase the maximum amount contributed for health insurance benefits for post-65 retirees from $80 to $85 per month including participating in other medical plans. The formula for early retirees has been changed and provides the same benefit for the retiree as if they were an active employee.

For employees who retired prior to July 2014, a life insurance benefit of one quarter of their final salary is also provided.

The measurement date for the year-end benefit obligations and assets is March 31 for the fiscal years ended March 31, 2018 and 2017.

The following table sets forth the Plan's funded status and expense recognized in the United Way's consolidated financial statements as of and for the years ended March 31, 2018 and 2017 based on actuarial reports.

	2018	2017
Accumulated postretirement benefit obligation	$ (2,097,583)	$ (1,890,075)
Market value of plan assets	-	-
Funded status	$ (2,097,583)	$ (1,890,075)
Net periodic postretirement benefit expense	$ 160,261	$ 174,787
Employer contributions	$ 63,738	$ 76,022
Benefits paid	$ 82,247	$ 106,135

12. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

Other Postretirement Benefits Plan (Continued)

As of March 31, the following amounts were recognized in the consolidated balance sheet:

	2018	2017
As a liability	$ (2,097,583)	$ (1,890,075)
Amounts unamortized in other change in net assets at March 31:		
Actuarial gain recognition	$ 513,048	$ 409,002
Prior service costs	$ (1,931)	$ (8,870)
Amounts expected to be amortized in other change in net assets in the coming year:		
Actuarial loss recognition	$ (25,345)	$ (35,602)
Prior service costs	$ 6,939	$ 6,939

The significant actuarial assumptions on which the actuarial valuations were based are:

	2018	2017
Discount rate	3.70%	3.67%
Medical care cost trend rate - Pre 65	7.25%	7.50%
Medical care cost trend rate - Post 65	5.00%	5.80%
Rate of future salary increases	3.25%	3.00%

The medical care cost trend rate used in the actuarial computation for 2018 gradually reduces to 3.886% in fiscal 2075 and subsequent years.

It was determined that the effect of a one-percentage point change in the assumed rates would not materially increase or decrease the accrued postretirement benefit cost and postretirement benefit expense.

The United Way did not seek the 28% Retiree Drug Subsidy offered by Medicare Part D effective January 1, 2006. Therefore, the actuary did not recognize the impact of the Medicare Prescription Drug Improvement and Modernization Act of 2003 on the Plan's accumulated benefit obligation or periodic pension cost.

In general, the United Way intends to fund the postretirement plan on a pay as incurred basis. The following table of benefit payments are expected to be paid:

2019	$ 151,764
2020	$ 158,305
2021	$ 185,427
2022	$ 183,111
2023	$ 163,608
2024 - 2029	$ 779,453

13. RETIREMENT PLAN

The United Way sponsors a retirement plan qualified under Section 403(b) of the Internal Revenue Code. All employees of the United Way may elect to contribute a percentage of their compensation subject to limitations imposed by the Internal Revenue Service. For qualifying employees, the United Way makes contributions to the plan. The United Way recognized $317,197 and $323,581 of expense related to the Plan in 2018 and 2017, respectively.

The United Way also has plans qualified under Section 457 of the Internal Revenue Code for highly compensated employees. The United Way recognized $12,360 and $21,763 of expense related to these Plans in 2018 and 2017, respectively.

14. LINE-OF-CREDIT

The United Way has an annually renewable line-of-credit agreement with J.P. Morgan Chase Bank allowing maximum borrowings of $1,500,000. Amounts borrowed are unsecured and bear interest at the greater of the prime rate or the Adjusted One Month LIBOR Rate plus 2.5% (the LIBOR rate was 1.8029% at March 31, 2018). There were no amounts outstanding under this agreement at March 31, 2018 and 2017.

There was no interest paid on the line-of-credit in 2018 or 2017.

