UNITED WAY OF NEW YORK CITY

Financial Statements
(Together with Independent Auditors' Report)

Year Ended June 30, 2010
(With Comparative Totals for June 30, 2009)

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, 2010
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)

CONTENTS

	Page
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-18

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, 2010, 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 prior year summarized information has been derived from United Way's 2009 financial statements and, in our report dated March 3, 2010 we 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, 2010, 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
December 21, 2010

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UNITED WAY OF NEW YORK CITY
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2010
(With Comparative Totals as of June 30, 2009)

	2010	2009
ASSETS		
Cash and cash equivalents (Notes 2F and 14)	$ 7,475,623	$ 4,105,824
Investments (Notes 2G, 5 and 12)	7,520,625	10,784,971
Campaign receivables, net (Notes 2D and 3)	14,208,870	15,447,260
Government grants/contracts receivable (Notes 11B)	4,118,714	6,700,067
Private grants and contributions receivable, net (Notes 2H and 6)	1,541,812	4,463,287
Other receivables, net (Note 3)	243,850	718,744
Prepaid expenses and other assets (Note 12)	1,025,697	698,970
Beneficial interest in perpetual trust (Notes 7, 10 and 12)	384,021	353,995
Property and equipment, net (Notes 2I and 4)	1,505,629	1,884,786
TOTAL ASSETS	$ 38,024,841	$ 45,157,904
LIABILITIES		
Accounts payable and accrued expenses	$ 1,677,931	$ 1,640,088
Community investment grants and awards payable (Note 13)	3,391,955	4,072,993
Campaign designations payable (Note 2D)	8,473,225	10,789,915
Government contract awards payable (Note 2O)	4,423,881	6,678,642
Deferred rent liability	1,039,365	1,345,023
Pension and post retirement life insurance liability (Notes 2N, 8, 9 and 12)	8,952,206	7,119,904
TOTAL LIABILITIES	27,958,563	31,646,565
COMMITMENTS (Note 11)		
NET ASSETS (Note 2B)		
Unrestricted	4,643,302	3,912,351
Temporarily restricted (Note 10)	2,759,300	6,965,342
Permanently restricted (Note 10)	2,663,676	2,633,646
TOTAL NET ASSETS	10,066,278	13,511,339
TOTAL LIABILITIES AND NET ASSETS	$ 38,024,841	$ 45,157,904

UNITED WAY OF NEW YORK CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for the Year Ended June 30, 2009)

	Year Ended June 30, 2010				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2010	Comparative Totals 2009
REVENUE AND SUPPORT:					
Campaign					
Local campaign	$ 26,314,549	$ 1,097,422	$ -	$ 27,411,971	$ 28,269,413
Share of regional campaign	16,551,938	-	-	16,551,938	16,411,955
Less: Donor designations	(26,291,682)	-	-	(26,291,682)	(25,984,871)
Less: Provision for uncollectible receivables	(2,538,287)	-	-	(2,538,287)	(2,836,976)
Campaign results, net (Note 3)	14,036,518	1,097,422	-	15,133,940	15,859,521
Government grants/contracts	24,772,759			24,772,759	29,349,561
Special events (net of direct expenses of $639,622) (Note 2E)	1,229,664	125,325	-	1,354,989	1,526,772
Private grants and pooled funds	-	903,197	-	903,197	3,983,032
Designations from other United Ways	716,795	-	-	716,795	583,237
Donated materials and services (Note 2E)	71,640	-	-	71,640	161,387
Campaign administrative fees	1,140,737	-	-	1,140,737	1,056,540
Investment return (Note 5)	449,045	-	4	449,049	(438,032)
Change in value of beneficial interest in perpetual trust	-	-	30,026	30,026	(114,361)
Estates legacies and other	414,012	-	-	414,012	331,190
Net assets released from restrictions for operations (Note 11)	6,331,986	(6,331,986)	-	-	-
TOTAL REVENUE AND SUPPORT	49,163,156	(4,206,042)	30,030	44,987,144	52,298,847
EXPENSES:					
Program Services:					
Community investment grants and awards (Note 13)	3,950,451	-	-	3,950,451	8,646,333
Contract services and other grants	25,410,403	-	-	25,410,403	29,985,444
Community investment services	6,032,600	-	-	6,032,600	6,840,887
Donated materials and services	-	-	-	-	340,780
Total Program Services	35,393,454	-	-	35,393,454	45,813,444
Supporting Services:					
Management and general	6,428,242	-	-	6,428,242	7,240,675
Campaign Marketing and Fundraising	4,755,253	-	-	4,755,253	5,700,718
Total Supporting Services	11,183,495	-	-	11,183,495	12,941,393
TOTAL EXPENSES	46,576,949	-	-	46,576,949	58,754,837
CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES	2,586,207	(4,206,042)	30,030	(1,589,805)	(6,455,990)
Pension related changes other than net periodic pension cost (Notes 8 and 9)	(1,855,256)	-	-	(1,855,256)	(2,752,981)
CHANGE IN TOTAL NET ASSETS	730,951	(4,206,042)	30,030	(3,445,061)	(9,208,971)
Net assets, beginning of year	3,912,351	6,965,342	2,633,646	13,511,339	22,720,310
NET ASSETS - END OF YEAR	$ 4,643,302	$ 2,759,300	$ 2,663,676	$ 10,066,278	$ 13,511,339

