UNITED WAY OF NEW YORK CITY

Financial Statements
(Together with Independent Auditors' Report)

Year Ended June 30, 2009
(With Comparative Totals for June 30, 2008)

Marks Paneth & Shron LLP
Certified Public Accountants and Consultants

UNITED WAY OF NEW YORK CITY

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2008)

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Marks Paneth & Shron LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of New York City

We have audited the accompanying statement of financial position of United Way of New York City ("United Way") as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of United Way's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of United Way as of and for the year ended June 30, 2008, were audited by other auditors whose report dated October 10, 2008, expressed an unqualified opinion on those financial statements

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of New York City as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Marks Paneth & Shron LLP

New York, NY
March 3, 2010

622 THIRD AVENUE
NEW YORK, NY 10017-6701
P. 212.503.8800 F. 212.370.3759
WWW.MARKSPANETH.COM

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ASSOCIATED WORLD WIDE
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UNITED WAY OF NEW YORK CITY
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2009
(With Comparative Totals as of June 30, 2008)

	2009	2008
ASSETS		
Cash and cash equivalents (Notes 2F and 15)	$ 4,105,824	$ 7,794,166
Investments (Notes 2G, 6 and 13)	10,784,971	12,956,286
Campaign receivable, net (Note 3)	15,447,260	19,469,556
Government grants/contracts receivable (Notes 12B)	6,700,067	10,272,801
Grants and contributions receivable (Notes 2H and 7)	4,463,287	3,213,738
Other receivables, net (Note 4)	718,744	1,049,884
Prepaid expenses and other assets	698,970	926,433
Beneficial interest in perpetual trust (Notes 8, 11 and 13)	353,995	468,356
Inventory	-	340,780
Property and equipment, net (Notes 2I and 5)	1,884,786	2,272,434
TOTAL ASSETS	$ 45,157,904	$ 58,764,434
LIABILITIES		
Accounts payable and accrued expenses	$ 1,539,932	$ 2,327,202
Community impact awards payable (Note 14)	2,747,739	5,514,905
Campaign designations payable	10,789,915	11,025,123
Government contract awards payable	8,104,052	11,215,486
Deferred rent liability	1,345,023	1,529,538
Pension and post retirement life insurance liability (Notes 2N, 9, 10 and 13)	7,119,904	4,431,870
TOTAL LIABILITIES	31,646,565	36,044,124
COMMITMENTS (Note 12)		
NET ASSETS (Note 2B)		
Unrestricted	3,912,351	12,343,270
Temporarily restricted (Note 11)	6,965,342	7,629,044
Permanently restricted (Note 11)	2,633,646	2,747,996
TOTAL NET ASSETS	13,511,339	22,720,310
TOTAL LIABILITIES AND NET ASSETS	$ 45,157,904	$ 58,764,434

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

UNITED WAY OF NEW YORK CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	Year Ended June 30, 2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Comparative Totals 2008
REVENUE AND SUPPORT:					
Campaign					
Local campaign	$ 27,242,537	$ 1,026,876	$ -	$ 28,269,413	$ 33,499,244
Share of regional campaign	16,411,955	-	-	16,411,955	25,043,251
Less: Amounts raised on behalf of others	(25,984,871)	-	-	(25,984,871)	(32,324,362)
Less: Provision for uncollectible receivables	(2,836,976)	-	-	(2,836,976)	(3,563,815)
Campaign results, net (Note 3)	14,832,645	1,026,876	-	15,859,521	22,654,318
Government grants/contracts	29,349,561			29,349,561	37,175,553
Special events (net of direct expenses of $370,233 and donated items of $104,160)	1,410,422	116,350	-	1,526,772	1,452,049
Private grants and pooled funds	-	3,983,032	-	3,983,032	3,631,590
Designations from other United Ways	583,237	-	-	583,237	344,643
Donated materials and services	161,387	-	-	161,387	1,269,846
Campaign administrative fees	1,056,540	-	-	1,056,540	1,305,645
Investment return, net	(438,043)	-	11	(438,032)	292,199
Change in value of beneficial interest in perpetual trust	-	-	(114,361)	(114,361)	-
Estates legacies and other	331,190	-	-	331,190	262,895
Net assets released from restrictions for operations (Note 11)	5,789,960	(5,789,960)	-	-	-
TOTAL REVENUE AND SUPPORT	53,076,899	(663,702)	(114,350)	52,298,847	68,388,738
EXPENSES:					
Program Services:					
Community investment grants and awards	8,646,333	-	-	8,646,333	13,119,469
Contract services and other grants	29,985,442	-	-	29,985,442	38,477,082
Community investment services	6,309,826	-	-	6,309,826	7,333,922
Donated materials and services	340,780	-	-	340,780	1,213,702
Total Program Services	45,282,381	-	-	45,282,381	60,144,175
Supporting Services:					
Management and general	5,045,817	-	-	5,045,817	5,340,955
Campaign Marketing and Fundraising	8,426,639	-	-	8,426,639	9,822,661
Total Supporting Services	13,472,456	-	-	13,472,456	15,163,616
TOTAL EXPENSES	58,754,837	-	-	58,754,837	75,307,791
CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES	(5,677,938)	(663,702)	(114,350)	(6,455,990)	(6,919,053)
Pension related changes other than net periodic pension cost (Notes 9 and 10)	(2,752,981)	-	-	(2,752,981)	(1,357,959)
CHANGE IN TOTAL NET ASSETS	(8,430,919)	(663,702)	(114,350)	(9,208,971)	(8,277,012)
Net assets, beginning of year	12,343,270	7,629,044	2,747,996	22,720,310	30,997,322
NET ASSETS - END OF YEAR	$ 3,912,351	$ 6,965,342	$ 2,633,646	$ 13,511,339	$ 22,720,310

