

UNITED WAY OF NEW YORK CITY



**United Way
of New York City**

Financial Statements
(Together with Independent Auditors' Report)

Years Ended June 30, 2015 and 2014

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

UNITED WAY OF NEW YORK CITY
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
YEARS ENDED JUNE 30, 2015 AND 2014

CONTENTS

Page

Independent Auditors' Report	1
------------------------------------	---

Financial Statements:

Statements of Financial Position	2
Statements of Activities	3-4
Statements of Functional Expenses.....	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-22

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of New York City

We have audited the accompanying financial statements of United Way of New York City ("UWNYC") which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UWNYC as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
December 17, 2015



UNITED WAY OF NEW YORK CITY
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 2D and 14)	\$ 1,388,324	\$ 3,785,469
Investments (Notes 2E, 2F, 3 and 4)	7,926,970	9,811,482
Campaign receivables, net (Notes 2G, 2I and 5)	5,243,610	4,058,796
Government grants/contracts receivable (Note 2I)	6,921,196	5,042,162
Private grants and contributions receivable, net (Notes 2H, 2I and 6)	160,826	259,911
Other receivables (Note 2I)	280,662	296,769
Prepaid expenses and other assets (Note 7)	939,127	1,145,101
Total Current Assets	<u>22,860,715</u>	<u>24,399,690</u>
Non-Current Assets		
Endowment investments (Notes 2E, 2F, 3, 4 and 12)	2,824,245	2,729,655
Private grants and contributions receivable, net (Notes 2H, 2I and 6)	885,000	120,000
Capital lease asset and improvements (Note 8)	9,417,357	9,815,212
Property and equipment, net (Notes 2J and 9)	184,946	159,010
Beneficial interest in perpetual trust (Note 12)	501,759	526,759
Total Non-Current Assets	<u>13,813,307</u>	<u>13,350,636</u>
TOTAL ASSETS	<u>\$ 36,674,022</u>	<u>\$ 37,750,326</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses (Note 7)	\$ 1,451,429	\$ 2,634,098
Community investment grants and awards payable (Note 2K)	696,730	675,653
Campaign donor designations payable (Notes 2G and 5)	993,873	1,519,400
Government contract awards payable (Note 2L)	5,032,808	4,225,558
Deferred rent liability (Notes 2M and 13B)	28,069	28,069
Capital lease obligations (Note 8)	171,706	161,731
Capital lease improvements loan payable (Note 8)	34,847	32,823
Total Current Liabilities	<u>8,409,462</u>	<u>9,277,332</u>
Non-Current Liabilities		
Deferred rent liability (Notes 2M and 13B)	730,687	947,215
Unfunded pension liability (Notes 2N and 10)	1,920,740	1,830,429
Post retirement life insurance liability (Notes 2N and 11)	2,547,149	2,525,112
Capital lease obligations (Note 8)	7,956,754	7,889,571
Capital lease improvements loan payable (Note 8)	2,359,335	2,408,977
Total Non-Current Liabilities	<u>15,514,665</u>	<u>15,601,304</u>
TOTAL LIABILITIES	<u>23,924,127</u>	<u>24,878,636</u>
COMMITMENTS AND CONTINGENCIES (Note 13)		
NET ASSETS (Note 2B)		
Unrestricted	5,545,457	6,363,375
Temporarily restricted (Note 12)	3,878,434	3,251,901
Permanently restricted (Note 12)	3,326,004	3,256,414
TOTAL NET ASSETS	<u>12,749,895</u>	<u>12,871,690</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 36,674,022</u>	<u>\$ 37,750,326</u>

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, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Year Ended June 30, 2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Comparative Total 2014
OPERATING REVENUE AND SUPPORT:					
Campaigns	\$ 30,010,266	\$ 290,034	\$ -	\$ 30,300,300	\$ 30,830,206
Hurricane Sandy Recovery Fund	-	131,726	-	131,726	555,417
Less: Donor designations	(17,080,454)	-	-	(17,080,454)	(18,457,795)
Less: Provision for uncollectible receivables	(827,635)	-	-	(827,635)	(850,986)
Campaign results, net (Note 5)	12,102,177	421,760	-	12,523,937	12,076,842
Special events revenue	2,478,598	291,994	-	2,770,592	2,000,802
Less: direct expenses	(469,229)	-	-	(469,229)	(453,201)
Special events, net (Note 2O)	2,009,369	291,994	-	2,301,363	1,547,601
Government grants/contracts	19,682,475	-	-	19,682,475	22,058,325
Private grants and foundation giving	-	2,076,078	-	2,076,078	2,185,122
Fiscally sponsored funds	-	1,655,000	-	1,655,000	265,000
Designations from other United Ways	62,305	-	-	62,305	218,315
In-kind contributions (Note 2O)	170,868	-	-	170,868	191,904
Campaign administrative fees	485,483	-	-	485,483	131,921
Investment return used for operations (Note 3)	343,400	120,176	-	463,576	690,116
Other income	146,774	-	-	146,774	324,155
Net assets released from restrictions (Note 12)	3,870,474	(3,870,474)	-	-	-
TOTAL OPERATING REVENUE AND SUPPORT	38,873,325	694,534	-	39,567,859	39,689,301
OPERATING EXPENSES:					
Program Services:					
Community investment grants and awards and Hurricane Sandy Recovery Fund (Note 2K)	3,028,825	-	-	3,028,825	3,437,689
Contract services and other grants	19,459,175	-	-	19,459,175	22,045,301
Community investment services	4,987,829	-	-	4,987,829	4,711,041
Total Program Services	27,475,829	-	-	27,475,829	30,194,031
Supporting Services:					
Management and general	7,380,096	-	-	7,380,096	7,094,152
Fundraising	3,472,211	-	-	3,472,211	2,937,441
Total Supporting Services	10,852,307	-	-	10,852,307	10,031,593
TOTAL OPERATING EXPENSES	38,328,136	-	-	38,328,136	40,225,624
SURPLUS (DEFICIT) OF OPERATING REVENUE AND SUPPORT OVER OPERATING EXPENSES	545,189	694,534	-	1,239,723	(536,323)
NON-OPERATING ACTIVITIES					
Investment return over (under) amounts appropriated for operations (Note 12)	(230,410)	(68,001)	-	(298,411)	307,165
Endowment contributions	-	-	94,590	94,590	-
Loss on disposal of property and equipment	-	-	-	-	(54,074)
Change in value of beneficial interest in perpetual trust (Note 12)	-	-	(25,000)	(25,000)	33,548
TOTAL NON-OPERATING ACTIVITIES	(230,410)	(68,001)	69,590	(228,821)	286,639
CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES	314,779	626,533	69,590	1,010,902	(249,684)
Pension plan related changes other than net periodic pension cost (Note 10)	(1,186,082)	-	-	(1,186,082)	504,921
Post retirement plan related changes (Note 11)	53,385	-	-	53,385	(143,468)
CHANGE IN TOTAL NET ASSETS	(817,918)	626,533	69,590	(121,795)	111,769
Net assets, beginning of year	6,363,375	3,251,901	3,256,414	12,871,690	12,759,921
NET ASSETS - END OF YEAR	\$ 5,545,457	\$ 3,878,434	\$ 3,326,004	\$ 12,749,895	\$ 12,871,690