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, 2010
(With Comparative Totals for the Year Ended June 30, 2009)

	For the Year Ended June 30, 2010					
		Supporting Services				
	Program Services	Management & General	Campaign Marketing & Fund	Total Supporting Services	Total 2010	Totals 2009
Distributions						
Grants and allocation	$ 29,360,854	$ -	$ -	$ -	$ 29,360,854	$ 38,972,555
Compensation						
Personnel service costs	3,076,331	3,066,012	1,853,808	4,919,820	7,996,151	9,080,085
Payroll taxes and benefits (Notes 8 and 9)	884,941	914,834	503,942	1,418,776	2,303,717	2,684,258
	3,961,272	3,980,846	2,357,750	6,338,596	10,299,868	11,764,343
Services and supplies						
Office maintenance	21,674	33,352	10,888	44,240	65,914	74,135
General supplies	15,045	31,248	12,145	43,393	58,438	84,306
Equipment rentals and expenses	65,015	77,578	23,538	101,116	166,131	145,362
Dues and subscriptions	16,483	26,789	54,757	81,546	98,029	112,808
Professional fees (including $71,640 of in-kind services)	99,934	584,482	225,575	810,057	909,991	1,245,291
EDP rentals and forms	30,465	36,065	37,158	73,223	103,688	174,201
Travel and transportation	16,718	16,180	11,552	27,732	44,450	56,100
Occupancy	1,137,692	874,957	571,539	1,446,496	2,584,188	2,541,948
Telephone	18,328	12,212	8,998	21,210	39,538	55,752
Insurance	63,026	50,963	31,663	82,626	145,652	117,950
	1,484,380	1,743,826	987,813	2,731,639	4,216,019	4,607,853
Promotion and advertising						
General promotion	19,577	21,790	58,219	80,009	99,586	244,686
Meetings	100,480	34,401	23,036	57,437	157,917	279,765
Postage and shipping	20,621	43,630	26,575	70,205	90,826	113,027
Printing and distribution	17,341	22,288	64,282	86,570	103,911	153,757
Campaign events	51,951	74,288	248,946	323,234	375,185	396,355
	209,970	196,397	421,058	617,455	827,425	1,187,590
Other expenses						
Depreciation and amortization	202,587	183,304	92,135	275,439	478,026	521,189
Campaign expenses - Share of expenses paid by United Way Worldwide	-	-	896,497	896,497	896,497	1,120,096
Due to national and state organizations	174,391	323,869	-	323,869	498,260	581,211
	376,978	507,173	988,632	1,495,805	1,872,783	2,222,496
TOTAL EXPENSES	$ 35,393,454	$ 6,428,242	$ 4,755,253	$ 11,183,495	$ 46,576,949	$ 58,754,837