15. NET ASSETS

Temporarily restricted net assets are expendable as follows at March 31:

	2018	2017
Endowment:		
Time restricted - for use as part of a future year annual campaign	$ 690,414	$ 315,896
Time restricted - living endowment arrangements	30,043	11,205
Time restricted - to be used for agency capital projects	1,387,368	1,318,103
Accumulated unappropriated earnings on permanently restricted endowment funds	30,424,450	27,918,626
Program restrictions	723,530	759,220
Total temporarily restricted endowment net assets	33,255,805	30,323,050
Time restricted - for use as part of a future year annual campaign	6,412,056	7,125,055
Time restricted - charitable remainder trust arrangements	303,801	288,547
Program restrictions	309,251	207,896
	$ 40,280,913	$ 37,944,548

15. NET ASSETS (Continued)

Temporarily restricted net assets were released as follows at March 31:

	2018	2017
Program restriction:		
For allocations to United Way agencies	$ 139,282	$ 47,889
Other programs	1,288,977	124,143
	$ 1,428,259	$ 172,032
Appropriation in accordance with United Way's total return spending policy	$ 2,338,096	$ 2,306,729
Time restriction:		
For use as part of the current year annual campaign	$ 7,507,989	$ 7,481,687

The earnings from the following permanently restricted net assets are expendable as follows at March 31:

	2018	2017
Accumulated for appropriation by the Board of Directors of the United Way	$ 28,297,641	$ 28,013,936
Future year campaign pledges	5,152,263	5,127,178
George L. & Elizabeth C. Todd Permanent Trust	944,605	944,605
	$ 34,394,509	$ 34,085,719

16. ENDOWMENT

The United Way's endowment consists of numerous individual funds established over time for a variety of purposes. Its endowment includes both permanently restricted gifts and funds designated by the Board of Directors to function as quasi-endowments. The United Way's endowment was as follows for the years ended March 31:

	2018	2017
Permanently restricted	$ 34,394,509	$ 34,085,719
Temporarily restricted	$ 33,255,806	$ 30,323,050
Quasi-endowment	$ 57,126,791	$ 54,549,767

16. ENDOWMENT (Continued)

Changes in the quasi-endowment net assets for the years ended March 31 were as follows:

	2018	2017
Quasi-endowment, beginning of year	$ 54,549,767	$ 51,540,848
New board designations	497,752	201,457
Appropriation in accordance with United Way's total return spending policy	(2,512,265)	(2,479,268)
Other appropriations	(723,099)	(134,108)
Investment return:		
Gains on investments	4,636,848	4,640,390
Interest income	677,788	780,448
Quasi-endowment, end of year	$ 57,126,791	$ 54,549,767

In July 2013, the Board of Directors updated the reserve fund policy to enable United Way of Greater Rochester to respond to unexpected programmatic and operational events and to initiate operational initiatives. The fund was established at a level approximately equal to three months of operating expense and Monroe County program funding and is recalculated and adjusted accordingly on an annual basis in October. The amount is approximately $5,100,000.

Changes in the temporarily restricted endowment net assets for the year ended March 31 were as follows:

	2018	2017
Temporarily restricted, beginning of year	$ 30,323,050	$ 27,313,118
Appropriation in accordance with United Way's total return spending policy	(2,338,096)	(2,306,729)
Release of donor-imposed restrictions	(551,253)	(457,545)
Investment return:		
Gains on investments	5,052,104	5,382,006
Interest income	770,001	392,200
Temporarily restricted, end of year	$ 33,255,806	$ 30,323,050

Changes in the permanently restricted endowment net assets and charitable remainder trust for the year ended March 31 were as follows:

	2018	2017
Permanently restricted, beginning of year	$ 34,085,719	$ 33,454,875
Contributions and other revenue	28,439	258,950
Release of donor-imposed restrictions	(81,813)	(69,167)
Investment return:		
Gain on investments	347,010	423,012
Interest income	15,154	18,049
Permanently restricted, end of year	$ 34,394,509	$ 34,085,719

16. ENDOWMENT (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the United Way to retain as a fund of perpetual duration. There were no such deficiencies as of March 31, 2018 and 2017.

Return Objectives and Risk Parameters

The United Way has adopted investment and spending policies for endowment assets to attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under the investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is net of fees intended to exceed the price and yield results of the spending policy plus the rate of inflation as measured by the Consumer Price Index (over the long term) within a reasonable level of volatility.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the United Way relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The United Way targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and Related Investment Objectives

The United Way has adopted a total return spending policy, under which it appropriates a percentage of the average market value of investments at the end of the previous five years to help support its annual operating expenses. The current spending formula is 5% of the trailing twenty-quarter average market value.

The United Way has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on permanently restricted endowment gifts, beyond the original gift amount, follows the donor's restriction on the use of the related income (interest and dividends), and income is classified as temporarily restricted until appropriated by the Board for expenditure.

New York State law allows the Board of Directors to expend net appreciation of endowment investments and in certain circumstances the principal of the gift. The Board of Directors must consider the long and short-term needs of the United Way in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions when determining the amount to expend. The United Way believes that its total return spending policy meets New York State requirements.

