

**UNITED WAY OF NEW YORK CITY**



**United Way  
of New York City**

**Financial Statements  
(Together with Independent Auditors' Report)**

**Years Ended June 30, 2022 and 2021**

**UNITED WAY OF NEW YORK CITY  
FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)  
YEARS ENDED JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
United Way of New York City

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of United Way of New York City (“UWNYC”), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UWNYC as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UWNYC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Report on 2021 Financials Statements*

The accompanying financial statements of UWNYC as of and for the year ended June 30, 2021, were audited by another auditor whose report dated February 23, 2022, expressed an unmodified opinion on those statements.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UWNYC’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 UWNYC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UWNYC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Mayer Hoffman McCann CPAs*

New York, NY  
March 29, 2023

**UNITED WAY OF NEW YORK CITY  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2D and 16)	\$ 2,262,866	\$ 4,243,698
Restricted cash (Notes 2D and 16)	1,626,856	1,323,131
Investments (Notes 2E, 2F, 4, 5 and 13)	6,561,873	7,583,898
Campaign receivables, net (Notes 2G, 2I and 6)	1,756,565	1,518,184
Government grants/contracts receivable (Note 2I)	12,726,698	13,708,408
Private grants and contributions receivable, net (Notes 2H, 2I and 7)	7,328,276	4,144,406
COVID-19 contributions receivable (Notes 2H and 2I)	-	120,334
Prepaid expenses and other assets (Notes 5 and 8)	1,432,703	1,074,427
Beneficial interest in perpetual trust (Notes 2S, 5 and 13)	549,029	651,298
Capital lease assets and improvements, net (Note 9)	3,357,431	6,039,529
Property and equipment, net (Notes 2J and 10)	119,684	105,333
<b>TOTAL ASSETS</b>	<b>\$ 37,721,981</b>	<b>\$ 40,512,646</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses, net (Note 2K)	\$ 1,866,873	\$ 2,480,215
Campaign donor designations payable (Note 2G)	789,453	1,405,349
Government contract awards payable (Note 2M)	7,162,424	11,646,417
Lease reconveyance liability (Note 9)	1,201,504	-
Deferred rent liability (Notes 2N and 14B)	570,408	597,571
Unfunded pension liability (Notes 2O and 11)	1,286,980	672,056
Post-retirement life insurance liability (Notes 2O and 12)	2,173,384	2,509,988
Capital lease obligations (Note 9)	4,992,278	8,264,558
Capital lease improvements loan payable (Note 9)	1,142,722	2,150,083
<b>TOTAL LIABILITIES</b>	<b>21,186,026</b>	<b>29,726,237</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 14)</b>		
<b>NET ASSETS (Note 2B)</b>		
Without Donor Restrictions:		
Operations	9,520,610	9,574,110
Board designated	489,473	489,473
Net investment in property and equipment	119,684	105,333
Unfunded pension liability	(1,286,980)	(672,056)
Post-retirement life insurance liability	(2,173,384)	(2,509,988)
Net investment in capital lease obligation	(2,777,569)	(4,375,112)
Total net assets without donor restrictions	3,891,834	2,611,760
Net assets with donor restrictions (Note 13)	12,644,121	8,174,649
<b>TOTAL NET ASSETS</b>	<b>16,535,955</b>	<b>10,786,409</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 37,721,981</b>	<b>\$ 40,512,646</b>

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, 2022**  
(With Comparative Totals for the Year Ended June 30, 2021)