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

UNITED WAY OF NEW YORK CITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals as of June 30, 2009)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (3,445,061)	$ (9,208,971)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	478,026	521,189
Pension related changes other than net periodic pension cost	1,855,256	2,752,981
Change in value of beneficial interest in perpetual trust	(30,026)	114,361
Change in discount on grants and contributions receivable	(78,907)	(85,711)
Provision for uncollectible campaign receivables, net of writeoffs	(504,090)	881,458
Net realized and unrealized (gain)/loss on investments	(231,307)	851,011
Sub-total	(1,956,109)	(4,173,682)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Campaign receivables	1,742,480	3,140,838
Government grants/contracts receivable	2,581,353	3,572,734
Private grants and contributions receivable	3,000,382	(1,163,838)
Other receivables	474,894	331,140
Inventory	-	340,780
Prepaid expenses and other assets	(326,727)	227,463
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	37,843	(787,270)
Community investment grants and awards payable	(681,038)	(2,767,166)
Campaign designations payable	(2,316,690)	(235,208)
Government contract awards payable	(2,254,761)	(3,111,434)
Deferred rent liability	(305,658)	(184,515)
Accrued pension and post retirement liability	(22,954)	(64,947)
Net Cash Used by Operating Activities	(26,985)	(4,875,105)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(5,515,005)	(1,138,095)
Proceeds from sales of investments	9,010,658	2,458,399
Purchases of property and equipment	(98,869)	(133,541)
Net Cash Provided by Investing Activities	3,396,784	1,186,763
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,369,799	(3,688,342)
Cash and cash equivalents - beginning of year	4,105,824	7,794,166
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 7,475,623	$ 4,105,824

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 ("U.S. GAAP").

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 Results and Campaign Designations Payable*** – 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 included in the total campaign amounts raised on the statement of activities and then deducted as amounts raised on behalf of others before arriving at net campaign results. Campaign designations payable in the statement of financial position represent amounts raised through various campaigns that are designated by donors to be paid out to other 501(c)(3) organizations.

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, 2010 and 2009, United Way recorded income and expense for contributed goods and services of $134,490 and $265,547, 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 investments. As of June 30, 2010 and 2009, United Way maintained $3,552,243 and $2,933,819, respectively, 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. 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, 2010 and 2009, 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. 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.

J. ***Functional Allocation of Expenses*** - The costs of providing program and supporting services have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. ***Use of Estimates*** - The preparation of financial statements in conformity with U.S. GAAP 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 unfulfilled pledges, estimated useful lives of fixed assets, functional allocation of expenses and the actuarial assumptions used to calculate pension and other postretirement life insurance benefits. Actual results could differ from those estimates.

M. ***Fair Value Measurements -*** Fair value measurements are 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, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 12.

United Way has adopted Accounting Standards Update No. 2009-12, Fair Value Measurements and Disclosures, "Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)" (Topic 820) ("ASU No. 2009-12"), issued by the Financial Accounting Standards Board ("FASB") in September 2009, for investments that will be redeemed with the investee at net asset value ("NAV") per share.

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

O. ***Government Contract Awards Payable*** – United Way administers a variety of government-funded programs and funders' collaborative. Through these programs, United Way provide grants to community-based organizations in support of specific services such as emergency food and shelter and hunger and nutrition assistance. The government contract awards payable reflect those expenses incurred by the community-based organizations that will be reimbursed by United Way.

P. ***Summarized Comparative Information*** – The 2010 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 2009. As a result, the 2009 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 2009 information should be read in conjunction with the United Way's financial statements for the year ended June 30, 2009, from which the information was derived. Certain line items in the June 30, 2009 financial statements have been reclassified to conform to the June 30, 2010 presentation.

Q. ***Income Taxes*** - Effective July 1, 2009, United Way adopted the provisions of FASB Accounting Standards Codification ("ASC") 740, which provides standards for establishing and classifying any uncertain tax positions. The adoption of ASC 740 did not have an effect on United Way's financial position as of July 1, 2009 or United Way's change in net assets and cash flows for the year ended June 30, 2010. United Way is no longer subject to federal or state and local income tax examinations by tax authorities for years before 2007.