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

UNITED WAY OF NEW YORK CITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	For the Year Ended June 30, 2009					
		Supporting Services				
	Program Services	Management & General	Campaign Marketing & Fund	Total Supporting Services	Total 2009	Total 2008
Distributions						
Grants and allocation (Note 14)	$ 38,972,555	$ -	$ -	$ -	$ 38,972,555	$ 53,198,882
Compensation						
Personnel service costs	3,355,387	2,231,708	3,492,990	5,724,698	9,080,085	9,969,209
Payroll taxes and benefits (Notes 9 and 10)	953,708	782,300	948,250	1,730,550	2,684,258	2,915,214
	4,309,095	3,014,008	4,441,240	7,455,248	11,764,343	12,884,423
Services and supplies						
Office maintenance	18,167	37,310	18,658	55,968	74,135	111,843
General supplies	20,258	34,234	29,814	64,048	84,306	132,842
Equipment rentals and expenses	39,141	47,954	58,267	106,221	145,362	161,050
Dues and subscriptions	11,106	7,625	94,077	101,702	112,808	156,280
Professional fees (including $161,387 of in-kind services)	219,709	586,163	439,419	1,025,582	1,245,291	1,561,010
EDP rentals and forms	44,684	35,405	94,112	129,517	174,201	248,578
Travel and transportation	20,757	4,775	30,568	35,343	56,100	84,983
Occupancy	945,925	624,742	971,281	1,596,023	2,541,948	2,429,959
Telephone	22,094	13,914	19,744	33,658	55,752	94,903
Insurance	42,968	30,862	44,120	74,982	117,950	139,582
	1,384,809	1,422,984	1,800,060	3,223,044	4,607,853	5,121,030
Promotion and advertising						
General promotion	3,149	365	241,172	241,537	244,686	220,253
Meetings	206,929	23,621	49,215	72,836	279,765	418,552
Postage and shipping	16,293	39,831	56,903	96,734	113,027	140,389
Printing and distribution	2,154	3,955	147,648	151,603	153,757	310,417
Campaign events	1,270	306	394,779	395,085	396,355	514,169
	229,795	68,078	889,717	957,795	1,187,590	1,603,780
Other expenses						
Depreciation and amortization	182,703	162,960	175,526	338,486	521,189	428,964
Campaign expenses - Share of expenses paid by United Way of Tri-State Inc.			1,120,096	1,120,096	1,120,096	1,406,655
Due to national and state organizations	203,424	377,787	-	377,787	581,211	664,057
	386,127	540,747	1,295,622	1,836,369	2,222,496	2,499,676
TOTAL EXPENSES	$ 45,282,381	$ 5,045,817	$ 8,426,639	$ 13,472,456	$ 58,754,837	$ 75,307,791