	Year Ended June 30, 2022			Total 2021
	Without Donor Restrictions	With Donor Restrictions	Total 2022	
<b>OPERATING REVENUE AND SUPPORT</b> (Note 2C):				
Campaigns	\$ 11,869,796	\$ -	\$ 11,869,796	\$ 12,847,964
Less: Donor designations	(6,172,008)	-	(6,172,008)	(7,770,634)
Less: Provision for uncollectible receivables	(152,806)	-	(152,806)	(467,698)
Campaign results, net (Notes 2G and 6)	<u>5,544,982</u>	<u>-</u>	<u>5,544,982</u>	<u>4,609,632</u>
Special events revenue	3,466,585	-	3,466,585	2,228,350
Less: direct expenses	(238,080)	-	(238,080)	(9,435)
Special events, net (Note 2P)	<u>3,228,505</u>	<u>-</u>	<u>3,228,505</u>	<u>2,218,915</u>
Government grants/contracts (Note 2Q)	36,926,224	-	36,926,224	34,545,822
Individual contributions	517,946	148,244	666,190	643,455
Private grants and foundation giving (Note 2H)	211,862	7,951,821	8,163,683	8,623,058
COVID-19 contributions (Note 2H)	-	106,904	106,904	380,000
Fiscally sponsored funds	-	1,360,000	1,360,000	1,475,680
In-kind contributions (Note 2P)	48,280	-	48,280	102,824
Campaign administrative fees	42,715	-	42,715	58,548
Investment return used for operations (Note 4)	219,464	119,084	338,548	349,843
Rental income (Note 14B)	42,686	-	42,686	256,116
Other income	243,735	-	243,735	155,047
Net assets released from restrictions (Note 13)	<u>4,616,188</u>	<u>(4,616,188)</u>	<u>-</u>	<u>-</u>
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<u>51,642,587</u>	<u>5,069,865</u>	<u>56,712,452</u>	<u>53,418,940</u>
<b>OPERATING EXPENSES:</b>				
<b>Program Services:</b>				
Community investment grants and awards (Note 2L)	5,457,040	-	5,457,040	7,402,846
Contract services and other grants	27,126,490	-	27,126,490	31,383,661
Community investment services	8,563,539	-	8,563,539	6,549,911
<b>Total Program Services</b>	<u>41,147,069</u>	<u>-</u>	<u>41,147,069</u>	<u>45,336,418</u>
<b>Supporting Services:</b>				
Management and general	5,348,234	-	5,348,234	4,400,441
Fundraising	3,125,567	-	3,125,567	3,851,242
<b>Total Supporting Services</b>	<u>8,473,801</u>	<u>-</u>	<u>8,473,801</u>	<u>8,251,683</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>49,620,870</u>	<u>-</u>	<u>49,620,870</u>	<u>53,588,101</u>
<b>SURPLUS (DEFICIT) OF OPERATING REVENUE AND SUPPORT OVER (UNDER) OPERATING EXPENSES</b>	<u>2,021,717</u>	<u>5,069,865</u>	<u>7,091,582</u>	<u>(169,161)</u>
<b>NON-OPERATING ACTIVITIES</b>				
Investment return over (under) amounts appropriated for operations (Note 4)	(862,449)	(498,124)	(1,360,573)	1,052,647
Change in value of beneficial interest in perpetual trust (Notes 2S and 13)	-	(102,269)	(102,269)	131,401
Forgiveness of capital lease improvements loan payable (Note 9)	984,621	-	984,621	177,550
Net loss from lease reconveyance (Note 9)	(547,946)	-	(547,946)	-
Paycheck Protection Program grant (Note 15)	-	-	-	175,134
Net periodic pension credit (Note 11)	194,254	-	194,254	140,212
Pension plan related changes other than net periodic pension credit (Note 11)	(809,178)	-	(809,178)	421,599
Net periodic postretirement cost (Note 12)	(60,451)	-	(60,451)	(59,608)
Post-retirement life insurance plan related changes other than net post retirement cost (Note 12)	<u>359,506</u>	<u>-</u>	<u>359,506</u>	<u>109,117</u>
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<u>(741,643)</u>	<u>(600,393)</u>	<u>(1,342,036)</u>	<u>2,148,052</u>
<b>CHANGES IN TOTAL NET ASSETS</b>	1,280,074	4,469,472	5,749,546	1,978,891
Net assets, beginning of year	<u>2,611,760</u>	<u>8,174,649</u>	<u>10,786,409</u>	<u>8,807,518</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,891,834</u>	<u>\$ 12,644,121</u>	<u>\$ 16,535,955</u>	<u>\$ 10,786,409</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, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2021</b>
<b>OPERATING REVENUE AND SUPPORT</b> (Note 2C):			
Campaigns	\$ 12,847,964	\$ -	\$ 12,847,964
Less: Donor designations	(7,770,634)	-	(7,770,634)
Less: Provision for uncollectible receivables	(467,698)	-	(467,698)
Campaign results, net (Notes 2G and 6)	4,609,632	-	4,609,632
Special events revenue	2,228,350	-	2,228,350
Less: direct expenses	(9,435)	-	(9,435)
Special events, net (Note 2P)	2,218,915	-	2,218,915
Government grants/contracts (Note 2Q)	34,545,822	-	34,545,822
Individual contributions	643,455	-	643,455
Private grants and foundation giving (Note 2H)	148,343	8,474,715	8,623,058
COVID-19 contributions (Note 2H)	-	380,000	380,000
Fiscally sponsored funds	-	1,475,680	1,475,680
In-kind contributions (Note 2P)	102,824	-	102,824
Campaign administrative fees	58,548	-	58,548
Investment return used for operations (Note 4)	235,081	114,762	349,843
Rental income (Note 14B)	256,116	-	256,116
Other income	155,047	-	155,047
Net assets released from restrictions (Note 13)	10,817,296	(10,817,296)	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	53,791,079	(372,139)	53,418,940
<b>OPERATING EXPENSES:</b>			
<b>Program Services:</b>			
Community investment grants and awards (Note 2L)	7,402,846	-	7,402,846
Contract services and other grants	31,383,661	-	31,383,661
Community investment services	6,549,911	-	6,549,911
<b>Total Program Services</b>	45,336,418	-	45,336,418
<b>Supporting Services:</b>			
Management and general	4,400,441	-	4,400,441
Fundraising	3,851,242	-	3,851,242
<b>Total Supporting Services</b>	8,251,683	-	8,251,683
<b>TOTAL OPERATING EXPENSES</b>	53,588,101	-	53,588,101
<b>SURPLUS (DEFICIT) OF OPERATING REVENUE AND SUPPORT OVER (UNDER) OPERATING EXPENSES</b>	202,978	(372,139)	(169,161)
<b>NON-OPERATING ACTIVITIES</b>			
Investment return over amounts appropriated for operations (Note 4)	665,303	387,344	1,052,647
Change in value of beneficial interest in perpetual trust (Notes 2S and 13)	-	131,401	131,401
Forgiveness of debt (Note 9)	177,550	-	177,550
Paycheck Protection Program grant (Note 15)	175,134	-	175,134
Net periodic pension credit (Note 11)	140,212	-	140,212
Pension plan related changes other than net periodic pension credit (Note 11)	421,599	-	421,599
Net periodic postretirement cost (Note 12)	(59,608)	-	(59,608)
Post-retirement life insurance plan related changes other than net post retirement cost (Note 12)	109,117	-	109,117
<b>TOTAL NON-OPERATING ACTIVITIES</b>	1,629,307	518,745	2,148,052
<b>CHANGES IN TOTAL NET ASSETS</b>	1,832,285	146,606	1,978,891
Net assets, beginning of year	779,475	8,028,043	8,807,518
<b>NET ASSETS - END OF YEAR</b>	\$ 2,611,760	\$ 8,174,649	\$ 10,786,409

**UNITED WAY OF NEW YORK CITY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
(With Comparative Totals for the Year Ended June 30, 2021)

	Year Ended June 30, 2022			Total Supporting Services	Total 2022	Total 2021
	Supporting Services					
	Program Services	Management and General	Fundraising			
<b>Grants, contracts and awards</b>						
Community investment grants and awards (Notes 2L)	\$ 5,457,040	\$ -	\$ -	\$ -	\$ 5,457,040	\$ 7,402,846
Contract services and other grants	27,126,490	-	-	-	27,126,490	31,383,661
	<u>32,583,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,583,530</u>	<u>38,786,507</u>
<b>Personnel</b>						
Salaries	5,353,869	1,730,245	1,394,212	3,124,457	8,478,326	6,529,305
Payroll taxes and benefits (Notes 11 and 12)	1,076,908	535,086	281,550	816,636	1,893,544	1,519,794
	<u>6,430,777</u>	<u>2,265,331</u>	<u>1,675,762</u>	<u>3,941,093</u>	<u>10,371,870</u>	<u>8,049,099</u>
<b>Office, occupancy and professional fees</b>						
Office maintenance and general supplies	92,459	70,566	15,576	86,142	178,601	78,501
Expensed equipment and rentals (Note 14A)	55,115	315,503	50,882	366,385	421,500	447,763
Dues and subscriptions	14,039	27,205	17,213	44,418	58,457	74,050
Travel and transportation	1,964	14,348	5,434	19,782	21,746	9,107
Telephone	17,507	10,150	3,306	13,456	30,963	36,336
Insurance	208,076	45,605	31,353	76,958	285,034	211,408
Occupancy (Note 9)	824,999	180,822	124,315	305,137	1,130,136	1,711,885
Professional fees (Note 2P)	126,816	1,674,372	405,363	2,079,735	2,206,551	2,002,155
	<u>1,340,975</u>	<u>2,338,571</u>	<u>653,442</u>	<u>2,992,013</u>	<u>4,332,988</u>	<u>4,571,205</u>
<b>Events and promotion</b>						
Special events marketing and communication	-	-	645,982	645,982	645,982	320,335
Catering and entertainment	-	-	238,080	238,080	238,080	9,435
General promotion	3,000	-	9,053	9,053	12,053	15,642
Meetings, seminars and training	2,575	53,504	17,081	70,585	73,160	18,831
Postage and shipping	18,831	11,317	2,449	13,766	32,597	29,102
	<u>24,406</u>	<u>64,821</u>	<u>912,645</u>	<u>977,466</u>	<u>1,001,872</u>	<u>393,345</u>
<b>Other expenses</b>						
Depreciation and amortization (Note 10)	37,447	9,596	11,812	21,408	58,855	52,075
Amortization of capital lease assets (Note 9)	143,304	31,410	21,590	53,000	196,304	368,819
Interest expense	-	384,929	-	384,929	384,929	610,673
Bad debt expense	-	152,806	-	152,806	152,806	467,698
Dues paid to national and state organizations	586,630	253,576	88,396	341,972	928,602	765,813
	<u>767,381</u>	<u>832,317</u>	<u>121,798</u>	<u>954,115</u>	<u>1,721,496</u>	<u>2,265,078</u>
Less: Provision for uncollectible receivables	-	152,806	-	152,806	152,806	467,698
Less: Cost of direct benefits to donors	-	-	238,080	238,080	238,080	9,435
<b>TOTAL EXPENSES</b>	<u>\$ 41,147,069</u>	<u>\$ 5,348,234</u>	<u>\$ 3,125,567</u>	<u>\$ 8,473,801</u>	<u>\$ 49,620,870</u>	<u>\$ 53,588,101</u>