**UNITED WAY OF NEW YORK CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING REVENUE AND SUPPORT:				
Campaigns	\$ 30,084,868	\$ 745,338	\$ -	\$ 30,830,206
Hurricane Sandy Recovery Fund	-	555,417	-	555,417
Less: Donor designations	(18,457,795)	-	-	(18,457,795)
Less: Provision for uncollectible receivables	(850,986)	-	-	(850,986)
Campaign results, net (Note 5)	10,776,087	1,300,755	-	12,076,842
Special events revenue	2,051,152	-	-	2,051,152
Less: direct expenses	(453,201)	-	-	(453,201)
Less: Provision for uncollectible receivables	-	-	-	-
Special events, net (Note 2O)	1,597,951	-	-	1,597,951
Government grants/contracts	22,058,325	-	-	22,058,325
Private grants and foundation giving	-	2,185,122	-	2,185,122
Fiscally sponsored funds	-	265,000	-	265,000
Designations from other United Ways	218,315	-	-	218,315
In-kind contributions (Note 2O)	141,554	-	-	141,554
Campaign administrative fees	131,921	-	-	131,921
Investment return used for operations (Note 3)	554,036	136,080	-	690,116
Other income	324,155	-	-	324,155
Net assets released from restrictions (Note 12)	3,577,833	(3,577,833)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	39,380,177	309,124	-	39,689,301
OPERATING EXPENSES:				
Program Services:				
Community investment grants and awards and Hurricane Sandy Recovery Fund (Note 2K)	3,437,689	-	-	3,437,689
Contract services and other grants	22,045,301	-	-	22,045,301
Community investment services	4,711,041	-	-	4,711,041
Total Program Services	30,194,031	-	-	30,194,031
Supporting Services:				
Management and general	7,094,152	-	-	7,094,152
Fundraising	2,937,441	-	-	2,937,441
Total Supporting Services	10,031,593	-	-	10,031,593
TOTAL OPERATING EXPENSES	40,225,624	-	-	40,225,624
(DEFICIT) SURPLUS OF OPERATING REVENUE AND SUPPORT OVER OPERATING EXPENSES	(845,447)	309,124	-	(536,323)
NON-OPERATING ACTIVITIES				
Investment return over (under) amounts appropriated for operations (Note 12)	60,883	246,282	-	307,165
Loss on disposal of property and equipment	(54,074)	-	-	(54,074)
Change in value of beneficial interest in perpetual trust (Note 12)	-	-	33,548	33,548
TOTAL NON-OPERATING ACTIVITIES	6,809	246,282	33,548	286,639
CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES	(838,638)	555,406	33,548	(249,684)
Pension plan related changes other than net periodic pension cost (Note 10)	504,921	-	-	504,921
Post retirement plan related changes (Note 11)	(143,468)	-	-	(143,468)
CHANGE IN TOTAL NET ASSETS	(477,185)	555,406	33,548	111,769
Net assets, beginning of year	6,840,560	2,696,495	3,222,866	12,759,921
NET ASSETS - END OF YEAR	\$ 6,363,375	\$ 3,251,901	\$ 3,256,414	\$ 12,871,690