UNITED WAY OF NEW YORK CITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Totals as of June 30, 2008)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (9,208,971)	$ (8,277,012)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	521,189	428,964
Pension related changes other than net periodic pension cost	2,752,981	1,357,959
Change in value of beneficial interest in perpetual trust	114,361	66,106
Change in discount on grants and contributions receivable	(85,711)	25,953
Provision for uncollectible campaign receivables, net of writeoffs	881,458	(330,897)
Net realized and unrealized loss on investments	851,011	598,018
Sub-total	(4,173,682)	(6,130,909)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Campaign receivable	3,140,838	6,867,054
Government grants/contracts receivable	3,572,734	(4,024,377)
Contributions receivable	(1,163,838)	(128,090)
Other receivables	331,140	(484,554)
Inventory	340,780	(47,311)
Prepaid expenses and other assets	227,463	13,866
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(787,270)	(725,990)
Community impact awards payable	(2,767,166)	(615,009)
Campaign designations payable	(235,208)	(2,191,886)
Government contract awards payable	(3,111,434)	(543,359)
Deferred rent liability	(184,515)	-
Accrued pension and post retirement liability	(64,947)	(587,449)
Net Cash Used by Operating Activities	(4,875,105)	(8,598,014)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(1,138,095)	(4,549)
Proceeds from sales of investments	2,458,399	10,239,079
Purchases of property and equipment	(133,541)	(489,576)
Net Cash Provided by Investing Activities	1,186,763	9,744,954
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,688,342)	1,146,940
Cash and cash equivalents - beginning of year	7,794,166	6,647,226
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,105,824	$ 7,794,166

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

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

United Way of New York City ("United Way") is a nonprofit community service organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. United Way raises funds on an annual basis primarily through employee payroll deductions at the workplace, corporate grants and gifts, and government contracts. United Way uses unrestricted contributions to create, lead and support strategic initiatives designed to achieve lasting, community-wide impact in improving education, income stability, and health throughout New York City's five boroughs. United Way also works to foster a more robust and effective nonprofit sector.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting*** - United Way's financial statements have been prepared on the accrual basis of accounting. United Way adheres to accounting policies generally accepted in the United States of America.

B. ***Financial Statement Presentation*** - United Way maintains its net assets under the following three classes:

   Unrestricted - This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of United Way's operations over which the Board of Directors has discretionary control.

   Temporarily Restricted - This represents net assets subject to donor-imposed stipulations that will be met by actions of United Way or by the passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

   Permanently Restricted - This represents net assets subject to donor-imposed stipulations that they be maintained permanently by United Way. Generally, the donors of these assets permit United Way to use all or part of the income earned on related investments for unrestricted or donor-specified purposes.

C. ***Support and Revenue*** - Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expenses are reported as decreases in unrestricted net assets. Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as temporarily restricted net assets. When donor-imposed time restrictions expire, or a donor-imposed purpose restriction is fulfilled, the temporarily restricted net assets are released to unrestricted net assets. These satisfactions of donor-imposed restrictions are reported as net assets released from restrictions.

   Investment income and net realized and unrealized gain (loss) on investments of temporarily and permanently restricted net assets are reported as follows:

   - As increases in permanently restricted net assets if the terms of the gift require that they be added back to the principal of the permanently.
   - As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the current use of the investment income or net realized and unrealized gain (loss).
   - As increases in unrestricted net assets in all other cases.

D. ***Campaign Revenue*** - Annual campaigns are conducted each year to raise support for charitable distributions. An unconditional promise to give is recognized as revenue at the time of the pledge, net of an allowance for unfilled pledges.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donors have the option to designate their contribution to a specific organization. These transactions are not reported in the statement of activities as revenue and expenses but are included in the total campaign amounts raised on the statement of activities and then deducted as amounts raised on behalf of others (donor choice) before arriving at net current year contributions.

E. ***Donated Goods and Services*** – Donated goods are recorded at their fair value on the date of receipt. Donated services are reported as contributions when the services create or enhance nonfinancial assets, would be purchased if they had not been provided by contribution, require specialized skills and are provided by individuals possessing those skills. For the years ended June 30, 2009 and 2008, United Way recorded income and expense for contributed goods and services of $265,547 and $1,482,248, respectively.

F. ***Cash and cash equivalents*** – Cash and cash equivalents include all highly liquid instruments with maturities of three months or less when acquired, except for certain cash and money market funds which are included with short-term and long-term investments. Cash equivalents ($2,963,500 and $5,075,687 as of June 30, 2009 and 2008, respectively) include investments in money market funds. As of June 30, 2009 and 2008, United Way maintained $2,933,819 and $4,462,413 of cash and cash equivalents in separate accounts as required by outside agencies.

G. ***Investments*** – Investments are carried at fair value. Net appreciation/(depreciation) in the fair value of investments, which includes realized gains and losses and unrealized gains and losses on those investments, is reported in the statement of activities and changes in net assets. Investment income is presented net of investment advisory and custodial fees. Cost basis is determined on the date of purchase. Securities received as gifts are recorded at fair value at date of gift. Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is at least possible that changes in risks in the near term could materially affect investment balances.