**UNITED WAY OF NEW YORK CITY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Year Ended June 30, 2021				
	Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total 2021
<b>Grants, contracts and awards</b>					
Community investment grants and awards (Note 2L)	\$ 7,402,846	\$ -	\$ -	\$ -	\$ 7,402,846
Contract services and other grants	31,383,661	-	-	-	31,383,661
	<u>38,786,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,786,507</u>
<b>Personnel</b>					
Salaries	3,190,704	1,554,579	1,784,022	3,338,601	6,529,305
Payroll taxes and benefits (Notes 11 and 12)	685,987	478,218	355,589	833,807	1,519,794
	<u>3,876,691</u>	<u>2,032,797</u>	<u>2,139,611</u>	<u>4,172,408</u>	<u>8,049,099</u>
<b>Office, occupancy and professional fees</b>					
Office maintenance and general supplies	29,148	37,949	11,404	49,353	78,501
Expensed equipment and rentals (Note 14A)	174,320	211,528	61,915	273,443	447,763
Dues and subscriptions	9,354	31,873	32,823	64,696	74,050
Travel and transportation	846	7,767	494	8,261	9,107
Telephone	18,046	11,735	6,555	18,290	36,336
Insurance	128,959	38,053	44,396	82,449	211,408
Occupancy (Note 9)	1,044,250	308,139	359,496	667,635	1,711,885
Professional fees (Note 2P)	180,533	1,340,670	480,952	1,821,622	2,002,155
	<u>1,585,456</u>	<u>1,987,714</u>	<u>998,035</u>	<u>2,985,749</u>	<u>4,571,205</u>
<b>Events and promotion</b>					
Special events marketing and communication	-	-	320,335	320,335	320,335
Catering and entertainment	-	-	9,435	9,435	9,435
General promotion	6,000	-	9,642	9,642	15,642
Meetings, seminars and training	452	17,010	1,369	18,379	18,831
Postage and shipping	14,149	9,304	5,649	14,953	29,102
	<u>20,601</u>	<u>26,314</u>	<u>346,430</u>	<u>372,744</u>	<u>393,345</u>
<b>Other expenses</b>					
Depreciation and amortization (Note 10)	2,526	39,462	10,087	49,549	52,075
Amortization of capital lease assets (Note 9)	224,980	66,387	77,452	143,839	368,819
Interest expense	372,511	109,921	128,241	238,162	610,673
Bad debt expense	-	467,698	-	467,698	467,698
Dues paid to national and state organizations	467,146	137,846	160,821	298,667	765,813
	<u>1,067,163</u>	<u>821,314</u>	<u>376,601</u>	<u>1,197,915</u>	<u>2,265,078</u>
Less: Provision for uncollectible receivables	-	467,698	-	467,698	467,698
Less: Cost of direct benefits to donors	-	-	9,435	9,435	9,435
<b>TOTAL EXPENSES</b>	<u>\$ 45,336,418</u>	<u>\$ 4,400,441</u>	<u>\$ 3,851,242</u>	<u>\$ 8,251,683</u>	<u>\$ 53,588,101</u>

**UNITED WAY OF NEW YORK CITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 5,749,546	\$ 1,978,891
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	58,855	52,075
Amortization of capital lease assets	196,304	368,819
Pension related changes other than net periodic pension cost	449,672	(530,716)
Change in value of beneficial interest in perpetual trust	102,269	(131,401)
Change in discount on private grants and contributions receivable	3,486	(22,910)
Loss from disposal of capital lease assets and improvements	2,485,794	-
Forgiveness of capital lease improvements loan payable	(984,621)	(177,550)
Gain from capital lease obligations write off	(1,937,848)	-
Change in value of capital lease obligation	(1,161,271)	791,227
Provision for uncollectible campaign receivables	152,806	467,698
Net realized and unrealized loss (gain) on investments	1,171,338	(1,311,770)
Sub-total	6,286,330	1,484,363
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Campaign receivables	(391,187)	104,352
Government grants/contracts receivable	981,710	6,418,992
Private grants and contributions receivable	(3,187,356)	(2,776,815)
COVID-19 contributions receivable	120,334	430,266
Prepaid expenses and other assets	(358,276)	(89,913)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(613,342)	8,777
Campaign donor designations payable	(615,896)	638,595
Government contract awards payable	(4,483,993)	(5,716,897)
Government contract advances	-	(1,499,675)
Paycheck Protection Program refundable advance	-	(175,134)
Lease reconveyance liability	1,201,504	-
Deferred rent liability	(27,163)	(27,163)
Unfunded pension and post-retirement life insurance liability	(171,352)	(69,653)
<b>Net Cash Used in Operating Activities</b>	<b>(1,258,687)</b>	<b>(1,269,905)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(1,800,013)	(1,744,720)
Proceeds from sales of investments	1,650,700	1,653,955
Purchases of property and equipment	(73,206)	(44,708)
<b>Net Cash Used in Investing Activities</b>	<b>(222,519)</b>	<b>(135,473)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments of capital lease obligations	(173,161)	(133,550)
Payments of loan payable	(22,740)	(47,004)
<b>Net Cash Used in Financing Activities</b>	<b>(195,901)</b>	<b>(180,554)</b>
<b>NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>(1,677,107)</b>	<b>(1,585,932)</b>
Cash, cash equivalents and restricted cash - beginning of year	5,566,829	7,152,761
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 3,889,722</b>	<b>\$ 5,566,829</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 280,730	\$ -
<b>SUPPLEMENTAL NON-CASH ACTIVITIES:</b>		
Net loss frm lease reconveyance	\$ 547,946	\$ -
Forgiveness of debt by lender	\$ 984,621	\$ 177,550

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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 is dedicated to helping low-income New Yorkers make ends meet and lead self-sufficient lives. UWNYC works with cross-sector partners – corporations, foundations, governments, nonprofits, and individuals – to help fund and fuel the mission: *to mobilize our communities to break down barriers and build opportunities that improve the lives of low-income New Yorkers for the benefit of all.* As an institution deeply rooted in racial equity and social justice, UWNYC’s programmatic work centers around bridging the gap and condemning structural racism and discrimination. To accomplish a more equitable City, one where all individuals and families have access to quality education and the opportunity to lead healthy and financially secure lives, we must shift mindsets, practices, and policies in neighborhoods of concentrated poverty – and citywide – to implement and scale what works.