UNITED WAY OF NEW YORK CITY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Year Ended June 30, 2015					
	Supporting Services					
	Program Services	Management & General	Fundraising	Total Supporting Services	Total 2015	Total 2014
Grants, contracts and awards						
Community investment grants and awards and Hurricane Sandy Recovery Fund	\$ 3,028,825	\$ -	\$ -	\$ -	\$ 3,028,825	\$ 3,432,114
Contract services and other grants	19,459,175	-	-	-	19,459,175	22,045,301
	<u>22,488,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,488,000</u>	<u>25,477,415</u>
Personnel						
Salaries	2,621,037	3,236,621	1,652,650	4,889,271	7,510,308	6,963,267
Payroll taxes and benefits (Notes 10 and 11)	331,344	448,924	203,348	652,272	983,616	1,094,306
	<u>2,952,381</u>	<u>3,685,545</u>	<u>1,855,998</u>	<u>5,541,543</u>	<u>8,493,924</u>	<u>8,057,573</u>
Office, occupancy, and professional fees						
Office maintenance and general supplies	36,403	80,238	23,289	103,527	139,930	187,590
Expensed equipment and rentals	64,128	124,590	62,411	187,001	251,129	226,390
Dues and subscriptions	18,898	32,778	39,630	72,408	91,306	88,846
Travel and transportation	33,170	22,659	18,160	40,819	73,989	46,645
Telephone	11,182	8,155	5,290	13,445	24,627	25,068
Insurance	62,099	67,588	38,395	105,983	168,082	200,280
Occupancy	635,354	691,515	392,827	1,084,342	1,719,696	2,159,229
Professional fees (Note 20)	426,319	1,690,965	349,990	2,040,955	2,467,274	1,412,983
	<u>1,287,553</u>	<u>2,718,488</u>	<u>929,992</u>	<u>3,648,480</u>	<u>4,936,033</u>	<u>4,347,031</u>
Events and promotion						
Special events - indirect expenses	110,657	135,483	335,854	471,337	581,994	498,163
General promotion	9,228	10,836	24,983	35,819	45,047	34,375
Meetings, seminars and training	60,800	130,921	38,930	169,851	230,651	178,629
Postage and shipping	9,089	21,360	14,250	35,610	44,699	45,391
Printing and distribution	29,832	11,951	22,220	34,171	64,003	37,327
	<u>219,606</u>	<u>310,551</u>	<u>436,237</u>	<u>746,788</u>	<u>966,394</u>	<u>793,885</u>
Other expenses						
Depreciation and amortization (Note 9)	25,487	27,341	15,512	42,853	68,340	271,501
Amortization of capital lease assets (Note 8)	148,400	158,744	90,711	249,455	397,855	353,686
Interest expense	232,517	253,070	143,761	396,831	629,348	464,216
Dues paid to national and state organizations	121,885	226,357	-	226,357	348,242	460,317
	<u>528,289</u>	<u>665,512</u>	<u>249,984</u>	<u>915,496</u>	<u>1,443,785</u>	<u>1,549,720</u>
TOTAL EXPENSES	<u>\$ 27,475,829</u>	<u>\$ 7,380,096</u>	<u>\$ 3,472,211</u>	<u>\$ 10,852,307</u>	<u>\$ 38,328,136</u>	<u>\$ 40,225,624</u>

**UNITED WAY OF NEW YORK CITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Supporting Services</u>				
	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total</u>
Grants, contracts and awards					
Community investment grants and awards and Hurricane Sandy Recovery Fund	\$ 3,432,114	\$ -	\$ -	\$ -	\$ 3,432,114
Contract services and other grants	<u>22,045,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,045,301</u>
	25,477,415	-	-	-	25,477,415
Personnel					
Salaries	2,436,927	3,222,865	1,303,475	4,526,340	6,963,267
Payroll taxes and benefits (Notes 10 and 11)	<u>398,195</u>	<u>495,092</u>	<u>201,019</u>	<u>696,111</u>	<u>1,094,306</u>
	<u>2,835,122</u>	<u>3,717,957</u>	<u>1,504,494</u>	<u>5,222,451</u>	<u>8,057,573</u>
Office, occupancy, and professional fees					
Office maintenance and general supplies	22,397	152,123	13,070	165,193	187,590
Expensed equipment and rentals	41,127	141,813	43,450	185,263	226,390
Dues and subscriptions	19,714	31,691	37,441	69,132	88,846
Travel and transportation	17,293	20,861	8,491	29,352	46,645
Telephone	10,880	9,725	4,463	14,188	25,068
Insurance	74,553	82,340	43,387	125,727	200,280
Occupancy	823,927	900,988	434,314	1,335,302	2,159,229
Professional fees (Note 20)	<u>130,515</u>	<u>1,097,380</u>	<u>185,088</u>	<u>1,282,468</u>	<u>1,412,983</u>
	<u>1,140,406</u>	<u>2,436,921</u>	<u>769,704</u>	<u>3,206,625</u>	<u>4,347,031</u>
Events and promotion					
Special events - indirect expenses	69,731	101,537	326,895	428,432	498,163
General promotion	7,143	8,428	18,804	27,232	34,375
Meetings, seminars and training	99,724	58,191	20,714	78,905	178,629
Postage and shipping	7,846	31,578	5,967	37,545	45,391
Printing and distribution	<u>8,167</u>	<u>9,775</u>	<u>19,385</u>	<u>29,160</u>	<u>37,327</u>
	<u>192,611</u>	<u>209,509</u>	<u>391,765</u>	<u>601,274</u>	<u>793,885</u>
Other expenses					
Depreciation and amortization (Note 9)	96,447	112,269	62,785	175,054	271,501
Amortization of capital lease assets (Note 8)	138,639	140,973	74,074	215,047	353,686
Interest expense	152,280	177,317	134,619	311,936	464,216
Dues paid to national and state organizations	<u>161,111</u>	<u>299,206</u>	<u>-</u>	<u>299,206</u>	<u>460,317</u>
	<u>548,477</u>	<u>729,765</u>	<u>271,478</u>	<u>1,001,243</u>	<u>1,549,720</u>
TOTAL EXPENSES	<u>\$ 30,194,031</u>	<u>\$ 7,094,152</u>	<u>\$ 2,937,441</u>	<u>\$ 10,031,593</u>	<u>\$40,225,624</u>