H. ***Contribution Receivable*** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. As of June 30, 2009 and 2008, United Way determined that no allowance for uncollectible contributions receivable was necessary. This determination was based on a combination of factors such as management's estimate of the creditworthiness of its donors, a review of individual accounts outstanding, and the aged basis of the receivables and historical experience. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

I. ***Property and Equipment*** - Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. Depreciation and amortization is calculated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the life of the lease or the improvement. United Way capitalizes property and equipment with cost of $1,000 or more and a useful life of greater than one year. Upon retirement or disposal, the asset cost and related accumulated depreciation and amortization are eliminated from the respective accounts, and the resulting gain or loss is included in the changes in net assets for the period.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. ***Functional Allocation of Expenses*** - The costs of providing program and supporting services of United Way have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited. This allocation is based primarily on the number of employees in each respective functional expense category.

K. ***Bequests and Legacies*** - United Way recognizes bequests and legacies as support when the wills have passed probate and the sum is certain.

L. ***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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue, expenses, and other changes in net assets during the reported period. The most significant assumptions and estimates relate to the determination of the allowance for unfilled pledges, estimated useful lives of fixed assets and the actuarial assumptions used to calculate pension and other postretirement benefits. Actual results could differ from those estimates.

M. ***Fair Value Measurements*** - In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In early 2008, the FASB approved Staff Position ("FSP") FAS-157-2, "Effective Date of FASB Statement No. 157," which delays by one year, the effective date of SFAS No. 157 for certain nonfinancial assets and nonfinancial liabilities for nonpublic companies.

On July 1, 2008, United Way adopted the framework that had not been delayed and plans to adopt the balance of its provisions as of its fiscal year beginning on July 1, 2009. As defined, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, the framework establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 14.

N. ***Pension and Post Retirement Plans*** – In accordance with U.S. GAAP an employer: (a) recognizes in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measures a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year; and (c) recognizes changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur.

O. ***Subsequent Events*** – Management has evaluated events subsequent to the date of the statement of financial position through March 3, 2010, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through March 3, 2010 that would require adjustment or disclosure in the financial statements.

P. ***Reclassification*** – Certain line items in the June 30, 2008 financial statements have been reclassified to conform to the June 30, 2009 presentation.

Q. ***Summarized Comparative Information***—The 2009 financial statements include certain prior year summarized comparative information. The statement of activities does not reflect all net asset classes for the year ended June 2008. As a result, the 2008 information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such 2008 information should be read in conjunction with the United Way's financial statements for the year ended June 30, 2008, from which the information was derived.

NOTE 3 – CAMPAIGN RESULTS

United Way's total campaign results include the following:

- Unrestricted local campaign pledges
- Local campaign pledges restricted by donors
- Share of regional campaign based on a prescribed formula
- Proportionate share of amounts paid by the regional office for pledges restricted by donors to agencies and other United Way Organizations not participating in the regional campaign

Amounts raised on behalf of others includes United Way's share of restricted pledges paid by the regional office for the years ended June 30, 2009 and 2008, of $8,040,086 and $13,257,244, respectively. Also included are local campaign restricted pledges. The provision for unfilled pledges related to the regional campaign, as of June 30, 2009 and 2008, amounted to $880,655 and $2,123,599, respectively.

United Way collects and processes campaign donations from certain companies that are sent to other United Ways. Such donations amounted to $3,143,452 and $1,593,801 for the years ended June 30, 2009 and 2008, respectively, and are recorded in the accompanying statements of activities as local campaign receipts and deducted as amounts raised on behalf of others. Also included in local campaign results are monies raised from other campaigns (i.e. public sector campaign funds) which are designated for other recipient organizations. United Way honors designations made to all qualified organizations.

Campaign receivable consists of the following as of June 30, 2009 and 2008:

	2009	2008
Local campaign	$ 13,242,604	$ 15,264,408
Regional campaign	5,067,083	7,959,533
	18,309,687	23,223,841
Less: allowance for doubtful accounts	(2,862,427)	(3,754,385)
	$ 15,447,260	$ 19,469,556

NOTE 4 – OTHER RECEIVABLES AND RELATIONSHIP WITH UNITED WAY WORLDWIDE ("UWW") OFFICE

Other receivables include primarily receivables from donor choice processing fees and UWW regional office. As of June 30, 2009 and 2008, management determined an allowance for doubtful accounts of $10,500 was necessary for these receivables.

