UNITED WAY OF NEW YORK CITY

Financial Statements
(Together with Independent Auditors' Report)

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

Marks Paneth & Shron LLP
Certified Public Accountants & Consultants
IT ALL ADDS UP.

UNITED WAY OF NEW YORK CITY

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

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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, 2011, 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 2010 financial statements and, in our report dated December 21, 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, 2011, 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, 2011

UNITED WAY OF NEW YORK CITY
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2011
(With Comparative Totals as of June 30, 2010)

	2011	2010
ASSETS		
Cash and cash equivalents (Notes 2F and 14)	$ 9,242,519	$ 7,475,623
Investments (Notes 2G, 5 and 12)	7,289,563	7,520,625
Campaign receivables, net (Notes 2D and 3)	16,769,141	14,208,870
Government grants/contracts receivable (Notes 11B)	4,411,760	4,118,714
Private grants and contributions receivable, net (Notes 2H and 6)	1,049,772	1,541,812
Other receivables, net (Note 3)	150,379	243,850
Prepaid expenses and other assets (Notes 7 and 12)	740,458	1,025,697
Beneficial interest in perpetual trust (Notes 7 and 10)	514,167	384,021
Property and equipment, net (Notes 2I and 4)	1,234,831	1,505,629
TOTAL ASSETS	$ 41,402,590	$ 38,024,841
LIABILITIES		
Accounts payable and accrued expenses	$ 1,855,833	$ 1,677,931
Community investment grants and awards payable (Note 13)	1,780,525	3,391,955
Campaign designations payable (Note 2D)	10,836,369	8,473,225
Government contract awards payable (Note 2O)	5,527,710	4,423,881
Deferred rent liability (Note 11A)	733,706	1,039,365
Pension and post retirement life insurance liability (Notes 2N, 8 and 9)	5,784,205	8,952,206
TOTAL LIABILITIES	26,518,348	27,958,563
COMMITMENTS (Note 11)		
NET ASSETS (Note 2B)		
Unrestricted	10,485,594	4,643,302
Temporarily restricted (Note 10)	1,604,826	2,759,300
Permanently restricted (Note 10)	2,793,822	2,663,676
TOTAL NET ASSETS	14,884,242	10,066,278
TOTAL LIABILITIES AND NET ASSETS	$ 41,402,590	$ 38,024,841

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, 2011
(With Comparative Totals for the Year Ended June 30, 2010)

	Year Ended June 30, 2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2011	Comparative Totals 2010
REVENUE AND SUPPORT:					
Campaign					
Local campaign	$ 32,045,873	$ 542,392	$ -	$ 32,588,265	$ 27,411,971
Share of regional campaign	16,059,023	-	-	16,059,023	16,551,938
Less: Donor designations	(30,258,090)	-	-	(30,258,090)	(26,291,682)
Less: Provision for uncollectible receivables	(2,358,508)	-	-	(2,358,508)	(2,538,287)
Campaign results, net (Note 3)	15,488,298	542,392	-	16,030,690	15,133,940
Government grants/contracts	25,833,421			25,833,421	24,772,759
Special events (net of direct expenses of $578,812) (Note 2E)	2,028,703	-	-	2,028,703	1,354,989
Private grants and pooled funds	-	1,738,875	-	1,738,875	903,197
Designations from other United Ways	257,401	-	-	257,401	716,795
Donated services (Note 2E)	126,636	-	-	126,636	71,640
Campaign administrative fees	1,102,907	-	-	1,102,907	1,140,737
Investment return (Note 5)	841,096	-	-	841,096	449,049
Change in value of beneficial interest in perpetual trust (Note 7)	-	-	130,146	130,146	30,026
Estates legacies and other	656,551	-	-	656,551	414,012
Net assets released from restrictions (Note 10)	3,435,741	(3,435,741)	-	-	-
TOTAL REVENUE AND SUPPORT	49,770,754	(1,154,474)	130,146	48,746,426	44,987,144
EXPENSES:					
Program Services:					
Community investment grants and awards (Note 13)	3,618,995	-	-	3,618,995	3,950,451
Contract services and other grants	25,408,525	-	-	25,408,525	25,410,403
Community investment services	6,136,573	-	-	6,136,573	6,032,600
Total Program Services	35,164,093	-	-	35,164,093	35,393,454
Supporting Services:					
Management and general	7,010,642	-	-	7,010,642	6,428,242
Fundraising	5,036,675	-	-	5,036,675	4,755,253
Total Supporting Services	12,047,317	-	-	12,047,317	11,183,495
TOTAL EXPENSES	47,211,410	-	-	47,211,410	46,576,949
CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES	2,559,344	(1,154,474)	130,146	1,535,016	(1,589,805)
Pension and post retirement plan related changes other than net periodic pension cost (Notes 8 and 9)	3,282,948	-	-	3,282,948	(1,855,256)
CHANGE IN TOTAL NET ASSETS	5,842,292	(1,154,474)	130,146	4,817,964	(3,445,061)
Net assets, beginning of year	4,643,302	2,759,300	2,663,676	10,066,278	13,511,339
NET ASSETS - END OF YEAR	$ 10,485,594	$ 1,604,826	$ 2,793,822	$ 14,884,242	$ 10,066,278