17. BOARD DESIGNATED NET ASSETS

Net assets are designated for the following purposes at March 31, 2018. The Board of Directors has designated the following amounts to meet anticipated program expansion and future needs.

	Balance - Beginning of Year	Designated by Board	Uses	Transfers To Undesignated Funds	Balance - End of Year
Emergency Assistance	$ 2,913	$ -	$ (800)	$ -	$ 2,113
Berman Fund	134,278	640	-	-	134,918
Wayne County	657,726	628,991	(693,291)	-	593,426
Ontario County	649,184	1,364,486	(1,471,714)	-	541,956
Livingston County	113,111	309,589	(315,670)	-	107,030
Genesee County	149,008	368,594	(394,819)	-	122,783
Wyoming County	67,833	134,439	(122,879)	-	79,393
Hardware/Software acquisition	102,724	81,000	(43,858)	-	139,866
Synergy Fund	85,966	124,996	(24,842)	-	186,120
Blueprint Fund	100,201	200,000	(96,750)	-	203,451
Reserve Fund	136,230	-	(136,230)	-	-
Board Recognition Fund	4,302	-	(4,302)	-	-
Board Operating Surplus	504,106	181,897	(504,106)	-	181,897
UWSC Post Retirement Reserve Fund	23,623	-	(902)	-	22,721
UWGR Holding Co. Capital Reserve Fund	215,848	58,250	(58,029)	-	216,069
	$ 2,947,053	$ 3,452,882	$ (3,868,192)	$ -	$ 2,531,743

18. RELATED PARTY

The United Way is related to United Way Services Corporation (UWSC) through certain common members of management and common board representation. The United Way provides management consulting and support services relating to internal financial controls, computer services and operational functions to UWSC. Reimbursement for such services was $14,269 and $25,461 in 2018 and 2017, respectively. In addition, UWSC provides services to the United Way's marketing department. Payment for such services was $21,156 and $20,207 in 2018 and 2017, respectively.

19. COMMITMENTS AND CONTINGENCIES

Future Lease Payments

The United Way leases office space and office equipment under the terms of operating lease agreements. Rental expense for fiscal 2018 and 2017 was approximately $180,000 and $175,000, respectively. Minimum payments under these lease agreements are as follows for the years ending March 31:

2019	$ 177,645
2020	165,549
2021	150,376
2022	95,805
	$ 589,375

20. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 24, 2018 which is the date the consolidated financial statements were available to be issued.

UNITED WAY OF GREATER ROCHESTER, INC. AND AFFILIATES

CONSOLIDATING BALANCE SHEETS
MARCH 31, 2018
(With Comparative Totals for 2017)

	2018					
	United Way of Greater Rochester, Inc.	UWGR Holding Company, Inc.	Wegmans Family Foundation, Inc.	Eliminations	Consolidated	2017 Consolidated
ASSETS						
Cash and cash equivalents	$ 6,616,256	$ 208,044	$ 100,339	$ -	$ 6,924,639	$ 6,918,451
Pledges receivable, net	7,217,022	-	-	-	7,217,022	7,351,162
Government grants receivable	621,165	-	-	-	621,165	273,704
Rent receivable - affiliate	-	48,467	-	(48,467)	-	-
Bequests receivable	80,000	-	-	-	80,000	412,600
Investments	134,537,537	-	-	-	134,537,537	129,217,507
Property and equipment, net	131,041	1,670,717	-	-	1,801,758	1,868,415
Beneficial interest in split-interest agreements	4,271,633	-	-	-	4,271,633	4,030,872
Other assets	1,337,884	22,019	-	-	1,359,903	171,418
	$ 154,812,538	$ 1,949,247	$ 100,339	$ (48,467)	$ 156,813,657	$ 150,244,129
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Accounts payable and accrued expenses	$ 997,962	$ 58,458	$ -	$ -	$ 1,056,420	$ 1,309,283
Due to agencies	6,475,315	-	-	-	6,475,315	6,149,061
Due to Red Cross	-	-	-	-	-	266,664
Rent payable - affiliate	48,467	-	-	(48,467)	-	-
Charitable gift annuity reserve	226,257	-	-	-	226,257	237,073
Funds held for others	111,813	-	-	-	111,813	106,801
Pension and postretirement plan liability	4,795,428	-	-	-	4,795,428	5,284,000
Total liabilities	12,655,242	58,458	-	(48,467)	12,665,233	13,352,882
NET ASSETS:						
Unrestricted -						
Board designated	2,315,673	216,070	-	-	2,531,743	2,947,053
Undesignated	8,039,410	1,674,719	100,339	-	9,814,468	7,364,160
Quasi-endowment	57,126,791	-	-	-	57,126,791	54,549,767
Total unrestricted	67,481,874	1,890,789	100,339	-	69,473,002	64,860,980
Temporarily restricted	40,280,913	-	-	-	40,280,913	37,944,548
Permanently restricted	34,394,509	-	-	-	34,394,509	34,085,719
Total net assets	142,157,296	1,890,789	100,339	-	144,148,424	136,891,247
	$ 154,812,538	$ 1,949,247	$ 100,339	$ (48,467)	$ 156,813,657	$ 150,244,129