United Way of New York City and 27 other United Way organizations work in collaboration with a regional office of UWW to raise funds from a select group of companies located throughout the region. Each participating United Way shares in the unrestricted revenue based on a formula, which includes factors such as an assessment of community needs and where the funds are raised. The regional office serves as a fiscal agent for all donor-designated funds and distributes them directly as prescribed by the donor. United Way of New York City includes its portion of these donor-designated funds in its financial statements and then deducts such amounts as amounts raised on behalf of others. Account management is shared among UWW staff and the staff of the United Way where the donor's headquarters resides. In addition, United Way performs marketing services for UWW, which are included in the balance of other receivables on the statement of financial position for the amount due from UWW of approximately $172,000.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2009 and 2008:

	2009	2008	Estimated Useful Lives
Leasehold improvements	$ 4,216,492	$ 4,206,379	5-15 years
Information systems equipment	550,408	492,088	3-5 years
Furniture and fixtures	131,569	130,597	10 years
Office equipment	134,412	161,722	5 years
Total cost	5,032,881	4,990,786	
Less: accumulated depreciation	(3,148,095)	(2,718,352)	
Net book value	$ 1,884,786	$ 2,272,434	

Depreciation and amortization expense amounted to $521,189 and $428,964 for the years ended June 30, 2009 and 2008. For the years ended June 30, 2009 and 2008, United Way wrote off $91,446 and $135,338 of fully depreciated assets.

NOTE 6 – INVESTMENTS

Short-term investments consist of the following as of June 30, 2009 and 2008:

	2009	2008
Cash and cash equivalents	$ 1,926,021	$ 995,666
Short term-fixed	-	577,000
U. S. Government obligations	508,125	984,389
Corporate bonds	675,798	997,720
	$ 3,109,944	$ 3,554,775

Long-term investments consist of the following as of June 30, 2009 and 2008:

	2009	2008
Bonds	$ 3,055,197	$ 5,676,752
Certificates of deposit	111,570	109,790
Mutual funds	4,508,260	3,614,969
	$ 7,675,027	$ 9,401,511

The components of investment activity for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Interest and dividends	$ 412,979	$ 888,253
Realized and unrealized loss	(851,011)	(596,054)
Net investment activity	$ (438,032)	$ 292,199

Investment advisory fees amounted to $18,566 and $26,877 for the years ended June 30, 2009 and 2008 included in professional fees in the statement of functional expenses.

NOTE 7 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are recorded net of a discount (at a risk-free rate) to reflect the present value of future cash flows and are scheduled to be collected as follows as of June 30, 2009 and 2008:

	2009	2008
One year or less	$ 2,569,880	$ 1,609,000
One year to five years	2,046,000	1,671,620
	4,615,880	3,280,620
Less present value discount, rates ranging from 1.76% to 4.45%	(152,593)	(66,882)
	$ 4,463,287	$ 3,213,738

NOTE 8 – BENEFICIAL INTEREST IN PERPETUAL TRUST

United Way is one of the seven equal beneficiaries in a trust in which investment assets are held in perpetuity by a third party trustee. United Way receives the annual income, which is unrestricted. Realized and unrealized appreciation (depreciation) remains part of the trust principal.

As of June 30, 2009 and 2008, the market value of the trust assets consists of the following:

	2009	2008
Equity	$ 203,567	$ 295,429
Cash and short term	52,001	86,209
Fixed income	79,381	86,718
Mutual funds	19,046	-
	$ 353,995	$ 468,356

NOTE 9 – PENSION PLANS

All employees may participate in a United Way sponsored 403(b) thrift plan ("403(b) Plan") under which provided an employee enrolls in the 403(b) Plan and whether or not the employee contributes, United Way will place a base contribution of 1% of employee's salary into an employee account each year. In addition, United Way matches 25% of the employee's contribution up to a match of 1% of salary which brings the total maximum to 2% of salary. United Way contributed $91,362 and $119,672 to the 403(b) Plan for the years ended June 30, 2009 and 2008, respectively. The 403(b) Plan was amended effective March 31, 2009 to cease all future United Way contribution to the 403(b) Plan.

United Way offers a restoration pension plan ("Restoration Plan") to provide retirement benefits for a select group of management employees. For the years ended June 30, 2009 and 2008, the net periodic cost for the Restoration Plan amounted to $94,109 and $43,197, respectively. As of June 30, 2009 and 2008, an accrued liability of $93,281 and $323,799, respectively, is included in the accompanying financial statements for the Restoration Plan. The accrued benefits for the Restoration Plan were frozen effective June 30, 2009.