**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 two classes:

Net assets without donor restrictions - 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. Board designated net assets consist of net assets without donor restrictions and whose use has been designated by the Board.

Net assets with donor restrictions - This represents net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a stipulated time restriction ends or purpose restriction is accomplished or endowment earnings are appropriated for operations, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Generally, the donors of these assets permit UWNYC to use all or part of the income earned on related investments as net assets without restrictions or donor-specified purposes. Also included in net assets with donor restrictions 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.

C. ***Support and Revenue*** – Revenues are reported as increases in net assets without donor restrictions 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 net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expenses are reported as decreases in net assets without donor restrictions. Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as net assets with donor restrictions. When donor-imposed time restrictions expire, or as a donor-imposed purpose restriction is fulfilled, net assets with donor restrictions are released to net assets without donor restrictions.

Investment income and net realized and unrealized gains (losses) on investments of net assets with donor restrictions are reported as follows:

- As increases (decreases) in net assets with donor restrictions if the terms of the gift impose restrictions on the current use of the investment income and unappropriated earnings from endowment funds.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Support and Revenue (Continued)**

- As increases (decreases) in net assets with donor restrictions if the terms of the gift require that they be added back to the principal.
- As increases (decreases) in net assets without donor restrictions in all other cases.

**D. Cash, Cash Equivalents and Restricted Cash** – Cash, cash equivalents and restricted cash 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. Restricted cash is held for the NYC Department of Education contracts. UWNYC regularly monitors the availability of resources required to meet its operating needs and other contractual commitments to ensure adequate capital is available for its needs (see Note 3).

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows as of June 30:

	2022	2021
Cash and cash equivalents	\$ 2,262,866	\$ 4,243,698
Restricted cash	1,626,856	1,323,131
Total	\$ 3,889,722	\$ 5,566,829

- E. Investments** – Investments are carried at fair value as defined in Note 2F. Net appreciation (depreciation) in the fair value of investments, which includes realized and unrealized gains and losses on those investments, are reported in the statements 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 5.
- G. Campaign Results and Campaign Donor Designations Payable** – Annual campaigns are conducted each year to raise support for charitable distributions. Campaign revenue is recognized as revenue at the time of the promise, net of an allowance for uncollectible campaign receivables.

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 statements of activities and then deducted as designations payable before arriving at net campaign results. Campaign donor designations payable in the statements 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 and COVID-19 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 contributions revenue until the conditions are substantially met.

**UNITED WAY OF NEW YORK CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions received for COVID-19 were recorded as unconditional promises and represent the contributions from individuals and private foundations which are restricted to provide resources and financial assistance to partner agencies and community-based organizations that work with UWNYP's most-underserved communities and most-vulnerable neighbors. The COVID-19 contributions receivable amounted to \$0 and \$120,334, respectively, as of June 30, 2022 and 2021.

- I. ***Allowance for Doubtful Accounts*** – UWNYP determines whether an allowance for uncollectible receivables should be provided for government grants/contracts receivable, campaign, private grants and contributions, and COVID-19 contributions receivable. Such estimates are 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, 2022 and 2021, UWNYP determined an allowance of \$288,620 and \$343,058 respectively, was necessary for campaign receivables and no allowance was necessary for government grants/contracts receivable, COVID-19 contributions receivable and uncollectible private grants and contributions receivable. 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, the aged basis of the receivables and historical experience of write offs.
- 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.
- K. ***Reserve for Accounts Payable and Accrued Expenses*** – UWNYP determines whether a reserve for possible reduction of liabilities should be provided for accounts payable and accrued expenses. Such estimate is based on management's assessment of the current liabilities and the likelihood of the amounts being paid in full. As of June 30, 2022 and 2021, UWNYP determined a reserve of \$300,004 was necessary due to ongoing negotiations with United Way Worldwide ("UWW") concerning the ultimate disposition of annual fees charged for each of the years ended June 30, 2022 and 2021.
- L. ***Community Investment Grants and Awards*** – 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 unconditional commitments are made in accordance with the approved budget.
- M. ***Government Contract Awards Payable*** – UWNYP administers a variety of government-funded programs. Through these programs, UWNYP 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 UWNYP.
- N. ***Deferred Rent*** – UWNYP records an adjustment to rent expense each year to reflect the straight-line method. Straightlining of rent gives rise to a timing difference that is reflected as deferred rent liability in the accompanying statements of financial position.
- O. ***Unfunded Pension and Post-Retirement Life Insurance Liability*** – UWNYP (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 in the year in which the changes occur.

**UNITED WAY OF NEW YORK CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

P. ***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, 2022 and 2021, UWNYPC recorded income and expense for contributed goods and services of \$48,280 and \$102,824, respectively. Such contributed goods and services are reflected in the financial statements as follows:

	2022	2021
Special events marketing and communication	\$ 48,280	\$ 40,776
Contract services and other grants	-	12,904
Professional fees	-	49,144
	\$ 48,280	\$ 102,824

Special events marketing and communication consist of various goods such as baseball caps, water bottles, etc. and are recorded at their fair value on the date of receipt. The donated goods were utilized by the special events and are not subject to any donor-imposed restrictions.

Contract services and other grants consist of donated food that are valued and reported in the financial statements at the estimated fair value on the date of receipt. The donated food were distributed to recipients as part of the Feed NYC program and are not subject to any donor-imposed restrictions.

Professional fees comprise of pro bono legal services from attorneys advising the organization on various administrative legal matters. These services are valued and reported at the estimated fair value in the financial statements based on current rates for similar legal services. The contributed services are utilized for general operations and are not subject to any donor-imposed restrictions.

Q. ***Revenue from Government Sources*** – UWNYPC derives its revenue from, among other sources, cost reimbursement contracts and fees for service programs with government agencies, which are recognized as revenue as those costs are incurred and the revenue is earned. Advances received on government grants are recorded as a liability until the expenses are incurred, at which time revenue is recognized.

Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. As of June 30, 2022 and 2021, UWNYPC was awarded conditional grants and contracts from government agencies in the aggregate amounts of \$3,589,290 and \$10,632,489, respectively, that have not been recorded in the accompanying financial statements, as they have not been earned. These grants and contracts require UWNYPC to provide certain services as specified in the contracts. If such services are not provided, the foundations and governmental entities are not obligated to expend the funds allotted under the grants and contracts and UWNYPC may be required to return the funds already remitted.

R. ***Bequests and Legacies*** – UWNYPC recognizes bequests and legacies as support when the wills have passed probate and the sum is certain.