R. ***Subsequent Events*** – Management has evaluated for potential recognition and disclosure, events subsequent to the date of the statements of the financial position through December 21, 2010, the date the financial statements were available to be issued. No events have occurred subsequent to June 30, 2010 through December 21, 2010, that would require adjustment to or disclosure in the accompanying financial statements.

NOTE 3 – CAMPAIGN RESULTS AND RELATIONSHIP WITH UNITED WAY WORLDWIDE ("UWW") OFFICE

United Way's total campaign results include the following:

- Unrestricted and temporarily restricted local campaign pledges
- Share of regional campaign revenue based on a prescribed formula and amounts directly designated to United Way

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 donor designations. Account management is shared among UWW staff and the staff of the United Way where the donors' headquarters resides. In addition, United Way performs marketing services for UWW, which are included in the other receivables on the statement of financial position for the amount due from UWW of approximately $64,000 and $172,000, for the years ended June 30, 2010 and 2009, respectively. As of June 30, 2010 and 2009, management determined an allowance for doubtful accounts of $0 and $10,500, respectively, was necessary for these receivables.

Donor designations includes United Way's share of restricted pledges paid by the regional office for the years ended June 30, 2010 and 2009, of $9,429,507 and $8,040,086, respectively. Also included are local campaign restricted pledges. The provision for unfulfilled pledges related to the regional campaign, as of June 30, 2010 and 2009, amounted to $1,129,297 and $880,655, respectively. The provision for unfulfilled pledges related to the local campaign, as of June 30, 2010 and 2009, amounted to $1,229,040 and $1,981,772, respectively.

United Way collects and processes local and national campaign donations that are sent to other United Ways. Such donations amounted to $2,385,778 and $3,143,452 for the years ended June 30, 2010 and 2009, respectively, and are included in the accompanying statement of activities as local campaign receipts and deducted as donor designations. United Way honors designations made to all qualified organizations.

Campaign receivable consists of the following as of June 30, 2010 and 2009:

	2010	2009
Local campaign	$ 11,817,740	$ 13,242,604
Regional campaign	4,749,467	5,067,083
	16,567,207	18,309,687
Less: allowance for doubtful accounts	(2,358,337)	(2,862,427)
	$ 14,208,870	$ 15,477,260

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2010 and 2009:

	2010	2009	Estimated Useful Lives
Leasehold improvements	$ 4,216,492	$ 4,216,492	5-15 years
Information systems equipment	492,254	550,408	3-5 years
Furniture and fixtures	131,569	131,569	10 years
Office equipment	118,097	134,412	5 years
Total cost	4,958,412	5,032,881	
Less: accumulated depreciation	(3,452,783)	(3,148,095)	
Net book value	$ 1,505,629	$ 1,884,786	

Depreciation and amortization expense amounted to $478,026 and $521,189 for the years ended June 30, 2010 and 2009. For the years ended June 30, 2010 and 2009, United Way wrote off $173,338 and $91,446, respectively, of fully depreciated assets.

NOTE 5 – INVESTMENTS

Investments consist of the following as of June 30, 2010 and 2009:

	2010	2009
Cash and cash equivalents	$ 1,090	$ 1,926,021
Certificates of deposit	113,224	111,570
Fixed income - bonds	4,536,630	4,239,120
Equities	2,869,681	4,508,260
	$ 7,520,625	$ 10,784,971

The components of investment return for the years ended June 30, 2010 and 2009 are as follows:

	2010	2009
Interest and dividends	$ 217,742	$ 412,979
Realized and unrealized gain (loss)	231,307	(851,011)
	$ 449,049	$ (438,032)

Investment advisory fees amounted to $34,895 and $18,566 for the years ended June 30, 2010 and 2009, respectively, included in professional fees in the statement of functional expenses.

NOTE 6 – GRANTS AND 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, 2010 and 2009:

	2010	2009
One year or less	$ 586,255	$ 2,569,880
One year to five years	1,029,243	2,046,000
	1,615,498	4,615,880
Less: present value discount, rates ranging from 1.76% to 4.45%	(73,686)	(152,593)
	$ 1,541,812	$ 4,463,287

NOTE 7 – 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.