United Way has established the Defined Benefit Pension Plan for United Way of New York City (the "Pension Plan") covering substantially all of its employees. The benefits are based on years of service and the employee's annual average of the highest 60 consecutive months' compensation. United Way's funding policy is to contribute annually at least the minimum amount under Section 412 of the Internal Revenue Code. The Pension Plan was frozen effective June 30, 2009. Benefit accruals shall not be credited to any service or employment for any participant after June 30, 2009, however, vesting rights will continue after June 30, 2009.

NOTE 9 – PENSION PLANS (Continued)

The funded status of the Pension Plan as of June 30, 2009 and 2008 are as follows:

	2009	2008
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 20,203,291	$ 19,767,637
Service cost	763,271	784,366
Interest cost	1,295,669	1,273,318
Plan amendments	(1,330,548)	-
Actuarial gain	(519,489)	(708,861)
Expense charges	(28,942)	(28,572)
Assumption changes	-	(555,363)
Benefits paid	(898,236)	(329,234)
Benefit obligation at end of year	19,485,016	20,203,291
Fair value of plan assets	14,761,386	17,732,768
Funded status	$ (4,723,630)	$ (2,470,523)

The change in plan assets for the Pension Plan for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 17,732,768	$ 18,655,073
Actual return of plan assets	(2,668,073)	(1,364,499)
Employer contributions	623,869	800,000
Benefits paid	(927,178)	(357,806)
Fair value of plan assets at end of year	$ 14,761,386	$ 17,732,768

The reconciliations of the funded status for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Reconciliation of funded status:		
Liability at beginning of year	$ (2,470,523)	$ (1,112,564)
Net periodic benefit cost	(638,355)	(558,813)
Contribution	623,869	800,000
Actuarial loss	(2,238,621)	(1,599,146)
Liability at end of year	$ (4,723,630)	$ (2,470,523)

The components of net periodic benefit cost for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Service cost	$ 763,271	$ 784,366
Interest cost	1,295,669	1,273,318
Expected return on plan assets	(1,477,268)	(1,557,284)
Amortization of transitional obligation		58,413
Recognized actuarial loss	56,683	-
Net periodic cost	$ 638,355	$ 558,813

NOTE 9 – PENSION PLANS (Continued)

The amounts recognized in unrestricted net assets as of June 30, 2009 and 2008 are as follows:

	2009	2008
Actuarial loss	$ 4,703,347	2,464,726

Other changes in unrestricted assets and benefit obligation recognized in unrestricted net assets for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Amortization of net loss	$ (2,238,621)	$ 1,703,720
Amortization of transitional obligation	-	(58,413)
	$ (2,238,621)	$ 1,645,307

The weighted assumptions used as of and for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Discount rate	6.25%	6.25%
Expected return on plan assets	8.25%	8.25%
Rate of compensation increase	5.00%	5.00%

The expected long-term rate of return on Pension Plan assets assumption of 8.25% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 - Selection Economic Assumptions for Measuring Pension Obligations. Based on United Way's investment policy for the Pension Plan in effect as of the beginning of fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on United Way's historical 30-year period rolling averages. 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 best estimate range of 7.78% - 9.90%. The rate of 8.25% was selected within the range.

Pension Plan assets as of June 30, 2009 and 2008 consists of the following:

	2009	2008
Equity	$ 8,800,773	$ 10,311,558
Fixed Income	2,939,200	7,339,620
Mutual of America General Account	2,943,638	-
AXA Equitable Guarantee Account	77,775	81,590
	$ 14,761,386	$ 17,732,768

The projected benefit payments are as follows:

Year Ending June 30,	
2010	$ 4,129,000
2011	2,944,000
2012	998,000
2013	2,315,000
2014	899,000
2015-2019	5,072,000

NOTE 10 –POSTRETIREMENT LIFE INSURANCE PLAN

United Way offers a Post Retirement Life Insurance Plan ("Life Insurance Plan") for retired employees. Substantially all of United Way's employees may become eligible for those benefits if they reach normal retirement age while working for United Way. During 2009, United Way included certain vested terminees terminated after the age 55 in calculating the accumulated benefit obligation as of June 30, 2009. This resulted in an additional liability of $561,987 as of June 30, 2009.