The accompanying notes are an integral part of these exhibits.

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2018
(With Comparative Totals for 2017)

	2018								
	Unrestricted					Temporarily Restricted	Permanently Restricted		
	United Way of Greater Rochester, Inc.	UWGR Holding Company, Inc.	Wegmans Family Foundation, Inc.	Eliminations	Total	United Way of Greater Rochester, Inc.	United Way of Greater Rochester, Inc.	Consolidated	2017 Consolidated
REVENUE, GAINS AND OTHER SUPPORT:									
Annual campaign, net	$ 16,607,799	$ -	$ -	$ -	$ 16,607,799	$ 6,413,500	$ -	$ 23,021,299	$ 23,093,266
Less: Received as agent for other United Ways	(708,700)	-	-	-	(708,700)	-	-	(708,700)	(744,349)
Less: Allowance for uncollectible pledges	(719,403)	-	-	-	(719,403)	(1,444)	-	(720,847)	(1,012,247)
Annual campaign, net	15,179,696	-	-	-	15,179,696	6,412,056	-	21,591,752	21,336,670
Investment income used in operations in accordance with the United Way's total return spending policy	4,850,362	-	-	-	4,850,362	-	-	4,850,362	4,785,997
Charitable gift fund gifts received	3,222,632	-	-	-	3,222,632	-	-	3,222,632	2,671,705
Donated goods and services	67,645	184,105	-	(179,183)	72,567	-	-	72,567	34,475
ROC the Day revenue, net	539,022	-	-	-	539,022	-	-	539,022	608,896
Endowment legacies and other gifts received, net	106,835	-	-	-	106,835	-	28,439	135,274	683,792
Government and other grant revenue	26,577	-	-	-	26,577	1,229,819	-	1,256,396	348,704
Other	319,702	258,402	350,477	(171,264)	757,317	131,476	-	888,793	720,990
	24,312,471	442,507	350,477	(350,447)	24,755,008	7,773,351	28,439	32,556,798	31,191,229
Net assets released from restrictions -									
Satisfaction of program restrictions	334,586	-	-	-	334,586	(252,773)	(81,813)	-	-
Appropriation of endowment assets for expenditure	3,513,582	-	-	-	3,513,582	(3,513,582)	-	-	-
Expiration of time restrictions	7,507,989	-	-	-	7,507,989	(7,507,989)	-	-	-
	11,356,157	-	-	-	11,356,157	(11,274,344)	(81,813)	-	-
Total revenue, gains and other support	35,668,628	442,507	350,477	(350,447)	36,111,165	(3,500,993)	(53,374)	32,556,798	31,191,229
EXPENSES:									
Program services -									
Allocations	24,921,760	-	250,000	-	25,171,760	-	-	25,171,760	22,525,141
Community investment and services	3,806,270	170,401	-	(133,192)	3,843,479	-	-	3,843,479	4,082,898
Total program services	28,728,030	170,401	250,000	(133,192)	29,015,239	-	-	29,015,239	26,608,039
Supporting services -									
Resource development	3,251,470	155,093	-	(107,478)	3,299,085	-	-	3,299,085	3,252,996
General management	1,885,091	158,801	138	(109,777)	1,934,253	-	-	1,934,253	2,096,617
Total supporting services	5,136,561	313,894	138	(217,255)	5,233,338	-	-	5,233,338	5,349,613
Total expenses	33,864,591	484,295	250,138	(350,447)	34,248,577	-	-	34,248,577	31,957,652
EXCESS (DEFICIENCY) OF REVENUE, GAINS AND OTHER SUPPORT OVER EXPENSES	1,804,037	(41,788)	100,339	-	1,862,588	(3,500,993)	(53,374)	(1,691,779)	(766,423)
OTHER ITEMS:									
Investment gains, net	6,775,373	-	-	-	6,775,373	5,837,358	362,164	12,974,895	12,861,310
Investment income used in operations in accordance with the United Way's total return spending policy	(4,850,362)	-	-	-	(4,850,362)	-	-	(4,850,362)	(4,785,997)
Change in funded status of pension and postretirement plans	824,423	-	-	-	824,423	-	-	824,423	1,807,624
CHANGE IN NET ASSETS	4,553,471	(41,788)	100,339	-	4,612,022	2,336,365	308,790	7,257,177	9,116,514
NET ASSETS - beginning of year	62,928,403	1,932,577	-	-	64,860,980	37,944,548	34,085,719	136,891,247	127,774,733
NET ASSETS - end of year	$ 67,481,874	$ 1,890,789	$ 100,339	$ -	$ 69,473,002	$ 40,280,913	$ 34,394,509	$ 144,148,424	$ 136,891,247