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, 2011
(With Comparative Totals for the Year Ended June 30, 2010)

	For the Year Ended June 30, 2011					
		Supporting Services				
	Program Services	Management & General	Fundraising	Total Supporting Services	Total 2011	Totals 2010
Distributions						
Grants and allocation	$ 29,027,521	$ -	$ -	$ -	$ 29,027,521	$ 29,360,854
Compensation						
Personnel service costs	2,920,065	3,287,400	1,870,294	5,157,694	8,077,759	7,996,151
Payroll taxes and benefits (Notes 8 and 9)	895,174	923,600	520,286	1,443,886	2,339,060	2,303,717
	3,815,239	4,211,000	2,390,580	6,601,580	10,416,819	10,299,868
Services and supplies						
Office maintenance	21,499	33,493	11,611	45,104	66,603	65,914
General supplies	10,192	29,111	8,540	37,651	47,843	58,438
Equipment rentals and expenses	22,126	78,797	16,594	95,391	117,517	166,131
Dues and subscriptions	18,588	38,288	52,050	90,338	108,926	98,029
Professional fees (Note 2E)	176,538	726,482	199,706	926,188	1,102,726	909,991
EDP rentals and forms	41,613	49,956	54,324	104,280	145,893	103,688
Travel and transportation	17,089	18,893	9,560	28,453	45,542	44,450
Occupancy	1,109,954	845,979	616,119	1,462,098	2,572,052	2,584,188
Telephone	13,867	10,433	6,122	16,555	30,422	39,538
Insurance	81,539	67,058	22,191	89,249	170,788	145,652
	1,513,005	1,898,490	996,817	2,895,307	4,408,312	4,216,019
Promotion and advertising						
General promotion	16,804	18,464	48,215	66,679	83,483	99,586
Meetings	222,862	41,346	17,310	58,656	281,518	157,917
Postage and shipping	14,212	48,488	24,388	72,876	87,088	90,826
Printing and distribution	15,723	22,202	57,899	80,101	95,824	103,911
Campaign events	82,399	116,534	387,386	503,920	586,319	375,185
	352,000	247,034	535,198	782,232	1,134,232	827,425
Other expenses						
Depreciation and amortization	197,399	173,246	91,812	265,058	462,457	478,026
Campaign expenses - Share of expenses paid by United Way Worldwide	-	-	1,022,268	1,022,268	1,022,268	896,497
Due to national and state organizations	258,929	480,872	-	480,872	739,801	498,260
	456,328	654,118	1,114,080	1,768,198	2,224,526	1,872,783
TOTAL EXPENSES	$ 35,164,093	$ 7,010,642	$ 5,036,675	$ 12,047,317	$ 47,211,410	$ 46,576,949

UNITED WAY OF NEW YORK CITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals as of June 30, 2010)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 4,817,964	$ (3,445,061)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	462,457	478,026
Pension related changes other than net periodic pension cost	(3,282,948)	1,855,256
Change in value of beneficial interest in perpetual trust	(130,146)	(30,026)
Change in discount on grants and contributions receivable	(43,851)	(78,907)
Provision for uncollectible campaign receivables, net of writeoffs	74,057	(504,090)
Loss on disposal of property and equipment	22,030	-
Net realized and unrealized gain on investments	(707,543)	(231,307)
Sub-total	1,212,020	(1,956,109)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Campaign receivables	(2,634,328)	1,742,480
Government grants/contracts receivable	(293,046)	2,581,353
Private grants and contributions receivable	535,891	3,000,382
Other receivables	93,471	474,894
Prepaid expenses and other assets	285,239	(326,727)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	177,902	37,843
Community investment grants and awards payable	(1,611,430)	(681,038)
Campaign designations payable	2,363,144	(2,316,690)
Government contract awards payable	1,103,829	(2,254,761)
Deferred rent liability	(305,659)	(305,658)
Accrued pension and post retirement liability	114,947	(22,954)
Net Cash Provided (Used) by Operating Activities	1,041,980	(26,985)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(11,066,307)	(5,515,005)
Proceeds from sales of investments	12,004,912	9,010,658
Purchases of property and equipment	(213,689)	(98,869)
Net Cash Provided by Investing Activities	724,916	3,396,784
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,766,896	3,369,799
Cash and cash equivalents - beginning of year	7,475,623	4,105,824
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 9,242,519	$ 7,475,623