The funded status of the Life Insurance Plan as of June 30, 2009 and 2008 are as follows

	2009	2008
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 1,637,548	$ 1,470,339
Service cost	76,491	56,295
Interest cost	107,127	95,415
Actuarial (gain)/loss	(47,627)	99,032
Expense charges	(32,533)	-
Assumption changes	-	(62,648)
Inclusion of vested terminees terminated after age 55	561,987	-
Benefits paid	-	(20,885)
Benefit obligation at end of year	2,302,993	1,637,548
Fair value of plan assets	-	-
Funded status	$ (2,302,993)	$ (1,637,548)

The reconciliations of the funded status for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Reconciliation of funded status:		
Liability at beginning of year	$ (1,637,548)	$ (1,470,339)
Net periodic benefit cost	(183,618)	(151,710)
Actuarial gain (loss)	47,627	(36,384)
Expense charges	32,533	20,885
Change due to inclusion of vested terminees who terminated after age 55	(561,987)	-
Liability at end of year	$ (2,302,993)	$ (1,637,548)

The components of net periodic benefit cost for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Service cost	$ 79,491	$ 56,295
Interest cost	107,127	94,415
Net periodic cost	$ 186,618	$ 150,710

NOTE 10 –POSTRETIREMENT LIFE INSURANCE PLAN (Continued)

The amounts recognized in unrestricted net assets as of June 30, 2009 and 2008 are as follows:

	2009	2008
Amortization of net gain	$ 346,712	$ 299,085
Change in actuarial assumptions	(561,987)	-
	$ (215,275)	$ 299,085

Other changes in unrestricted assets and benefit obligation recognized in unrestricted net assets for the year ended June 30, 2009 and 2008 are as follows:

	2009	2008
Amortization of net gain	$ 47,627	$ 36,384
Change in actuarial assumptions	(561,987)	-
	$ (514,360)	$ 36,384

The weighted assumptions used as of and for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Discount rate	6.25%	6.25%
Rate of compensation increase	5.00%	5.00%

The projected benefit payments are as follows for the years ended June 30:

Year Ending June 30,	
2010	$ 92,800
2011	106,400
2012	111,300
2013	119,400
2014	128,900
2015-2019	768,800

NOTE 11 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30, 2009 and 2008:

	2009	2008
Various community programs	$ 3,282,044	$ 3,645,095
Time restricted	3,683,298	3,983,949
	$ 6,965,342	$ 7,629,044

Permanently restricted net assets of $2,633,646 and $2,747,996 as of June 30, 2009 and 2008, respectively, are primarily for the Carp Endowment, Human Care Endowment and the Campaign Income Endowment with donor stipulations that they be invested in perpetuity to provide a permanent source of income. The income from these funds is primarily unrestricted.

Permanently restricted net assets also include a perpetual trust established and funded by a donor which is administered by a financial institution (See Note 8).

NOTE 11 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (Continued)

U. S. GAAP provides guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is not yet subject to Uniform Prudent Management of Funds Act ("UPMIFA"). The guidance also improves disclosure about United Way's endowment funds, whether or not United Way is subject to UPMIFA.

The Board of Directors of United Way have interpreted New York State nonprofit law as requiring the preservation of the historical dollar value of the original donor restricted endowment gift as of the gift date, absent of explicit donor stipulations to the contrary and the Board designated funds. See Note 2B for how United Way maintains its net assets.

Changes in endowment net assets for year ended June 30, 2009:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 70,775	$ 2,747,996	$ 2,818,771
Additions – interest income	-	11	11
Investment activity:			
Interest and dividends	77,623	-	77,623
Unrealized loss on investments	(443,407)	(114,361)	(557,768)
Total investment activity	(365,784)	(114,361)	(480,145)
Amount appropriated to operations	(77,623)	-	(77,623)
Endowment net assets, end of year	$ (372,632)	$ 2,633,646	$ 2,261,014

Changes in endowment net assets for year ended June 30, 2008:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 323,595	$ 2,814,102	$ 3,137,697
Additions – interest income	-	25	25
Investment activity:			
Interest and dividends	77,623	-	77,623
Unrealized gain on investments	(252,820)	(66,131)	(318,951)
Total investment activity	(175,197)	(66,131)	(241,328)
Amount appropriated to operations	(77,623)	-	(77,623)
Endowment net assets, end of year	$ 70,775	$ 2,747,996	$ 2,818,771

Endowment net assets of $2,416,260 and $2,896,394 are included with investments on the statements of financial position for the years ended June 30, 2009 and 2008, respectively.

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 United Way to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets as of June 30, 2009. This deficiency resulted from unfavorable market fluctuations that occurred in the economy as a whole that affected the donor restricted endowment fund where the fair market value of the donor restricted endowment fund was below the amount that is required to be retained permanently by $217,386 as of June 30, 2009. There were no such deficiencies as of June 30, 2008.