**UNITED WAY OF NEW YORK CITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (121,795)	\$ 111,769
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	68,340	271,501
Amortization of capital lease assets	397,855	353,686
Pension related changes other than net periodic pension cost	1,132,697	(361,453)
Change in value of beneficial interest in perpetual trust	25,000	(33,548)
Change in discount on grants and contributions receivable	(18,085)	(5,089)
Change in value of capital lease obligation	484,620	464,217
Provision for uncollectible campaign receivables, net of writeoffs	(827,635)	(850,986)
Loss on disposal of property and equipment	-	54,074
Net realized and unrealized loss (gain) on investments	<u>105,909</u>	<u>(805,152)</u>
Sub-total	1,246,906	(800,981)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Campaign receivables	(357,179)	4,444,542
Government grants/contracts receivable	(1,879,034)	(1,023,887)
Private grants and contributions receivable	(647,830)	(112,742)
Other receivables	16,107	(88,002)
Prepaid expenses and other assets	205,974	(73,216)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,182,669)	813,459
Community investment grants and awards payable	21,077	(385,966)
Campaign designations payable	(525,527)	(4,291,433)
Government contract awards payable	807,250	1,052,522
Deferred rent liability	(216,528)	852,895
Accrued pension and post retirement life insurance liability	<u>(1,020,349)</u>	<u>(357,908)</u>
Net Cash (Used in) Provided by Operating Activities	<u>(3,531,802)</u>	<u>29,283</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(6,678,787)	(23,984,562)
Proceeds from sales of investments	8,362,800	20,423,181
Purchases of property and equipment	<u>(94,276)</u>	<u>(44,656)</u>
Net Cash Provided by (Used in) Investing Activities	<u>1,589,737</u>	<u>(3,606,037)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of capital lease obligations	(407,462)	(140,013)
Payments of loan payable	<u>(47,618)</u>	<u>-</u>
Net Cash Used in Financing Activities	<u>(455,080)</u>	<u>(140,013)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,397,145)	(3,716,767)
Cash and cash equivalents - beginning of year	<u>3,785,469</u>	<u>7,502,236</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,388,324</u>	<u>\$ 3,785,469</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 144,728</u>	<u>\$ 28,983</u>
SUPPLEMENTAL NON- CASH ACTIVITY:		
Present value of capital lease obligation	<u>\$ -</u>	<u>\$ 883,367</u>

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

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

United Way of New York City ("UWNYC") is a not-for-profit community service organization recognized as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. UWNYC envisions caring communities where all individuals and families have access to quality education and the opportunity to lead healthy and financially secure lives. UWNYC raises funds on an annual basis primarily through employee payroll deductions at the workplace, grants and gifts from foundations, corporations and government contracts. UWNYC focuses on education, income stability, and health throughout New York City's five boroughs. UWNYC also works to build the capacity of local nonprofits to enable them to deliver the highest-quality services possible.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Use of Estimates*** - UWNYC's financial statements have been prepared on the accrual basis of accounting. UWNYC adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. ***Financial Statement Presentation*** - UWNYC 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 UWNYC's operations over which the Board of Directors has discretionary control.

Temporarily Restricted - This represents net assets subject to donor-imposed restrictions that are satisfied either by the passage of time or by actions of UWNYC or the donor. In addition, earnings from permanently restricted endowment assets are classified as temporarily restricted until appropriated for operations by the Board of Directors. In addition, earnings from temporarily restricted net assets are classified as unrestricted at the end of the year. 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 endowment net assets subject to donor-imposed stipulations that they be maintained permanently by UWNYC. Also included in permanently restricted net assets is a beneficial interest in a perpetual trust where UWNYC is one of six equal beneficiaries, with the investments held in perpetuity by a third party trustee. Generally, the donors of these assets permit UWNYC 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 as a donor-imposed purpose restriction is fulfilled, the temporarily restricted net assets are released to unrestricted net assets.

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

- As increases (decreases) 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 (decreases) in permanently restricted net assets if the terms of the gift require that they be added back to the principal.
- As increases (decreases) in unrestricted net assets in all other cases.

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. **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, 2015 and 2014, UWNYP maintained \$297,974 and \$2,549,144, respectively, of cash and cash equivalents for various campaigns in separate accounts as required by outside agencies, including the NYC Department of Education and the for the Combined Municipal and Federal campaigns.
- E. **Investments** – Investments are carried at fair value. Net appreciation/(depreciation) in the fair value of investments, which includes realized gains 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 possible that changes in risks in the near term could materially affect investment balances.
- F. **Fair Value Measurements** - Investments are stated at fair value. 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 reported in Note 4.
- G. **Campaign Results and Campaign Donor 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 uncollectible pledges.
- Donors have the option to designate their contribution to another specific recognized 501(c)(3) 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.
- H. **Private Grants and 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 contributions revenue. Conditional promises to give are not included as contribution revenue until the conditions are substantially met. As of June 30, 2015 and 2014, UWNYP determined that no allowance for uncollectible private grant and 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. **Allowance for Doubtful Accounts** – UWNYP determines whether an allowance for uncollectible receivables should be provided for government grants/contracts receivable and campaign receivables. Such estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, creditworthiness of its donors, historical experience, and collections subsequent to year end. As of June 30, 2015 and 2014, the UWNYP determined an allowance of \$736,378 and \$789,354, respectively, was necessary for campaign receivables and no allowance for government grants/contracts receivable.
- J. **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. UWNYP 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.

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- K. **Community Investment Grants and Awards and Hurricane Sandy Recovery Fund** – The program services budget is approved annually by the Board of Directors on the recommendation of the Community Investment 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.
- L. **Government Contract Awards Payable** – UWNYPC administers a variety of government-funded programs. Through these programs, UWNYPC provides grants to community-based organizations in support of specific services for 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 UWNYPC.
- M. **Deferred Rent** – UWNYPC records an adjustment to rent expense each year to reflect the straight-line method. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying statements of financial position.
- N. **Unfunded Pension and Post Retirement Life Insurance Liability** – UWNYPC: (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. **In-kind Contributions** – 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, 2015 and 2014, UWNYPC recorded income and expense for contributed goods and services of \$170,868 and \$191,904, respectively. Such contributed goods and services are reflected in the financial statements as follows:

	<u>2015</u>	<u>2014</u>
Special event direct expenses	\$ 64,819	\$ 50,350
Professional fees	<u>106,049</u>	<u>141,554</u>
	<u>\$ 170,868</u>	<u>\$ 191,904</u>

- P. **Bequests and Legacies** - UWNYPC recognizes bequests and legacies as support when the wills have passed probate and the sum is certain.
- Q. **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.
- R. **Reclassifications** – Certain line items in the June 30, 2014 financial statements have been reclassified to conform to the June 30, 2015 presentation.