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. In addition, earnings endowment assets are classified as temporarily restricted until appropriated for operations by the Board of Directors. When a stipulated time restriction ends or purpose restriction is accomplished or endowment earnings are appropriated for operations, 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.
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the current use of the investment income and unappropriated earnings from endowment funds.
- 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 unfulfilled 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 designations payable 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, 2011 and 2010, United Way recorded income and expense for contributed goods and services of $225,784 and $134,490, respectively. Such contributed goods and services are reflected in the financial statements as follows:

	2011	2010
Special event direct expenses	$ 99,148	$ 62,850
Professional fees	126,636	71,640
	$ 225,784	$ 134,490

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, 2011 and 2010, United Way maintained $4,467,778 and $3,552,243, 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 the date of the 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. ***Contributions 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-adjusted 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, 2011 and 2010, 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.

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 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.

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.

   During the year ended June 30, 2011, United Way adopted the applicable provisions of Accounting Standards Update 2010-6 ("ASU 2010-6"), "Fair Value Measurement" (Topic 820), and "Improving Disclosure about Fair Value Measurements." ASU 2010-6 modified existing disclosures to require disclosures by asset or liability class when providing fair value measurement disclosures, as disclosed in Note 12.

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 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 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 provides 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 2011 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 2010 and the statement of functional expenses does not reflect program and supporting services for the year ended June 30, 2010. As a result, the 2010 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 2010 information should be read in conjunction with the United Way's financial statements for the year ended June 30, 2010, from which the information was derived.

Q. ***Income Taxes*** – United Way follows the provisions of FASB ASC 740, "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions. United Way is no longer subject to federal or state and local income tax examinations by tax authorities for years before 2008.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. ***Subsequent Events*** –Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through December 21, 2011, the date the financial statements were available to be issued. No events have occurred subsequent to June 30, 2011 through December 21, 2011 that would require adjustment to or disclosure in these 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 $54,000 and $64,000, as of June 30, 2011 and 2010, respectively. As of June 30, 2011 and 2010, management determined no allowance for doubtful accounts 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, 2011 and 2010, of $7,801,057 and $9,429,507, respectively. Also included are local campaign restricted pledges. The provision for unfulfilled pledges related to the regional campaign, as of June 30, 2011 and 2010, amounted to $1,110,306 and $1,129,297, respectively. The provision for unfulfilled pledges related to the local campaign, as of June 30, 2011 and 2010, amounted to $2,020,629 and $1,229,040, respectively.

United Way collects and processes local and national campaign donations that are sent to other United Ways. Such donations amounted to $2,349,570 and $2,385,778 for the years ended June 30, 2011 and 2010, 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, 2011 and 2010:

	2011	2010
Local campaign	$ 13,649,545	$ 11,817,740
Regional campaign	5,551,990	4,749,467
	19,201,535	16,567,207
Less: allowance for doubtful accounts	(2,432,394)	(2,358,337)
	$ 16,769,141	$ 14,208,870

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2011 and 2010:

	2011	2010	Estimated Useful Lives
Leasehold improvements	$ 4,333,514	$ 4,216,492	5-15 years
Information systems equipment	531,463	492,254	3-5 years
Furniture and fixtures	98,010	131,569	10 years
Office equipment	46,460	118,097	5 years
Total cost	5,009,447	4,958,412	
Less: accumulated depreciation	(3,774,616)	(3,452,783)	
Net book value	$ 1,234,831	$ 1,505,629	

Depreciation and amortization expense amounted to $462,457 and $478,026 for the years ended June 30, 2011 and 2010. For the years ended June 30, 2011 and 2010, United Way wrote off $127,757 and $173,338, respectively, of fully depreciated assets. In addition, United Way wrote off $34,897 of fixed assets that were no longer used resulting in a loss on disposal of $22,030.