The accompanying notes are an integral part of these exhibits.

UNITED WAY OF GREATER ROCHESTER, INC. AND AFFILIATES

Exhibit III

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018
(With Comparative Totals for 2017)

	2018				
	United Way of Greater Rochester, Inc.	UWGR Holding Company, Inc.	Wegmans Family Foundation, Inc.	Eliminations	Consolidated
CASH FLOW FROM OPERATING ACTIVITIES:					
Change in net assets	$ 7,198,626	$ (41,788)	$ 100,339	$ -	$ 7,257,177
Adjustments to reconcile change in net assets to net cash flow from operating activities:					
Net realized and unrealized (gain) loss on investments	(11,127,369)	-	-	-	(11,127,369)
Sale proceeds of donated financial assets	2,855,124	-	-	-	2,855,124
Depreciation	41,773	100,038	-	-	141,811
(Gain) loss on disposal of property and equipment	2,713	-	-	-	2,713
Permanently restricted legacies and gifts	(28,439)	-	-	-	(28,439)
Change in funded status of pension and postretirement liability	(824,423)	-	-	-	(824,423)
Provision for uncollectible pledges	720,847	-	-	-	720,847
Changes in:					
Pledges receivable	(586,707)	-	-	-	(586,707)
Government grants receivable	(347,461)	-	-	-	(347,461)
Interest and dividends receivable and other assets	(1,177,731)	(10,754)	-	-	(1,188,485)
Rent receivable - affiliate	-	38,423	-	(38,423)	-
Bequests receivable	332,600	-	-	-	332,600
Accounts payable and accrued expenses	(289,429)	36,566	-	-	(252,863)
Due to agencies	326,254	-	-	-	326,254
Due to Red Cross	(266,664)	-	-	-	(266,664)
Rent payable - affiliate	(38,423)	-	-	38,423	-
Funds held for others	5,012	-	-	-	5,012
Pension and plan postretirement liability	335,851	-	-	-	335,851
Net cash flow from operating activities	(2,867,846)	122,485	100,339	-	(2,645,022)
CASH FLOW FROM INVESTING ACTIVITIES:					
Purchases of property and equipment, net of disposals	(19,838)	(58,029)	-	-	(77,867)
Purchases of investments	(1,353,714)	-	-	-	(1,353,714)
Sales of investments	4,305,929	-	-	-	4,305,929
Changes in beneficial interest in split-interest arrangements	(253,598)	-	-	-	(253,598)
Net cash flow from investing activities	2,678,779	(58,029)	-	-	2,620,750
CASH FLOW FROM FINANCING ACTIVITIES:					
Permanently restricted legacies and gifts	28,439	-	-	-	28,439
Decrease in charitable gift annuity reserve	(10,816)	-	-	-	(10,816)
Change in pooled life income fund assets	12,837	-	-	-	12,837
Net cash flow from financing activities	30,460	-	-	-	30,460
CHANGE IN CASH AND EQUIVALENTS	(158,607)	64,456	100,339	-	6,188
CASH AND EQUIVALENTS - beginning of year	6,774,863	143,588	-	-	6,918,451
CASH AND EQUIVALENTS - end of year	$ 6,616,256	$ 208,044	$ 100,339	$ -	$ 6,924,639

The accompanying notes are an integral part of these exhibits.