NOTE 3 – INVESTMENTS

Investments consist of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Fixed Income		
Cash and money market funds	\$ 459,908	\$ 2,276,464
Other fixed income	3,846,837	2,198,831
Equities		
Domestic securities	5,152,868	4,937,789
Other equities	<u>1,291,602</u>	<u>3,128,053</u>
	<u>\$ 10,751,215</u>	<u>\$ 12,541,137</u>

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 3 – INVESTMENTS (Continued)

The components of investment return for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Dividends and interest	\$ 271,074	\$ 192,129
Realized and unrealized (losses) gains	<u>(105,909)</u>	<u>805,152</u>
Total return on investments	<u>\$ 165,165</u>	<u>\$ 997,281</u>
Investment return used for current operations	\$ 463,576	\$ 690,116
Investment return over (under) spending rate	<u>(298,411)</u>	<u>307,165</u>
	<u>\$ 165,165</u>	<u>\$ 997,281</u>

Investment advisory fees amounting to \$89,555 and \$63,116 for the years ended June 30, 2015 and 2014, respectively, are included in professional fees in the statement of functional expenses.

NOTE 4 – FAIR VALUE MEASUREMENTS

Fair value is a market-based measurement that is determined based on one or more inputs using assumptions that market participants would use in pricing the asset or liability. In determining fair value, UWNYP utilizes a valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs, to the extent possible in its assessment of fair value. These inputs also form the basis of the fair value hierarchy which is used to categorize a fair value measurement into one of 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 fixed income funds, equities and equity mutual funds 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 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.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the year ended June 30, 2015 and 2014 there were no transfers in or out of levels 1 or 2.

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 4 – FAIR VALUE MEASUREMENTS - (Continued)

Financial assets carried at fair value as of June 30, 2015 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
ASSETS AT FAIR VALUE:			
Fixed Income:			
Money market funds	\$ 459,908	\$ -	\$ 459,908
U.S. government bonds	-	1,328,051	1,328,051
Corporate bonds	-	2,518,786	2,518,786
Equities			
Domestic securities	5,152,868	-	5,152,868
Real Estate Investment Trusts	182,702	-	182,702
Equity mutual funds	<u>1,108,900</u>	<u>-</u>	<u>1,108,900</u>
Total	<u>6,904,378</u>	<u>3,846,837</u>	<u>10,751,215</u>
Cash surrender value – Insurance Contract	<u>-</u>	<u>752,833</u>	<u>752,833</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 6,904,378</u>	<u>\$ 4,599,670</u>	<u>\$ 11,504,048</u>

Financial assets carried at fair value as of June 30, 2014 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
ASSETS AT FAIR VALUE:			
Fixed Income:			
Money market funds	\$ 2,276,464	\$ -	\$ 2,276,464
U.S. treasury securities	396,633	-	396,633
U.S. government bonds	-	390,614	390,614
Corporate bonds	-	1,411,584	1,411,584
Equities			
Domestic securities	4,937,789	-	4,937,789
Real Estate Investment Trusts	131,440	-	131,440
Equity mutual funds	2,928,439	-	2,928,439
Exchange-traded products mutual funds	<u>68,174</u>	<u>-</u>	<u>68,174</u>
Total	<u>10,738,939</u>	<u>1,802,198</u>	<u>12,541,137</u>
Cash surrender value – Insurance Contract	<u>-</u>	<u>723,431</u>	<u>723,431</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 10,738,939</u>	<u>\$ 2,525,629</u>	<u>\$ 13,264,568</u>

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although UWNYPC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 5 – CAMPAIGN RESULTS, NET

Campaign receivables consist of local campaign, regional campaign and hurricane sandy recovery fund.

Local Campaign - Local campaign includes various workplace campaigns in the New York City service area. Local campaign funds include both undesignated and designated campaign funds. Undesignated funds are those funds designated to UWNYP and not to another specific charity by the donor. Designated funds are those funds designated to a specific charity by the donor. For such designated funds received, UWNYP pays out to the specified beneficiary as intended by the donor. The processing of designated funds are considered agency transactions and recorded as an increase in campaign revenue and a corresponding increase in donor designations.

For the years ended June 30, 2015 and 2014, such donor-designated funds amounted to \$17,080,454 and \$18,457,795, respectively, and are included as campaign revenue and donor designations in the statement of activities. The provision for uncollectible receivable related to the local campaign, as of June 30, 2015 and 2014, amounted to \$827,635 and \$850,986, respectively.

Regional Campaign - UWNYP and 21 other United Way organizations work in collaboration with a regional office of United Way Worldwide ("UWW") to raise funds from a select group of companies located throughout the region. The regional office ceased its operations on December 31, 2013. For all regional area campaigns beginning in 2013 and thereafter, fund distribution to local United Ways in the region will be based on the methodology used for local campaigns.

Hurricane Sandy Recovery Fund - UWNYP operates as the Hurricane Sandy Recovery Fund (the "Fund") manager and in this capacity manages donations received from individuals, corporations, and foundations; communicate the availability of funding and allowable uses for those dollars to the State Lead United Way serving as the lead in their respective states; be responsible for disseminating funds to the local United Ways; coordinate periodic conference calls with the State Lead United Ways for updates and dissemination of information; provide reporting mechanisms/templates to the State Lead United Ways, and report to Fund donors.

Contributions to the Fund totaled \$131,726 and \$555,417 for the years ended June 30, 2015 and 2014, respectively, and included as temporarily restricted campaign revenue in the statement of activities. There was no provision for uncollectible receivable related to the contributions to the Fund as of June 30, 2015.