NOTE 5 – INVESTMENTS

Investments consist of the following as of June 30, 2011 and 2010:

	2011	2010
Cash and cash equivalents	$ 3,743,144	$ 1,090
Certificates of deposit	115,471	113,224
Fixed income – corporate bonds	1,409,161	4,536,630
Equities	1,052,647	2,869,681
Mutual Funds	969,140	-
	$ 7,289,563	$ 7,520,625

The components of investment return for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Interest and dividends	$ 133,553	$ 217,742
Realized and unrealized gain	707,543	231,307
	$ 841,096	$ 449,049

Investment advisory fees amounting to $28,414 and $34,895 for the years ended June 30, 2011 and 2010, respectively, are included in professional fees in the statement of functional expenses.

During 2011, United Way opened a margin account with an investment firm that allows United Way to borrow up to 50% of the value of the investments held in this account. The value of the investments held in the margin account as of June 30, 2011 was $2,758,767. All outstanding balances would bear an annual interest rate ranging from 0.57% to 3.75% based on the amount borrowed. As of June 30, 2011 there were no borrowings.

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, 2011 and 2010:

	2011	2010
One year or less	$ 819,607	$ 586,255
One year to five years	260,000	1,029,243
	1,079,607	1,615,498
Less: present value discount, rates ranging from 1.01% to 1.04%	(29,835)	(73,686)
	$ 1,049,772	$ 1,541,812

NOTE 7 – PREPAID EXPENSES AND OTHER ASSETS AND BENEFICIAL INTEREST IN PERPETUAL TRUST

United Way is the beneficiary of an insurance contract from a donor with a face amount of $800,000. As of June 30, 2011 and 2010, the cash surrender value of the insurance contract amounted to $626,958 and $592,771, respectively, and is included under prepaid expenses and other assets in the statement of financial position.

United Way is one of the six 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. The change in value of beneficial interest in perpetual trust amounted to $130,146 and $30,026 for the years ended June 30, 2011 and 2010, respectively and is included in the statement of activities.

NOTE 8 – PENSION PLANS

All employees may participate in a United Way sponsored 403(b) thrift plan ("403(b) Plan") provided the 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 $101,282 and $99,323 to the 403(b) Plan for the years ended June 30, 2011 and 2010, respectively.

Effective September 1, 2011, United Way increased the employer base and employer matching contributions to the 403(b) Plan. The new employer base contribution will range from 3% to 6% based on the years of employment at United Way. The employer matching contribution was increased up to a match of 2% of salary.

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.

NOTE 8 – PENSION PLANS (Continued)

The funded status of the Pension Plan as of June 30, 2011 and 2010 follows:

	2011	2010
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 23,400,981	$ 19,485,016
Service cost	16,917	32,430
Interest cost	1,184,755	1,209,064
Actuarial (loss) gain	(483,052)	324,218
Expense charges (credits)	8,570	(43,279)
Assumption changes	(168,179)	2,761,873
Benefits paid	(1,123,805)	(368,341)
Benefit obligation at end of year	22,836,187	23,400,981
Fair value of plan assets	19,162,592	16,561,596
Funded status	$ (3,673,595)	$ (6,839,385)

The change in plan assets for the Pension Plan for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 16,561,596	$ 14,761,386
Actual return of plan assets	3,308,548	1,796,506
Employer contributions	407,683	415,324
Benefits paid (net of expense charges/credits)	(1,115,235)	(411,620)
Fair value of plan assets at end of year	$ 19,162,592	$ 16,561,596

The components of net periodic benefit cost for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Service cost	$ 16,917	$ 32,430
Interest cost	1,184,755	1,209,064
Expected return on plan assets	(1,326,924)	(1,220,087)
Recognized actuarial loss	598,094	357,308
Net periodic cost	$ 472,842	$ 378,715

The amounts recognized in unrestricted net assets as of June 30, 2011 and 2010 are as follows:

	2011	2010
Actuarial loss	$ 3,624,761	$ 6,855,710

Other changes in unrestricted assets and benefit obligation recognized in unrestricted net assets for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Amortization of net gain (loss)	$ 3,230,949	$ (2,152,363)

NOTE 8 – PENSION PLANS (Continued)

The weighted assumptions used as of and for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Discount rate – Pre-Retirement	5.35%	5.10%
Discount rate – Post-Retirement	5.60%	5.60%
Expected return on plan assets	8.0%	8.25%
Rate of compensation increase	N/A	N/A

The expected long-term rate of return on Pension Plan assets assumption of 8.0% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 - Selection of Economic Assumptions for Measuring Pension Obligations. Based on United Way's investment policy for the Pension Plan in effect as of the beginning of 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 of 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 7.48% - 9.39%. The rate of 8.0% was selected within the range.