S. ***Beneficial Interest in Trust*** – UWNYPC is one of the six equal beneficiaries in a trust in which investment assets are held in perpetuity by a third-party trustee. UWNYPC receives the annual income, which is recorded as net assets without donor restrictions. Realized and unrealized appreciation (depreciation) remains part of the trust principal. The change in value of beneficial interest in perpetual trust amounted to \$(102,269) and \$131,401 for the years ended June 30, 2022 and 2021, respectively, and is included in the statements of activities. As of June 30, 2022 and 2021, beneficial interest in perpetual trust amounted to \$549,029 and \$651,298, respectively.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

T. **Functional Allocation of Expenses** – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

U. **Measures of Operations** – UWNYC includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including appropriated investment income allocation. Investment income, earned in excess of (or less than) UWNYC’s aggregate spending amount, change in value of beneficial interest in perpetual trust and other non-operating grants, gains or losses are recognized as non-operating activities.

V. **Adoption of New Accounting Standards** – On September 17, 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2020-07 that increases transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit (“NFP”) organizations—including transparency on how those assets are used and how they are valued. UWNYC adopted ASU 2020-07 during the year ended June 30, 2022, and the adoption had no impact on the change in net assets for the year ended June 30, 2021.

W. **Reclassification** – Certain line items of the June 30, 2021 statement of activities and statement of functional expenses balances have been reclassified to conform to the June 30, 2022 presentation. Such reclassifications have no effect on previously reported net assets.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use within one year of the statement of financial position, comprised of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,262,866	\$ 4,243,698
Campaign receivables, net	1,756,565	1,518,184
Government grants/contracts receivable	12,726,698	13,708,408
Investments	6,561,873	7,583,898
COVID-19 contributions receivable	-	120,334
Private grants and contributions receivable	<u>7,328,276</u>	<u>4,144,406</u>
 Total financial assets	 30,636,278	 31,318,928
Less: Investments held for endowments	(1,909,296)	(2,407,420)
Less: Private grants and contributions receivable due in more than one year	(800,000)	(1,500,000)
Add: Distributions from beneficial interests in assets held by others	21,233	18,561
Add: Endowment spending - rate distributions and appropriations	119,084	114,762
	<u>\$ 28,067,299</u>	<u>\$ 27,544,831</u>

As part of UWNYC’s liquidity management plan, UWNYC invests cash in excess of daily requirements in short-term investments and money market funds. In addition, UWNYC has a maximum line of credit totaling \$2.5 million with a financial institution (Note 14C), which can be drawn upon if needed.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)**

For purposes of analyzing resources available to meet general expenditures over a 12-month period, UWNYC considers all expenditures related to its ongoing activities of programs, as well as the conduct of services undertaken to support those activities, to be general expenditures. Donor restricted funds for various programs are considered available for the general expenditures to conduct those programs. UWNYC's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

UWNYC's donor-restricted endowment of \$1,909,296 and \$2,407,420 at June 30, 2022 and 2021, respectively, is subject to an annual spending rate of five percent as described in Note 13. Although UWNYC does not intend to spend from this donor-restricted endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

**NOTE 4 – INVESTMENTS**

Investments consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and money market funds	\$ 149,307	\$ 141,575
Fixed income	2,558,956	2,599,190
Equities	3,772,720	4,766,532
Commodities	80,890	76,601
	<u>\$ 6,561,873</u>	<u>\$ 7,583,898</u>

The components of investment return for the years ended June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Dividends and interest, net	\$ 149,313	\$ 90,720
Realized and unrealized (loss) gains	(1,171,338)	1,311,770
Total return on investments	<u>\$ (1,022,025)</u>	<u>\$ 1,402,490</u>
Investment return used for current operations	\$ 338,548	\$ 349,843
Investment return (under) over spending rate	(1,360,573)	1,052,647
	<u>\$ (1,022,025)</u>	<u>\$ 1,402,490</u>

Investment revenues are reported net of related investment advisory fees in the statements of activities. The amount of expenses netted with revenues amounted to \$62,256 and \$55,162 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 5 – 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, UWNYC 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.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)**

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 the lowest priority to Level 3 inputs.

Investments in money market funds, equities, fixed income funds, U.S. government bonds, corporate bonds and commodities 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 government-sponsored enterprises and cash surrender values related to insurance contracts are valued using quoted prices in inactive markets (Level 2).

Level 2 instrument 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 years ended June 30, 2022 and 2021 there were no transfers in or out of levels 1 or 2.

Financial assets carried at fair value as of June 30, 2022 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>FINANCIAL ASSETS AT FAIR VALUE</b>				
Cash and money market funds	\$ 149,307	\$ -	\$ -	\$ 149,307
US government bonds	1,978,462	-	-	1,978,462
Corporate bonds	337,584	-	-	337,584
Government-sponsored enterprises	-	242,910	-	242,910
Equities	3,772,720	-	-	3,772,720
Commodities	80,890	-	-	80,890
	<u>6,318,963</u>	<u>242,910</u>	<u>-</u>	<u>6,561,873</u>
Beneficial interest in trusts	-	-	549,029	549,029
Cash surrender value - Insurance contract (see Note 8)	-	951,492	-	951,492
	<u>6,318,963</u>	<u>1,194,402</u>	<u>549,029</u>	<u>8,062,394</u>
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE</b>	<b>\$ 6,318,963</b>	<b>\$ 1,194,402</b>	<b>\$ 549,029</b>	<b>\$ 8,062,394</b>

Financial assets carried at fair value as of June 30, 2021 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>FINANCIAL ASSETS AT FAIR VALUE</b>				
Cash and money market funds	\$ 141,575	\$ -	\$ -	\$ 141,575
US government bonds	2,279,153	-	-	2,279,153
Corporate bonds	320,037	-	-	320,037
Equities	4,766,532	-	-	4,766,532
Commodities	76,601	-	-	76,601
	<u>7,583,898</u>	<u>-</u>	<u>-</u>	<u>7,583,898</u>
Beneficial interest in trusts	-	-	651,298	651,298
Cash surrender value - Insurance contract (see Note 8)	-	922,406	-	922,406
	<u>7,583,898</u>	<u>922,406</u>	<u>651,298</u>	<u>9,157,602</u>
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE</b>	<b>\$ 7,583,898</b>	<b>\$ 922,406</b>	<b>\$ 651,298</b>	<b>\$ 9,157,602</b>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)**

Fair value for the beneficial interest in trusts is measured using the fair value of the assets held in trusts as reported by the trustee as of June 30, 2022 and 2021. UWNYC considers the measurement of its beneficial interest in trusts to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustee, UWNYC will not have the ability to direct the trustee to redeem them.

The table below presents information about fair value measurements that use significant unobservable inputs (Level 3):

Balance – July 1, 2020	\$ 519,897
Total gains recognized in the change in net assets	
with donor restrictions – change in value of perpetual trusts	<u>131,401</u>
Balance – June 30, 2021	651,298
Total losses recognized in the change in net assets	
with donor restrictions – change in value of perpetual trusts	<u>(102,269)</u>
Balance – June 30, 2022	<u>\$ 549,029</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 UWNYC 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.

**NOTE 6 – CAMPAIGN RECEIVABLES, NET**

Campaign receivables consist of local campaign and regional campaign.