Campaign receivables consists of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Local campaign	\$ 5,807,108	\$ 4,725,022
Regional campaign	172,880	600
Hurricane Sandy Recovery Fund	<u>-</u>	<u>122,528</u>
	5,979,988	4,848,150
Less: allowance for doubtful accounts	<u>(736,378)</u>	<u>(789,354)</u>
	<u>\$ 5,243,610</u>	<u>\$ 4,058,796</u>

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 6 – PRIVATE GRANTS AND CONTRIBUTIONS RECEIVABLE

Private grants and contributions receivable are recorded net of a discount (at a risk-adjusted rate) to reflect the present value of future cash flows and are scheduled to be collected as follows as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
One year or less	\$ 184,000	\$ 265,000
One year to five years	<u>885,000</u>	<u>120,000</u>
	1,069,000	385,000
Less: Present value discount, rates ranging from 1.01% to 1.04%	<u>(23,174)</u>	<u>(5,089)</u>
	<u>\$ 1,045,826</u>	<u>\$ 379,911</u>

NOTE 7 – PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Cash surrender value - insurance	\$ 752,833	\$ 723,431
457(b) Plan	141,769	140,796
Deferred charges	31,347	266,865
Prepaid postage	11,328	12,159
Security deposits	<u>1,850</u>	<u>1,850</u>
	<u>\$ 939,127</u>	<u>\$ 1,145,101</u>

UWNYC is the beneficiary of an insurance contract from a donor with a face amount of \$800,000. As of June 30, 2015 and 2014, the cash surrender value of the insurance contract amounted to \$752,833 and \$723,431, respectively, and is included under prepaid expenses and other assets in the statement of financial position.

UWNYC maintains a nonqualified deferred compensation plan under code section 457(b) for certain employees. Contributions to the plan are from employees only through salary reduction agreements; there are no employer contributions. The deferred compensation plan investments are annuity contracts held at Mutual of America and UWNYC is the owner of these contracts. Participating employees are designated as the annuitants of these contracts. As of June 30, 2015 and 2014, the deferred compensation plan assets amounted to \$141,769 and \$140,796, respectively, and are included under prepaid expenses and other assets and accounts payable and accrued expenses in the statements of financial position.

NOTE 8 – CAPITAL LEASES ASSETS AND IMPROVEMENTS

UWNYC purchased a leasehold condominium at 205 East 42nd Street on May 21, 2013 with payments starting from May 2014 through March 2043. The purchase and sale agreement (the "Agreement") expires in March 2043. At the end of the Agreement, UWNYC has the option to require the seller to purchase the leasehold condominium at a repurchase price of \$10 under the terms of Occupancy Cost Protection. The purchase of the leasehold condominium was classified as a capital lease. As of June 30, 2015 and 2014, the present value of the minimum lease payments at the beginning of the leasehold condominium purchase and sale agreement (discounted at an estimated incremental borrowing rate of 6%) amounted to \$7,513,785 and \$7,257,903, respectively, and is reflected as a capital lease asset and obligation in the statement of financial position. In addition, capital lease asset improvements as of June 30, 2015 and 2014 amounted to \$2,360,407 and \$2,441,800, respectively. The Agreement includes a ground rent charge at \$18.81 per square foot to be paid annually over the life of the Agreement. The ground rent was accounted for as an operating lease (See Note 13B).

In addition, the seller provided a loan of \$2,441,800 to UWNYC for renovations and build outs of the leasehold condominium. The loan is payable over 30 years at an interest rate of 6% and principal payments commence from July 2014. The loan payable amounted to \$2,394,182 and \$2,441,800 as of June 30, 2015 and June 30, 2014, respectively.

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 8 – CAPITAL LEASES ASSETS AND IMPROVEMENTS (Continued)

Future minimum principal and interest payments on the loan payable are as follows for the years ending after June 30, 2015:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 34,847	\$ 142,703	\$ 177,550
2017	36,996	140,554	177,550
2018	39,278	138,272	177,550
2019	41,701	135,849	177,550
2020	44,273	133,277	177,550
2021-2043	<u>2,197,087</u>	<u>1,827,379</u>	<u>4,024,466</u>
	<u>\$ 2,394,182</u>	<u>\$ 2,518,034</u>	<u>\$ 4,912,216</u>

In connection with the Agreement, UWNYC delivered to the seller a clean irrevocable letter of credit for \$3 million drawn upon a commercial bank. UWNYC pledged a portion of its investments as collateral for the letter of credit. As of June 30, 2015, the letter of credit remains unused.

During 2014, UWNYC purchased furniture through a capital lease arrangement from a leasing company. The present value of the future minimum lease payments (discounted at an estimated incremental borrowing rate of 6%) amounted to \$614,675 and \$793,399 as of June 30, 2015 and June 30, 2014, respectively.

Capital lease assets and improvements consist of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>Lease Term</u>
Leasehold condominium	\$ 6,843,731	\$ 6,843,731	30 years
Leasehold condominium improvements	2,441,800	2,441,800	30 years
Furniture	<u>883,367</u>	<u>883,367</u>	5 years
Total cost	10,168,898	10,168,898	
Less: accumulated amortization	<u>(751,541)</u>	<u>(353,686)</u>	
	<u>\$ 9,417,357</u>	<u>\$ 9,815,212</u>	

Future minimum cash payments are as follows for the years ending after June 30, 2015:

	<u>Capital Lease</u>	<u>Furniture & Fixtures</u>	<u>Total</u>
2016	\$ 186,552	\$ 203,916	390,468
2017	186,552	203,916	390,468
2018	186,552	203,916	390,468
2019	202,832	67,972	270,804
2020	381,897	-	381,897
2021-2043	<u>18,896,234</u>	<u>-</u>	<u>18,896,234</u>
	<u>\$ 20,040,619</u>	<u>\$ 679,720</u>	<u>\$ 20,720,339</u>

UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>Estimated Useful Lives</u>
Equipment, furniture and fixtures	\$ 336,945	\$ 366,584	3-10 years
Less: accumulated depreciation	<u>(151,999)</u>	<u>(207,574)</u>	
Net book value	<u>\$ 184,946</u>	<u>\$ 159,010</u>	

Depreciation expense amounted to \$68,340 and \$272,265 for the years ended June 30, 2015 and 2014, respectively. For the years ended June 30, 2015 and 2014, UWNYP wrote off \$123,915 and \$4,591,135, respectively, of fully depreciated assets that are no longer in use.

NOTE 10 – PENSION PLANS

UWNYP sponsored a 403(b) thrift plan (“403(b) Plan”) for all employees. This Plan was terminated as of December 31, 2013 and a new 401(k) Plan was started effective January 1, 2014. Employer contributions to the Plan are discretionary. For the year ended June 30, 2015, the amount of \$134,037 was contributed to the 401(k) Plan.