Pension Plan assets as of June 30, 2011 and 2010 consists of the following:

	2011	2010
AXA Equitable Life Insurance Company		
Guarantee Account	$ 53,787	$ 66,942
Mutual of America General Account	3,022,806	3,048,279
Mutual of America Pooled Separate Account:		
Fixed Income Funds	4,556,472	3,779,982
Equity Funds	11,529,527	9,666,393
	$ 19,162,592	$ 16,561,596

As of June 30, 2011 and 2010, all pension plan assets are carried at fair value and are classified under Level 2 of the fair value hierarchy. See Note 12 for definitions of the fair value hierarchy. United Way is expecting to make minimum future contributions into the Pension Plan during the year ending June 30, 2012 in the amount of approximately $400,000.

The projected benefit payments are as follows:

Year Ending June 30,	
2011	$ 4,315,000
2012	2,053,000
2013	1,162,000
2014	703,000
2015	1,042,000
2016-2020	5,486,000

NOTE 9 –POSTRETIREMENT LIFE INSURANCE PLAN

United Way offered a Post Retirement Life Insurance Plan ("Life Insurance Plan") for retired employees. Substantially all of United Way's employees may have become eligible for those benefits if they reach normal retirement age while working for United Way. 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.

NOTE 9 –POSTRETIREMENT LIFE INSURANCE PLAN (Continued)

The funded status of the Life Insurance Plan as of June 30, 2011 and 2010 are as follows

	2011	2010
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 2,112,821	$ 2,302,993
Service cost	-	32,699
Interest cost	107,754	126,280
Actuarial (gain)/loss	15,175	(147,726)
Benefits paid	(57,966)	(52,044)
Change due to Plan Amendment	-	(524,081)
Change in actuarial assumption	(67,174)	374,700
Benefit obligation at end of year	2,110,610	2,112,821
Fair value of plan assets	-	-
Funded status	$ (2,110,610)	$ (2,112,821)

The components of net periodic benefit cost for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Service cost	$ -	$ 32,699
Interest cost	107,754	126,280
Net periodic cost	$ 107,754	$ 158,979

The amounts recognized in unrestricted net assets as of June 30, 2011 and 2010 are as follows:

	2011	2010
Actuarial gain	$ 133,831	$ 81,832

Other changes in unrestricted net assets and benefit obligation recognized in unrestricted net assets for the year ended June 30, 2011 and 2010 are as follows:

	2011	2010
Amortization of actuarial gain	$ 51,999	$ 147,726
Change in actuarial assumptions	-	149,381
	$ 51,999	$ 297,107

The weighted assumptions used as of and for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Discount rate	5.35%	5.10%
Rate of compensation increase	N/A	N/A

NOTE 9 –POSTRETIREMENT LIFE INSURANCE PLAN (Continued)

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

Year Ending June 30,		
2011	$	108,300
2012		115,400
2013		122,500
2014		128,900
2015		134,700
2016-2020		730,200

NOTE 10 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30, 2011 and 2010:

	2011	2010
Various community programs	$ 886,254	$ 1,303,486
Time and purpose restricted	718,572	1,455,814
	$ 1,604,826	$ 2,759,300

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

Permanently restricted net assets of $2,793,822 and $2,663,676 as of June 30, 2011 and 2010, 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 classified as temporarily restricted until appropriated for operations.

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).

United Way recognizes that New York State adopted as law the New York Prudent Management of Institutional Funds Act ("NYPMIFA") on September 17, 2010. NYPMIFA replaces the prior law which was the Uniform Management of Institutional Funds Act ("UMIFA"). In addition United Way recognizes that NYPMIFA permits that the Board of Trustees appropriate for expenditure all earnings of endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling five-year average of the endowment's market value.

The investment policy at United Way is intended to provide a strong base to support the operations and mission of United Way. The two major investment objectives for the total portfolio are preservation of purchasing power and growth of capital. In line with these objectives United Way wishes to ensure the preservation and growth of principal in a reasonable and prudent manner. The goal for equity and fixed income investments is to have a total return that exceeds an appropriate market index rate of return, net of costs and fees over a three to five year period. Total return is defined as dividend or interest income plus realized and unrealized capital appreciation or depreciation at fair market value.