NOTE 8 – PENSION PLANS

All employees may participate in a United Way sponsored 403(b) thrift plan ("403(b) Plan") provided an employee enrolls in the 403(b) Plan. 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 $99,323 and $91,362 to the 403(b) Plan for the years ended June 30, 2010 and 2009, respectively.

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, 2010 and 2009, the net periodic cost for the Restoration Plan amounted to $0 and $94,109, respectively. As of June 30, 2010 and 2009, an accrued liability of $0 and $93,281, respectively, is included in the accompanying financial statements for the Restoration Plan. The benefits accrual for the Restoration Plan were frozen effective June 30, 2009 and all benefits accrued were deemed vested and such benefits were distributed to the participants.

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 for any service or employment for any participant after June 30, 2009, however, vesting rights will continue after June 30, 2009.

The funded status of the Pension Plan as of June 30, 2010 and 2009 are as follows:

	2010	2009
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 19,485,016	$ 20,203,291
Service cost	32,430	763,271
Interest cost	1,209,064	1,295,669
Plan amendments	-	(1,330,548)
Actuarial gain	324,218	(519,489)
Expense charges	(43,279)	(28,942)
Assumption changes	2,761,873	-
Benefits paid	(368,341)	(898,236)
Benefit obligation at end of year	23,400,981	19,485,016
Fair value of plan assets	16,561,596	14,761,386
Funded status	$ (6,839,385)	$ (4,723,630)

The change in plan assets for the Pension Plan for the years ended June 30, 2010 and 2009 are as follows:

	2010	2009
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 14,761,386	$ 17,732,768
Actual return of plan assets	1,796,506	(2,668,073)
Employer contributions	415,324	623,869
Benefits paid	(411,620)	(927,178)
Fair value of plan assets at end of year	$ 16,561,596	$ 14,761,386

NOTE 8 – PENSION PLANS (Continued)

The components of net periodic benefit cost for the years ended June 30, 2010 and 2009 are as follows:

	2010	2009
Service cost	$ 32,430	$ 763,271
Interest cost	1,209,064	1,295,669
Expected return on plan assets	(1,220,087)	(1,477,268)
Recognized actuarial loss	357,308	56,683
Net periodic cost	$ 378,715	$ 638,355

The amounts recognized in unrestricted net assets as of June 30, 2010 and 2009 are as follows:

	2010	2009
Actuarial loss	$ 6,855,710	$ 4,703,347

Other changes in unrestricted assets and benefit obligation recognized in unrestricted net assets for the years ended June 30, 2010 and 2009 are as follows:

	2010	2009
Amortization of net loss	$ (2,152,363)	$ (2,238,621)

The weighted assumptions used as of and for the years ended June 30, 2010 and 2009 are as follows:

	2010	2009
Discount rate – Pre-Retirement	5.10%	6.25%
Discount rate – Post-Retirement	5.60%	6.75%
Expected return on plan assets	8.25%	8.25%
Rate of compensation increase	N/A	N/A

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 7.53% - 9.41%. The rate of 8.25% was selected within the range.

Pension Plan assets as of June 30, 2010 and 2009 consists of the following:

	2010	2009
Equity	$ 9,666,393	$ 8,800,773
Fixed Income	3,779,982	2,939,200
Mutual of America General Account	3,048,279	2,943,638
AXA Equitable Guarantee Account	66,942	77,775
	$ 16,561,596	$ 14,761,386

NOTE 8 – PENSION PLANS (Continued)

United Way is expecting to make minimum future contributions into the Pension Plan during the year ending June 30, 2011 in the amount of approximately $400,000. The projected benefit payments are as follows:

Year Ending June 30,	
2011	$ 1,163,000
2012	2,569,000
2013	1,053,000
2014	734,000
2015-2019	6,459,000

NOTE 9 –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 participants 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. Effective January 1, 2010 the life insurance plan benefits ceased for all covered active employees whose retirement date is on or after January 1, 2010.