UWNYP has a Defined Benefit Pension Plan (the “Pension Plan”) with the benefits based on years of service and the employee’s annual average of the highest 60 consecutive months’ compensation. UWNYP’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 are not credited for any service or employment for any participant after June 30, 2009, however, vesting rights continue after June 30, 2009.

The funded status of the Pension Plan as of June 30, 2015 and 2014 follows:

	<u>2015</u>	<u>2014</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 25,047,931	\$ 23,634,185
Interest cost	1,057,125	1,081,207
Actuarial (gain) loss	(38,679)	1,167,222
Expense charges	(82,773)	(81,035)
Benefits paid	<u>(768,045)</u>	<u>(753,648)</u>
Benefit obligation at end of year	25,215,559	25,047,931
Fair value of plan assets	<u>23,294,819</u>	<u>23,217,502</u>
Funded status (unfunded liability)	<u>\$ (1,920,740)</u>	<u>\$ (1,830,429)</u>

The components of net periodic (credit) cost for the years ended June 30, 2015 and 2014, and are included in operating results on the Statement of Functional Expenses in payroll taxes and benefits, and are as follows:

	<u>2015</u>	<u>2014</u>
Interest cost	\$ 1,057,125	\$ 1,081,207
Expected return on plan assets	(1,780,654)	(1,596,699)
Amortization of actuarial loss	<u>41,260</u>	<u>73,251</u>
Net periodic (credit) cost	<u>\$ (682,269)</u>	<u>\$ (442,241)</u>

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 10 – PENSION PLANS (Continued)

Net periodic (credit) is an actuarial estimate made at the beginning of the fiscal year, and includes interest cost and an estimated long-term rate of return on Plan assets of 8%. The net periodic cost (credit) is recorded in payroll taxes and benefits as a charge (credit) to operating expenses. The credit was \$(682,269) and \$(442,241) for the years ended June 30, 2015 and 2014, respectively. At the end of the fiscal year it is adjusted based on the actual rate of return, with the difference recorded as a non-operating adjustment. For the years ended June 30, 2015 and 2014, the amounts recognized were \$(1,186,082) and \$504,621, respectively.

The amounts recognized in unrestricted net assets as of June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Actuarial (loss)	<u>\$ (4,134,530)</u>	<u>\$ (2,961,950)</u>

Other changes in unrestricted assets and benefit obligation recognized in unrestricted net assets for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Net actuarial gain (loss)	<u>\$ 1,172,581</u>	<u>\$ (500,230)</u>

The weighted assumptions used as of and for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	4.43%	4.39%
Expected return on plan assets*	8.00%	8.00%
Rate of compensation increase	N/A	N/A

*A rate of 8.0% was used as the investment manager's long-term expected rate of return, and is subject to change.

Pension Plan assets as of June 30, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
<u>AXA Equitable Life Insurance Company</u>		
Guarantee Account	\$ 33,967	\$ 31,539
<u>Wells Fargo</u>		
Cash and cash equivalents	176,420	91,638
Mutual Funds:		
Fixed Income Funds	15,999,515	16,142,395
Equity Funds	<u>7,084,916</u>	<u>6,951,930</u>
	<u>\$ 23,294,818</u>	<u>\$ 23,217,502</u>

As of June 30, 2015 and 2014, all pension plan assets are carried at fair value and are classified under Level 2 of the fair value hierarchy except for cash and cash equivalents which are classified as Level 1. See Note 4 for definitions of the fair value hierarchy. UWNYP made contributions of \$400,000 for the fiscal year ending June 30, 2015, and expects to make \$400,000 in contributions for the fiscal year ending June 30, 2016.

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 10 – PENSION PLANS (Continued)

The projected benefit payments are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 1,897,729
2017	1,064,967
2018	1,124,681
2019	1,164,390
2020	1,146,474
2021-2025	6,559,097

NOTE 11 – POSTRETIREMENT LIFE INSURANCE PLAN

UWNYC offered a Post Retirement Life Insurance Plan (“Life Insurance Plan”) for retired employees. 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. Substantially all of UWNYC’s employees may have become eligible for those benefits if they reached normal retirement age while working for UWNYC.

The funded status of the Life Insurance Plan as of June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 2,525,112	\$ 2,302,002
Interest cost	102,161	106,357
Actuarial (gain)/loss	(52,639)	138,776
Benefits paid	<u>(27,485)</u>	<u>(22,023)</u>
Benefit obligation at end of year	2,547,149	2,525,112
Fair value of plan assets	<u>-</u>	<u>-</u>
Funded status	<u>\$ (2,547,149)</u>	<u>\$ (2,525,112)</u>

The components of net periodic benefit cost for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Interest cost	<u>\$ 102,161</u>	<u>\$ 106,357</u>

Net periodic benefit (credit) cost includes the annual interest cost, and is recorded in payroll taxes and benefits as an operating expense. At the end of the fiscal year it is adjusted based on the funded status of the plan, with the difference recorded as a non-operating adjustment. For the years ended June 30, 2015 and 2014, the amounts recognized were \$53,385 and \$(143,468), respectively.