**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 UWNYC 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, UWNYC pays out to the specified beneficiary as intended by the donor. The processing of designated funds is considered an agency transaction and recorded as an increase in campaign revenue and a corresponding increase in donor designations.

For the years ended June 30, 2022 and 2021, such donor-designated funds amounted to \$6,172,008 and \$7,770,634, respectively, and are included as campaign revenue and donor designations in the statements of activities. The provision for uncollectible receivable related to the local campaign for the years ended June 30, 2022 and 2021 amounted to \$152,806 and \$467,698, respectively.

**Regional Campaign** - UWNYC and 21 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. 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.

Campaign receivables consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Local campaign	\$ 2,045,185	\$ 1,861,242
Less: allowance for doubtful accounts	<u>(288,620)</u>	<u>(343,058)</u>
	<u>\$ 1,756,565</u>	<u>\$ 1,518,184</u>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – 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:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 6,556,373	\$ 2,669,017
One year to five years	<u>800,000</u>	<u>1,500,000</u>
	7,356,373	4,169,017
Less: present value discount, of 1.01%	<u>(28,097)</u>	<u>(24,611)</u>
	<u>\$ 7,328,276</u>	<u>\$ 4,144,406</u>

**NOTE 8 – PREPAID EXPENSES AND OTHER ASSETS**

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

	<u>2022</u>	<u>2021</u>
Cash surrender value - insurance	\$ 951,492	\$ 922,406
Prepaid and other assets	<u>481,211</u>	<u>152,021</u>
	<u>\$ 1,432,703</u>	<u>\$ 1,074,427</u>

UWNYC is the beneficiary of an insurance contract from a donor with a face amount of \$800,000. As of June 30, 2022 and 2021, the cash surrender value of the insurance contract amounted to \$951,492 and \$922,406, respectively, and is included with prepaid expenses and other assets in the statements of financial position.

**NOTE 9 – CAPITAL LEASE ASSETS AND IMPROVEMENTS**

In 2013, UWNYC entered into a condominium agreement (“Agreement”) in a building located at 205 East 42<sup>nd</sup> Street. UWNYC entered into a 30-year “leasehold condominium” ownership structure with the Durst Organization for two units in the building. The leasehold condominium ownership structure provides UWNYC with an ownership interest in its units for the 30-year term of the transaction. The purchase of the leasehold condominium was classified as a capital lease. At the time of the transaction, 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 \$6,843,730 and was reflected as a capital lease asset and obligation in the statements of financial position. In addition, capital lease assets and improvements amounted to \$1,318,572 and are being amortized over 30 years. 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 is accounted for as an operating lease (see Note 14B). In connection with the Agreement, UWNYC delivered to the seller a clean irrevocable letter of credit for \$3 million drawn upon a commercial bank.

In connection with the Agreement, the seller also provided a loan of \$2,441,800 to UWNYC for renovations and buildouts of the leasehold condominium. The loan is payable over 30 years at an interest rate of 6% and principal payments commenced in July 2014. During the year ended June 30, 2022, UWNYC reconveyed one floor of the lease to the seller which resulted in a reduction of the loan balance. The loan payable amounted to \$1,142,722 and \$2,150,083 as of June 30, 2022 and 2021, respectively.

UWNYC wrote off the related capital lease assets and obligations due to the reconveyance during the year ended June 30, 2022. Loss from capital lease assets and improvements amounted to \$2,485,792 and the gain from the capital lease obligations write off amounted to \$1,937,848, resulting in a net loss of \$547,946 from the lease reconveyance included in the accompanying statements of activities.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 9 – CAPITAL LEASE ASSETS AND IMPROVEMENTS (Continued)**

Future minimum principal and interest payments on the loan payable are as follows for the years ending after June 30, 2022:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 28,827	\$ 67,779	\$ 96,606
2024	30,605	66,001	96,606
2025	32,493	64,113	96,606
2026	34,497	62,109	96,606
2027	36,624	59,982	96,606
2028-2043	<u>979,676</u>	<u>533,820</u>	<u>1,513,496</u>
	<u>\$ 1,142,722</u>	<u>\$ 853,804</u>	<u>\$ 1,996,526</u>

Effective December 1, 2019, UWNYP and Durst Organization have entered into an Installment Purchase Payments Forbearance And Modification Agreement (the "Forbearance Agreement") that released UWNYP of any obligation to pay the monthly lease payments and associated common charges for the March 2019 through November 2019 period. The Forbearance Agreement also provides for forgiveness of monthly lease payments and loan payments for the period from December 1, 2019 through June 30, 2021, then extended to August 31, 2021. UWNYP recognized \$984,621 and \$177,550 as forgiveness of capital lease improvements loan payable for the years ended June 30, 2022 and 2021, respectively.

Effective August 31, 2021, UWNYP reconveyed a floor of the capital lease by entering a Purchase and Sale Agreement for Reconveyance and agreed to pay a "Reconveyance Fee" in the amount of \$23,559 per month for the next 60 months. As of June 30, 2022, the liability for reconveyance fee amounted to \$1,201,504.

In addition, the installment purchase payments were modified for the remaining floor during the year ended June 30, 2022. Accordingly, UWNYP recalculated the value of the leased asset and present value of the lease obligation based on future minimum lease payments effective September 1, 2022. The capitalized assets and improvements amounted to \$3,357,431 and \$6,039,529 as of June 30, 2022 and 2021, respectively. The revised present value of the minimum lease payments amounted to \$4,992,278 and \$8,264,558 as of June 30, 2022 and 2021, respectively.

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

	<u>2022</u>	<u>2021</u>	<u>Lease Term</u>
Leasehold condominium	\$ 3,096,631	\$ 5,734,502	30 years
Leasehold condominium improvements	1,318,572	2,441,800	30 years
Furniture	<u>883,367</u>	<u>883,367</u>	10 years
Total cost	5,298,570	9,059,669	
Less: accumulated depreciation and amortization	<u>(1,941,139)</u>	<u>(3,020,140)</u>	
	<u>\$ 3,357,431</u>	<u>\$ 6,039,529</u>	

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 9 – CAPITAL LEASE ASSETS AND IMPROVEMENTS (Continued)**

Future minimum cash payments (principal and interest) are as follows for the years ending after June 30, 2022:

	<u>Capital Lease</u>
2023	\$ 207,793
2024	216,650
2025	314,081
2026	314,081
2027	314,081
2028-2043	<u>8,548,269</u>
Total minimum lease payments	9,914,955
Less: amount representing interest	<u>(4,922,677)</u>
Present value of minimum lease payments	<u>\$ 4,992,278</u>

**NOTE 10 – PROPERTY AND EQUIPMENT, NET**

Property and equipment consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Lives</u>
Equipment, furniture and fixtures	\$ 287,418	\$ 219,824	3-10 years
Less: accumulated depreciation	<u>(167,734)</u>	<u>(114,491)</u>	
Net book value	<u>\$ 119,684</u>	<u>\$ 105,333</u>	

Depreciation expense amounted to \$58,855 and \$52,075 for the years ended June 30, 2022 and 2021, respectively. During the year ended June 30, 2022, UWNYP wrote off \$5,612 of fully depreciated fixed assets that were no longer in service.