The funded status of the Life Insurance Plan as of June 30, 2010 and 2009 are as follows

	2010	2009
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 2,302,993	$ 1,637,548
Service cost	32,699	76,491
Interest cost	126,280	107,127
Actuarial (gain)/loss	(147,726)	(47,627)
Benefits paid	(52,044)	(32,533)
Change due to Plan Amendment	(524,081)	-
Change in actuarial assumption	374,700	-
Inclusion of vested participants terminated after age 55	-	561,987
Benefit obligation at end of year	2,112,821	2,302,993
Fair value of plan assets	-	-
Funded status	$ (2,112,821)	$ (2,302,993)

The components of net periodic benefit cost for the years ended June 30, 2010 and 2009 are as follows:

	2010	2009
Service cost	$ 32,699	$ 79,491
Interest cost	126,280	107,127
Net periodic cost	$ 158,979	$ 186,618

The amounts recognized in unrestricted net assets as of June 30, 2010 and 2009 are as follows:

	2010	2009
Amortization of net gain	$ 494,438	$ 346,712
Change in actuarial assumptions	(412,606)	(561,987)
	$ 81,832	$ (215,275)

NOTE 9 –POSTRETIREMENT LIFE INSURANCE PLAN (Continued)

Other changes in unrestricted net assets and benefit obligation recognized in unrestricted net assets for the year ended June 30, 2010 and 2009 are as follows:

	2010	2009
Amortization of net gain	$ 147,726	$ 47,627
Plan amendments	524,081	-
Change in actuarial assumptions	(374,700)	(561,987)
	$ 297,107	$ (514,360)

The weighted assumptions used as of and for the years ended June 30, 2010 and 2009 are as follows:

	2010	2009
Discount rate	5.10%	6.25%
Rate of compensation increase	0.0%	5.00%

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

Year Ending June 30,	
2010	$ 99,700
2011	107,600
2012	114,400
2013	120,900
2014	126,800
2015-2019	697,000

NOTE 10 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30, 2010 and 2009:

	2010	2009
Various community programs	$ 1,303,486	$ 3,282,044
Time and purpose restricted	1,455,814	3,683,298
	$ 2,759,300	$ 6,965,342

Temporarily restricted net assets were released from restrictions by incurring expenses satisfying the restricted purposes or passage of time.

Permanently restricted net assets of $2,663,676 and $2,633,646 as of June 30, 2010 and 2009, 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).

During the year ended June 30, 2009, United Way adopted certain provisions of the FASB Staff Position ("FSP") No. FAS 117-1 ("FSP No. FAS 117-1"), "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for all Endowment Funds," now codified at ASC 958-205.

NOTE 10 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (Continued)

FSP No. FAS 117-1 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"). FSP No. FAS 117-1 also improves disclosure about the organization's endowment funds, whether or not the organization is subject to UPMIFA. UPMIFA had not been enacted in New York State as of June 30, 2010, therefore, United Way has implemented only the disclosure guidance provided for in FSP No. FAS 117-1. New York State enacted a version of UPMIFA in September 2010, effective after September 30, 2010.

The Board of Directors of United Way has 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. See Note 2B for how United Way maintains its net assets.

Changes in endowment net assets for year ended June 30, 2010:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (372,632)	$ 2,279,651	$ 1,907,019
Additions – interest income	-	4	4
Investment activity:			
Interest and dividends	61,959	-	61,959
Unrealized and realized gain on investments	164,394	-	164,394
Total investment activity	226,353	4	226,357
Amount appropriated to operations	(61,959)	-	(61,959)
Endowment net assets, end of year	$ (208,238)	$ 2,279,655	$ 2,071,417

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

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 70,775	$ 2,279,640	$ 2,350,415
Additions – interest income	-	11	11
Investment activity:			
Interest and dividends	77,623	-	77,623
Unrealized and realized loss on investments	(443,407)	-	(443,407)
Total investment activity	(365,784)	11	(365,773)
Amount appropriated to operations	(77,623)	-	(77,623)
Endowment net assets, end of year	$ (372,632)	$ 2,279,651	$ 1,907,019

Endowment net assets of $2,279,655 and $2,279,651 are included with investments on the statements of financial position as of ended June 30, 2010 and 2009, 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, 2010 and 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 $208,238 and $372,632 as of June 30, 2010 and 2009, respectively.