According to United Way's spending policy, earnings on permanently restricted net assets will follow the terms of the permanent restrictions. Spending of all other long term investment assets will be limited to 5% of the average portfolio balance for the previous 36 months. The calculation will be made at the beginning of each fiscal year in order to determine the amount available to spend during that year. Any spending beyond the 5% will require prior Board approval.

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

In accordance with NYPMIFA, any unappropriated earnings on endowment funds that would otherwise be considered unrestricted by the donor should be reflected as temporarily restricted until appropriated by Board of Directors. As of June 30, 2011, all earnings on endowment funds are considered appropriated by the Board through its budgetary approval process.

Changes in endowment net assets for year ended June 30, 2011:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (208,238)	$ 2,279,655	$ 2,071,417
Investment activity:			
Interest and dividends	50,339	-	50,339
Unrealized and realized gain on investments	266,046	-	266,046
Total investment activity	316,385	-	316,385
Amount appropriated to operations	(108,147)	-	(108,147)
Endowment net assets, end of year	$ -	$ 2,279,655	$ 2,279,655

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

Endowment net assets of $2,279,655 and $2,071,417 are included with investments on the statements of financial position as of June 30, 2011 and 2010, 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. 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 $0 and $208,238 as of June 30, 2011 and 2010, 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, 2011:

	Real Property	Equipment	Total
2012	$ 2,126,000	$ 54,000	$ 2,180,000
2013	2,126,000	35,000	2,161,000
2014	886,000	35,000	921,000
2015	-	11,000	11,000
	$ 5,138,000	$ 135,000	$ 5,273,000

Rent expense for each year is based on the total lease commitment recognized over the life of the lease on a straight line basis. As of June 30, 2011 and 2010, deferred rent liability of $733,706 and $1,039,365 is included in the statement of financial position, under the straight-lining method of accounting. Rent expense amounted to the following for the years ended June 30, 2011 and 2010:

	2011	2010
Real property	$ 2,418,780	$ 2,422,544
Equipment	114,918	166,130

B. Pursuant to agreement with Structured Employment Development Corporation ("SEEDCO") and Non-Profit Assistance Corporation ("N-PAC") United Way extended an interest free line of credit to N-PAC (a wholly-owned subsidiary of SEEDCO) up to $1 million to fund the Back to Work program. SEEDCO is the guarantor for the line of credit. As of June 30, 2011 and 2010, the outstanding balance was $621,917 and $0, 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.

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 12 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value as of June 30, 2011 are classified in the table as follows:

	Level 1	Level 2	Total
Cash and cash equivalents	$ 3,743,144	$ -	$ 3,743,144
Certificates of deposit	-	115,471	115,471
Fixed income – corporate bonds	-	1,409,161	1,409,161
Equities			
US Equity Strategic Growth	348,815	-	348,815
US Equity Strategic Value	233,683	-	233,683
US Equities and Other	470,149	-	470,149
Mutual Funds			
International Equity and Other	79,322	-	79,322
US Equity	137,460	-	137,460
Short-term duration	752,358	-	752,358
	5,764,931	1,524,632	7,289,563
Cash surrender value – Insurance Contract	-	626,958	626,958
TOTAL ASSETS AT FAIR VALUE	$ 5,764,931	$ 2,151,590	$ 7,916,521

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

	Level 1	Level 2	Total
Cash and cash equivalents	$ 1,090	$ -	$ 1,090
Certificates of deposit	-	113,224	113,224
Fixed income – corporate bonds	-	4,536,630	4,536,630
Equities			
US Equities and Other	619,455	-	619,455
Large Cap	1,753,511	-	1,753,511
Mid Cap	271,652	-	271,652
Small Cap	225,063	-	225,063
	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

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. Grants and awards are accrued as commitments are made in accordance with the approved budget.

NOTE 14 – CONCENTRATION

Cash and cash equivalents that potentially subject United Way to a concentration of credit risk include cash accounts with various financial institutions that exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limits by approximately $3,937,000 and $5,302,000 as of June 30, 2011 and 2010, respectively. In 2010, the FDIC insurance limit was permanently increased to $250,000 and, beginning December 31, 2010 through December 31, 2012, deposits held in non-interest bearing accounts are fully insured, regardless of the amount in the account, at all FDIC-insured institutions. In addition, included in investments, United Way has cash and cash equivalents that were not insured by FDIC amounted to approximately $3,493,000 million and $0 as of June 30, 2011 and 2010, respectively.