**NOTE 11 – 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 created effective January 1, 2014. Employer contributions to the Plan are discretionary. For the years ended June 30, 2022 and 2021, \$203,494 and \$175,434, respectively, 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 is as follows:

	<u>2022</u>	<u>2021</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 21,252,561	\$ 22,059,402
Interest costs	566,746	561,600
Actuarial gain	(3,409,708)	(338,124)
Expense paid	(76,829)	(159,821)
Benefits paid	<u>(891,966)</u>	<u>(870,496)</u>
Benefit obligation at end of year	17,440,804	21,252,561
Fair value of plan assets	<u>16,153,824</u>	<u>20,580,505</u>
Unfunded liability	<u>\$ (1,286,980)</u>	<u>\$ (672,056)</u>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 11 – PENSION PLANS (Continued)**

The increase in unfunded liability during the year ended June 30, 2022 was impacted by the increase in discount rate and change in mortality table assumption and mortality improvement scale. The components of net periodic credit for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Interest costs	\$ 566,746	\$ 561,600
Expected return on plan assets	(897,284)	(860,720)
Amortization of actuarial loss	<u>136,284</u>	<u>158,908</u>
Net periodic credit	<u>\$ (194,254)</u>	<u>\$ (140,212)</u>

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 4.50% for the years ended June 30, 2022 and 2021. The credit was \$(194,254) and \$(140,212) for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the amounts recognized were \$(809,178) and \$421,599, respectively.

The amounts recognized in the Plan as calculated by the actuary as of June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Actuarial loss	<u>\$ (4,092,845)</u>	<u>\$ (3,283,667)</u>

Other changes in assets and benefit obligation recognized in net assets without donor restrictions for the years ended June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Net actuarial gain (loss)	<u>\$ (809,178)</u>	<u>\$ 421,599</u>

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

	<u>2022</u>	<u>2021</u>
Discount rate	4.60%	2.75%
Expected return of plan assets	4.50%	4.25%
Rate of compensation increase	N/A	N/A

Pension Plan assets as of June 30 are as follows:

	<u>2022</u>	<u>2021</u>
<u>AXA Equitable Life Insurance Company</u>		
Guarantee Account	\$ 6,788	\$ 9,962
<u>Wells Fargo</u>		
Cash and cash equivalents	99,387	167,764
Mutual Funds:		
Fixed Income Funds	14,432,999	18,375,029
Equity Funds	<u>1,614,650</u>	<u>2,027,750</u>
	<u>\$ 16,153,824</u>	<u>\$ 20,580,505</u>

As of June 30, 2022 and 2021, 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 5 for definitions of the fair value hierarchy. UWNYP made no contributions for the fiscal years ended June 30, 2022 and 2021 and does not expect to make contributions for the fiscal year ended June 30, 2023.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 11 – PENSION PLANS (Continued)**

The projected benefit payments are as follows:

Years Ending June 30,		\$	
2023		1,369,130	
2024		1,117,072	
2025		1,106,027	
2026		1,135,509	
2027		1,134,027	
2028-2032		5,803,987	

Preservation of capital is of prime importance and within the stated investment objectives for the Pension Plan's assets. Risks, including excess volatility in the value of plan assets, should be minimized. UWNYP has elected to incorporate dynamic approach to asset allocation for the Pension Plan, so as the funded status improves, the percentage allocation to a liability driven investment strategy will increase. This should reduce the overall volatility of the Pension Plan's funded status and increase the correlation between the plan assets and liabilities.

The plan invests primarily in a diversified portfolio of fixed income securities. The asset allocation guidelines are based on the funded status of the pension plan.

**NOTE 12 – POST-RETIREMENT LIFE INSURANCE PLAN**

UWNYP 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 UWNYP's employees may have become eligible for those benefits if they reached normal retirement age while working for UWNYP.

The funded status of the Life Insurance Plan as of June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ (2,509,988)	\$ (2,597,046)
Interest costs	(60,451)	(59,608)
Actuarial gain	359,506	109,117
Benefits paid	<u>37,549</u>	<u>37,549</u>
Benefit obligation at end of year	(2,173,384)	(2,509,988)
Fair value of plan assets	-	-
Unfunded liability	<u>\$ (2,173,384)</u>	<u>\$ (2,509,988)</u>

The decrease in benefit obligation during the year ended June 30, 2022 was impacted by the increase in discount rate and change in mortality table assumption and mortality improvement scale. The components of net periodic benefit cost for the years ended June 30, 2022 and 2021 include interest costs of \$60,451 and \$59,608, respectively. At the end of the fiscal year it is adjusted based on the funded status of the Life Insurance Plan, with the difference recorded as a non-operating adjustment. For the years ended June 30, 2022 and 2021, the net Life Insurance Plan related changes were \$359,506 and \$109,117, respectively.

The amounts recognized in the Plan as calculated by the actuary as of June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Actuarial gain	<u>\$ (703,485)</u>	<u>\$ (353,839)</u>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 12 – POST-RETIREMENT LIFE INSURANCE PLAN (Continued)**

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

	2022	2021
Discount rate	4.46%	2.53%
Rate of compensation increase	N/A	N/A

The projected benefit payments are as follows:

Years Ending June 30,		
2023	\$	156,795
2024		161,264
2025		165,067
2026		168,147
2027		170,440
2028-2032		858,230

**NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following as of June 30:

	2022	2021
Subject to expenditures for specified purpose or passage of time:		
Various community impact programs	\$ 8,564,398	\$ 4,154,875
COVID-19	83,396	92,192
Change Capital Fund	1,466,099	825,975
Unappropriated endowment earnings	37,662	535,786
Other time and purpose restricted	71,903	42,889
Subtotal	10,223,458	5,651,717
Endowment principal held in perpetuity:		
Carp Endowment	1,176,426	1,176,426
Human Care Endowment	150,617	150,617
Louis and Mary Horowitz Endowment	544,591	544,591
	1,871,634	1,871,634
Beneficial interest in perpetual trust	549,029	651,298
	\$ 12,644,121	\$ 8,174,649

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restricted purposes or passage of time.

Donor restricted endowment funds consist of the Carp Endowment, Human Care Endowment, and Louis and Mary Horowitz 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 net assets with donor restrictions until appropriated for operations.