The amounts recognized in unrestricted net assets as of June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Actuarial (gain) loss	<u>\$ (29,846)</u>	<u>\$ 22,793</u>

Other changes in unrestricted net assets and benefit obligation recognized in unrestricted net assets for the year ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Net actuarial (gain) loss	<u>\$ (52,639)</u>	<u>\$ 138,777</u>

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 11 – POSTRETIREMENT LIFE INSURANCE PLAN (Continued)

The weighted assumptions used as of and for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	4.20%	4.16%
Rate of compensation increase	N/A	N/A

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

Year Ending June 30,

2016	\$	151,411
2017		151,912
2018		152,374
2019		152,914
2020		154,185
2021-2025		790,568

NOTE 12 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Various community impact programs	\$ 1,494,874	\$ 222,452
Hurricane Sandy Recovery Fund	-	588,238
Change Capital Fund	1,665,840	1,325,122
Colgate Inner City Education Fund	331,474	216,257
Unappropriated endowment earnings	251,920	319,921
Other time and purpose restricted	<u>134,326</u>	<u>579,911</u>
	<u>\$ 3,878,434</u>	<u>\$ 3,251,901</u>

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

Permanently restricted net assets consist of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Donor restricted endowments:		
Carp Endowment	\$ 1,176,426	\$ 1,176,426
Human Care Endowment	544,895	544,895
Louis and Mary Horowitz Endowment	544,591	450,001
Campaign Income Endowment	<u>558,333</u>	<u>558,333</u>
	<u>2,824,245</u>	<u>2,729,655</u>
Beneficial interest in perpetual trust	<u>501,759</u>	<u>526,759</u>
	<u>\$ 3,326,004</u>	<u>\$ 3,256,414</u>

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 12 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (Continued)

UWNYC is one of the six equal beneficiaries in a trust in which investment assets are held in perpetuity by a third party trustee. UWNYC 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 \$(25,000) and \$33,548 for the years ended June 30, 2015 and 2014, respectively, and is included in the statement of activities. As of June 30, 2015 and 2014, beneficial interest in perpetual trust amounted to \$501,759 and \$526,759, respectively.

Donor restricted endowment funds consist of the Carp Endowment, Human Care Endowment, Louis and Mary Horowitz 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.

UWNYC recognizes that New York Prudent Management of Institutional Funds Act ("NYPMIFA") created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. In addition, and in accordance with NYPMIFA, earnings on endowments that are considered unrestricted by the donor are reflected as temporarily restricted until appropriated by the Board of Directors. As of June 30, 2015 and 2014, UWNYC reported all earnings on endowment funds as temporarily restricted net assets until appropriated by the Board for operations.

The investment policy at UWNYC is intended to provide a strong base to support the operations and mission of UWNYC. The two major investment objectives for the total portfolio are preservation of purchasing power and growth of capital. In line with these objectives, UWNYC ensures 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 UWNYC'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 60 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.

Changes in permanently restricted endowment net assets for year ended June 30, 2015:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 319,921	\$ 2,729,655	\$ 3,049,576
Additions	-	94,590	94,590
Investment activity:			
Interest and dividends	69,420	-	69,420
Unrealized and realized loss on investments	<u>(17,153)</u>	<u>-</u>	<u>(17,153)</u>
Total investment activity	<u>52,267</u>	<u>-</u>	<u>52,267</u>
Amount appropriated to operations	<u>(120,176)</u>	<u>-</u>	<u>(120,176)</u>
Endowment net assets, end of year	<u>\$ 252,012</u>	<u>\$ 2,824,245</u>	<u>\$ 3,076,257</u>

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 12 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (Continued)

Changes in permanently restricted endowment net assets for year ended June 30, 2014:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 73,639	\$ 2,729,655	\$ 2,803,294
Investment activity:			
Interest and dividends	70,476	-	70,476
Unrealized and realized gain on investments	<u>311,886</u>	<u>-</u>	<u>311,886</u>
Total investment activity	<u>382,362</u>	<u>-</u>	<u>382,362</u>
Amount appropriated to operations	<u>(136,080)</u>	<u>-</u>	<u>(136,080)</u>
Endowment net assets, end of year	<u>\$ 319,921</u>	<u>\$ 2,729,655</u>	<u>\$ 3,049,576</u>

Endowment net assets of \$3,076,165 and \$3,049,576 are included with investments on the statements of financial position as of June 30, 2015 and 2014, respectively. Endowment net assets do not include the beneficial interest in the perpetual trust, however it is included in permanently restricted net assets.

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 UWNYP to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. This deficiency can result from unfavorable market fluctuations that may occur that affect donor restricted endowment funds. There were no such deficiencies for the years ended June 30, 2015 and 2014, respectively.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

- A. The minimum annual rentals for equipment under non-cancelable leases are as follows for the years ended after June 30, 2015:

	<u>Equipment</u>
2016	\$ 66,000
2017	59,000
2018	47,000
2019	38,000
2020	<u>9,000</u>
	<u>\$ 219,000</u>

Rent expense amounted to \$99,969 and \$94,628, respectively, for the years ended June 30, 2015 and 2014, respectively.

- B. UWNYP entered into a ground lease agreement as part of the capital lease transaction as discussed in Note 8. The total minimum rental payments through 2043 amount to approximately \$27 million. The deferred rent liability of \$758,756 is included in the statement of financial position related to the straight-lining of the ground lease. Minimum annual payments for the year ended after June 30, 2015, are as follows:

	<u>Ground Rent</u>
2016	\$ 918,605
2017	918,605
2018	918,605
2019	918,605
2020	918,605
2021-2043	<u>21,127,915</u>
	<u>\$ 25,720,940</u>

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

- C. UWNYP has a line of credit with a bank with a maximum borrowing of up to \$2 million. The borrowings are secured by certain accounts receivable and the maturity date is November 15, 2015. The interest rate is prime rate plus 0.5%. As of June 30, 2015 and June 30, 2014, there were no borrowings.
- D. UWNYP is subject to legal proceedings and claims which have arisen in the ordinary course of its business and which have not been fully adjudicated. Management does not believe there will be a material adverse effect upon the financial position of UWNYP.
- E. UWNYP believes it has no uncertain tax positions as of June 30, 2015 and 2014 in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions. UWNYP believes it is no longer subject to federal or state and local income tax examinations by tax authorities for the year ended June 30, 2012 and prior years.

NOTE 14 – CONCENTRATION

Cash and cash equivalents that potentially subject UWNYP to a concentration of credit risk include cash accounts with various financial institutions that exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limits \$250,000 by approximately \$2,118,000 and \$3,822,000 as of June 30, 2015 and 2014, respectively.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through December 17, 2015, the date the financial statements were available to be issued.