NOTE 11 – COMMITMENTS

A. The minimum annual rentals for real property and equipment under noncancelable leases are as follows for the years ended after June 30, 2010:

	Real Property	Equipment	Total
2011	$ 2,126,020	$ 41,748	$ 2,167,768
2012	2,126,020	11,172	2,137,192
2013	2,126,020	11,172	2,137,192
2014	885,842	11,172	897,014
2015	-	11,172	11,172
	$ 7,263,902	$ 86,436	$ 7,350,338

Rent expense amounted to the following for the years ended June 30, 2010 and 2009:

	2010	2009
Real property	$ 2,422,544	$ 2,364,191
Equipment	166,130	143,232

B. Pursuant to an earlier agreement with SEEDCO (a non profit corporation) United Way extended a line of credit to SEEDCO up to $1 million to fund the EarnFair Alliance/Back to Work program. As of June 30, 2010 and 2009, the outstanding balance was $0 and $974,130, respectively, and is included as part of the government grants/contracts receivable balance in the accompanying financial statements.

NOTE 12 – 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 12 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets and liabilities carried at fair value as of June 30, 2010 are classified in the table as follows:

	Level 1	Level 2	Total
ASSETS CARRIED AT FAIR VALUE			
Investments:			
Cash and cash equivalents	$ 1,090	$ -	$ 1,090
Certificates of deposit	-	113,224	113,224
Fixed income - bonds	-	4,536,630	4,536,630
Equities	2,869,681	-	2,869,681
	2,870,771	4,649,854	7,520,625
Cash surrender value – Insurance Contract	-	592,771	592,771
TOTAL ASSETS AT FAIR VALUE	$ 2,870,771	$ 5,242,625	$ 8,113,396

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			
Investments:			
Cash and cash equivalents	$ 1,926,021	$ -	$ 1,926,021
Certificates of deposit	-	111,570	111,570
Fixed income - bonds	-	4,239,120	4,239,120
Equities	4,508,260	-	4,508,260
	6,434,281	4,350,690	10,784,971
Cash surrender value – Insurance Contract	-	573,843	573,843
TOTAL ASSETS AT FAIR VALUE	$ 6,434,281	$ 4,924,533	$ 11,358,814

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. Mutual funds are valued at the net asset value (NAV) of shares held by United Way at year end based upon quoted market prices determined in an active market.

NOTE 13 – COMMUNITY INVESTMENT GRANTS AND AWARDS

The program services budget is approved annually by the Board of Directors on the recommendation of the Program Committee. Awards support the impact areas namely; Health, Education and Income as well as services provided to Strengthen New York City Nonprofits.

NOTE 14 – CONCENTRATION

Financial instruments that potentially subject United Way to a concentration of credit risk include cash accounts with various New York financial institutions that exceeded FDIC insurance limits ($250,000) by approximately $5,302,000 and $1,230,000, as of June 30, 2010 and 2009, respectively. FDIC's Transaction Account Guarantee ("TAG") program provides unlimited insurance on non-interest bearing accounts until December 31, 2012. However, as of June 30, 2010, United Way's banking institutions have opted out of the TAG program and thus the insurance for non-interest bearing accounts are limited to $250,000. Subsequent to the year end, United Way opened accounts with a bank participating in the TAG program. Beginning December 31, 2010 through December 31, 2012, deposits held in all non-interest bearing accounts at all FDIC insured institutions will be fully insured, regardless of the amount in the account.

NOTE 15 – 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 are not included in the accompanying financial statements. This calculation is not required by U.S GAAP. The following presents the United Way's Administrative Cost Ratio for the years ended June 30, 2010 and 2009.

	2010	2009
Total revenue and support	$ 44,987,144	$ 52,298,847
Plus:		
Provision for uncollectible receivables	2,538,287	2,836,975
Donor designations	26,291,682	25,984,871
Emergency Food and Shelter Program and other funds managed by United Way	5,193,197	7,412,065
	$ 79,010,310	$ 88,532,758
Supporting services expenses	$ 11,183,495	$ 13,472,456
Administrative Cost Ratio	14%	15%