NOTE 12 – COMMITMENTS

A. The minimum annual rentals for real property and equipment under noncancelable leases are as follows for the years ended after June 30, 2009:

	Real Property	Equipment	Total
2010	$ 2,126,000	$ 40,000	$ 2,166,000
2011	2,126,000	19,000	2,145,000
2012	2,126,000	-	2,126,000
2013	2,126,000	-	2,126,000
2014	886,000	-	886,000
	$ 9,390,000	$ 59,000	$ 9,449,000

Rent expense amounted to the following for the years ended June 30, 2009 and 2008:

	2009	2008
Real property	$ 2,364,191	$ 2,429,959
Equipment	143,232	161,050

B. United Way has entered into an agreement with SEEDCO (a non profit corporation) to partner in a workforce development program called Earnfair Alliance. Pursuant to this agreement, United Way extended a line of credit to SEEDCO up to $1 million to fund the program. As of June 30, 2009 and 2008, SEEDCO borrowed $974,130 and $294,793, respectively, against this line of credit and is included as part of the government grants/contracts receivable balance in the accompanying financial statements.

NOTE 13 – FAIR VALUE MEASUREMENTS

In determining fair value, United Way utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets and liabilities carried at fair value as of June 30, 2009 are classified in the table as follows:

	Level 1	Level 2	Total
ASSETS CARRIED AT FAIR VALUE			
Cash and cash equivalents:			
Money market funds	$ 2,963,500	$ -	$ 2,963,500
Short-term investments:			
Cash equivalents	1,926,021	-	1,926,021
U.S. Government bonds	-	508,125	508,125
Corporate bonds	-	675,798	675,798
	1,926,021	1,183,923	3,109,944
Long-term investments:			
Municipal bonds	-	1,200,000	1,200,000
U.S. Government bonds	-	1,855,197	1,855,197
Certificate of deposit	-	111,570	111,570
Equities	2,315,455	-	2,315,455
Corporate bonds	-	8,713	8,713
Cash equivalents	335,703	-	335,703
Fixed income	1,848,389	-	1,848,389
	4,499,547	3,175,480	7,675,027
Beneficial interest in perpetual trust:			
Equity	203,567	-	203,567
Cash and short term	52,001	-	52,001
Fixed income	79,381	-	79,381
Mutual funds	19,046	-	19,046
	353,995	-	353,995
Cash surrender value – Insurance Contract	-	573,843	573,843
TOTAL ASSETS AT FAIR VALUE	$ 9,743,063	$ 4,933,246	$ 14,676,309
LIABILITIED CARRIED AT FAIR VALUE			
Accrued Benefits:			
Pension and Postretirement Benefits	$ -	$ (7,119,904)	$ (7,119,904)
TOTAL LIABILITY AT FAIR VALUE	$ -	$ (7,119,904)	$ (7,119,904)

Investments in money market funds and corporate equities are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Investments in corporate obligations and U.S. government bonds and notes are valued using quoted prices in inactive markets (Level 2). Level 2 instruments valuations are obtained from similar assets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

NOTE 14 – COMMUNITY INVESTMENT GRANTS AND AWARDS

Grants and Awards are approved annually by the Board of Directors on the recommendation of the Community Investment Committee from amounts raised in the year to be disbursed in the following year. The awards support the action areas namely; Healthcare, Education and Financial Stability as well as services provided to Strengthen New York City Nonprofits. The amount approved is part of net assets at the end of the year. Accordingly, the expense included in the Statement of Activities for the years ended June 30, 2009 and 2008, relates primarily to awards that were approved by the Board as of June 30, 2008.

NOTE 15 – CONCENTRATION

United Way maintains its cash and cash equivalents in financial institutions located in the New York area. The cash accounts are insured by the FDIC up to $250,000 per financial institution to December 31, 2013. For non-interest bearing accounts, such coverage is unlimited to June 30, 2010 for participating banks. As of June 30, 2009, cash accounts that potentially subject United Way to a concentration of cash risk exceed the FDIC limits by approximately $1,230,000.

NOTE 16 – ADMINISTRATIVE COST RATIO

United Way calculates its Administrative Cost Ratio as total supporting services expenses divided by total public support and revenues plus certain additional funds raised on behalf of others and other funds managed, which is not in conformity with generally accepted accounting principles and which funds are not included in the accompanying financial statements. The following presents the United Way's Administrative Cost Ratio for the years ended June 30, 2009.

	2009	2008
Total revenue and support	$ 52,298,847	$ 68,388,738
Plus:		
Provision for uncollectible receivables	2,836,975	3,563,815
Amounts raised on behalf of others	25,984,871	32,324,362
Emergency Food and Shelter Program and other funds managed by United Way	7,412,065	4,097,587
	$ 88,532,758	$ 108,374,502
Supporting services expenses	$ 13,472,456	$ 15,163,616
Administrative Cost Ratio	15%	14%