UWNYC recognizes that the 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 without donor restrictions are reflected as net assets with donor restrictions until appropriated by the Board of Directors. As of June 30, 2022 and 2021, UWNYC reported all earnings on endowment funds as net assets with donor restrictions until appropriated by the Board for operations.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

As a result of this interpretation, UWNYC has not changed the way net assets restricted in perpetuity are classified. The remaining portion of the donor-restricted endowment fund that is not classified as restricted in perpetuity is classified as net assets with donor restrictions (purpose and time-restricted for future periods), until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

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 endowments will follow the terms of the net assets restricted in perpetuity. 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 endowment net assets for the year ended June 30, 2022 are as follows:

	Unappropriated Earnings	Endowment Principal	Total
Endowment net assets, beginning of year	\$ 535,786	\$ 1,871,634	\$ 2,407,420
Investment Activity:			
Interest and dividends	82,088	-	82,088
Unrealized and realized loss on investments	(461,128)	-	(461,128)
Total investment activity	(379,040)	-	(379,040)
Amount appropriated	(119,084)	-	(119,084)
Endowment net assets, end of year	<u>\$ 37,662</u>	<u>\$ 1,871,634</u>	<u>\$ 1,909,296</u>

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Unappropriated Earnings	Endowment Principal	Total
Endowment net assets, beginning of year	\$ 148,442	\$ 1,871,634	\$ 2,020,076
Investment Activity:			
Interest and dividends	39,722	-	39,722
Unrealized and realized gain on investments	462,384	-	462,384
Total investment activity	502,106	-	502,106
Amount appropriated	(114,762)	-	(114,762)
Endowment net assets, end of year	<u>\$ 535,786</u>	<u>\$ 1,871,634</u>	<u>\$ 2,407,420</u>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Endowment net assets of \$1,909,296 and \$2,407,420 are included with investments on the statements of financial position as of June 30, 2022 and 2021, respectively. Endowment net assets do not include the beneficial interest in the perpetual trust, however, it is included in net assets with donor restrictions.

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 UWNYC to retain as a fund of perpetual duration. In accordance with U.S. GAAP, any deterioration of the fair value of assets associated with donor-restricted endowment funds that falls below the level the donor requires UWNYC to retain in perpetuity is to be reported in net assets with donor restrictions. 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, 2022 and 2021.

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

A. The minimum annual rentals for equipment under non-cancelable leases are as follows for the years ended after June 30, 2022:

	<u>Equipment</u>
2023	\$ 90,637
2024	39,853
2025	<u>1,897</u>
	<u>\$ 132,387</u>

Rent expense amounted to \$129,072 and \$123,589, respectively, for the years ended June 30, 2022 and 2021.

B. UWNYC entered into a ground lease agreement as part of the capital lease transaction as discussed in Note 9. The total minimum rental payments from inception through 2043 amount to approximately \$27 million. The deferred rent liability of \$570,408 and \$597,571 is included in the statements of financial position related to the straightlining of the ground lease as of June 30, 2022 and 2021, respectively. During 2020, UWNYC entered into a licensing agreement with a not-for-profit organization for the entity to use part of the leased space. Income from the licensing fee amounted to \$42,686 and \$256,116 during the years ended June 30, 2022 and 2021, respectively.

Minimum annual payments for the years ended after June 30, 2022, are as follows:

	<u>Ground Rent</u>
2023	\$ 918,605
2024	918,605
2025	918,605
2026	918,605
2027	918,605
2028-2043	<u>14,697,680</u>
	<u>\$ 19,290,705</u>

C. On July 9, 2019, UWNYC opened a line of credit with a financial services company with a maximum borrowing of up to \$2.5 million. The borrowings are secured by marketable securities and there is no maturity date. The interest rate is The London Inter-Bank Offered Rate plus 2.25%. As of June 30, 2022 and June 30, 2021, there were no borrowings from the line.

D. UWNYC may be subject to legal proceedings and claims which may arise in the ordinary course of its business. Management is not aware of any such matters at this time.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)**

E. UWNYPC believes it has no uncertain tax positions as of June 30, 2022 and 2021 in accordance with FASB Accounting Standards Codification (“ASC”) Topic 740 “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 15 – PAYCHECK PROTECTION PROGRAM GRANT**

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”) sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. UWNYPC applied for this loan through an SBA authorized lender. The loan, amounting to \$1,255,993, was approved on April 30, 2020 and received on May 1, 2020.

In accounting for the terms of the PPP loan, UWNYPC is guided by ASC 958-605, *Contributions*. Accordingly, UWNYPC has accounted for this under FASB ASC Topic 958-605 as a conditional contribution. At June 30, 2020, UWNYPC has met the performance obligations and recorded grant income of \$1,080,859 in the accompanying statements of activities. As of June 30, 2020, \$175,134 was recorded as a refundable advance until the conditions are substantially met.

During the year ended June 30, 2021, UWNYPC has met the performance obligations and recorded the remaining \$175,134 as grant income in the accompanying statements of activities. Subsequent to year-end, UWNYPC was notified by the lender that the PPP loan was fully forgiven on August 12, 2021.

**NOTE 16 – CONCENTRATION**

Cash, cash equivalents and restricted cash that potentially subject UWNYPC to a concentration of credit risk include cash accounts with a financial institution that exceeded the Federal Deposit Insurance Corporation (“FDIC”) insurance limits of \$250,000 by approximately \$3,639,000 and \$5,316,000 at one bank as of June 30, 2022 and 2021, respectively.

**NOTE 17 – RELATED-PARTY TRANSACTIONS**

During 2022, UWNYPC entered into a contract with D. Fraser Associates, LLC (“DFA”), to support the implementation of the Choose Healthy Life (“CHL”) initiative, which is funded by the Federal government’s Health Resources and Services Administration (“HRSA”). The owner of DFA is an immediate family member of UWNYPC’s President & Chief Executive Officer (“CEO”), thereby creating a conflict of interest in the contracting between the parties. During the year ended June 30, 2022, \$500,000 was paid to DFA under the contract.

Among other actions taken to document and manage the conflict of interest, UWNYPC has: (1) engaged its Board of Directors as required by UWNYPC’s Conflicts of Interest Policy to review and approve the transaction; (2) developed and implemented a Conflict of Interest Mitigation and Monitoring Plan to mitigate organizational conflict of interest issues associated with this relationship, including by establishing a series of comprehensive protocols to “firewall” the CEO from various aspects of CHL program implementation and all decision-making related to the DFA contract; and (3) disclosed the conflicted nature of the transaction to HRSA and obtained HRSA authorization to enter into the contract.

In addition, UWNYPC engaged a third-party auditor to review various aspects of contract performance and fiscal administration of the DFA/UWNYPC contract to ensure compliance with UWNYPC’s stated policies and procedures, and also adherence to various aspects of the above mentioned conflicts of interest mitigation approvals and strategy.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 18 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through March 29, 2023, the date the financial statements were available to be issued.

On October 12, 2022, UWNYC was approved for \$3,000,000 cash flow loan by Fund for the City of New York for the operation of supporting the community-based violence interruption initiatives. UWNYC agrees to repay the loan no later than December 1, 2022. The loan is subject to a service charge of 1.5% of its principal amount. If the loan is not fully repaid by the end of the prefinal loan period, UWYC is subject to an interest of prime plus 3% of the principal amount outstanding in lieu of the service charge.

On November 1, 2022, UWNYC was approved for \$561,248, interest free, emergency loan by Fund for the City of New York. UWNYC agrees to repay the loan within 30 days from the date of borrowing.

As of March 29, 2023, both loans have been fully repaid by UWNYC.