

UNITED WAY OF NEW YORK CITY



**United Way
of New York City**

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

Years Ended June 30, 2023 and 2022

**UNITED WAY OF NEW YORK CITY
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
YEARS ENDED JUNE 30, 2023 AND 2022**

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-26



INDEPENDENT AUDITORS' REPORT

The Board of Directors
United Way of New York City
New York, NY

Opinion

We have audited the financial statements of United Way of New York City ("UWNYC"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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, 2023 and 2022, 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.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 2V to the financial statements, UWNYC changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification ("ASC") Topic 842, *Leases*, effective July 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

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.

Mayer Hoffman McCann CPAs
The New York Practice of Mayer Hoffman McCann P.C.
An Independent CPA Firm

685 Third Avenue
New York, NY 10017

Phone: 212.503.8800
mhmcpa.com





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 audits.
- 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 audits 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 UWNYP'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 UWNYP'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 4, 2024

**UNITED WAY OF NEW YORK CITY
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
Cash and cash equivalents (Notes 2D and 16A)	\$ 2,621,216	\$ 2,262,866
Restricted cash (Notes 2D and 16A)	1,509,346	1,626,856
Investments (Notes 2E, 2F, 4, 5 and 13)	7,199,010	6,561,873
Campaign receivables, net (Notes 2G, 2I and 6)	1,416,032	1,756,565
Government grants/contracts receivable (Note 2I)	17,836,835	12,726,698
Private grants and contributions receivable, net (Notes 2H, 2I and 7)	3,189,330	7,328,276
Prepaid expenses and other assets (Notes 5 and 8)	1,103,682	1,432,703
Beneficial interest in perpetual trust (Notes 2S, 5 and 14)	583,046	549,029
Capital lease assets and improvements, net (Notes 2V and 9)	-	3,357,431
Finance lease right-of-use assets (Notes 2V and 9)	2,883,338	-
Operating lease right-of-use assets (Notes 2V and 10)	12,931,090	-
Property and equipment, net (Notes 2J and 11)	286,780	119,684
 TOTAL ASSETS	 \$ 51,559,705	 \$ 37,721,981
 LIABILITIES		
Accounts payable and accrued expenses, net (Note 2K)	\$ 5,279,685	\$ 1,866,873
Campaign donor designations payable (Note 2G)	869,785	789,453
Government contract awards payable (Note 2M)	7,591,358	7,162,424
Lease reconveyance liability (Note 9)	918,798	1,201,504
Deferred rent liability (Notes 2N and 10)	-	570,408
Capital lease obligations (Note 9)	-	4,992,278
Capital lease improvements loan payable (Note 9)	1,113,896	1,142,722
Finance lease liability (Notes 2V and 9)	5,086,587	-
Operating lease liability (Notes 2V and 10)	13,474,335	-
Unfunded pension liability (Notes 2O and 12)	1,110,160	1,286,980
Post-retirement life insurance liability (Notes 2O and 13)	1,869,208	2,173,384
 TOTAL LIABILITIES	 37,313,812	 21,186,026
 COMMITMENTS AND CONTINGENCIES (Note 15)		
 NET ASSETS (Note 2B)		
Without Donor Restrictions:		
Operations	13,006,517	9,520,610
Board designated	549,473	489,473
Net investment in property and equipment	286,780	119,684
Unfunded pension liability	(1,110,160)	(1,286,980)
Post-retirement life insurance liability	(1,869,208)	(2,173,384)
Net investment in capital lease obligation	(3,317,145)	(2,777,569)
Total net assets without donor restrictions	7,546,257	3,891,834
Net assets with donor restrictions (Note 14)	6,699,636	12,644,121
 TOTAL NET ASSETS	 14,245,893	 16,535,955
 TOTAL LIABILITIES AND NET ASSETS	 \$ 51,559,705	 \$ 37,721,981

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, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Year Ended June 30, 2023			Total 2022
	Without Donor Restrictions	With Donor Restrictions	Total 2023	
OPERATING REVENUE AND SUPPORT (Note 2C):				
Campaigns	\$ 10,511,124	\$ -	\$ 10,511,124	\$ 11,869,796
Campaign administrative fees	34,107	-	34,107	42,715
Less: Donor designations	(5,650,739)	-	(5,650,739)	(6,172,008)
Less: Provision for uncollectible receivables	(613,124)	-	(613,124)	(152,806)
Campaign results, net (Notes 2G and 6)	<u>4,281,368</u>	<u>-</u>	<u>4,281,368</u>	<u>5,587,697</u>
Special events revenue	3,112,671	-	3,112,671	3,466,585
Less: direct expenses	(263,445)	-	(263,445)	(238,080)
Special events, net (Note 2P)	<u>2,849,226</u>	<u>-</u>	<u>2,849,226</u>	<u>3,228,505</u>
Government grants/contracts (Note 2Q)	46,050,314	-	46,050,314	36,926,224
Individual, private grants and contributions (Note 2H)	672,248	1,515,597	2,187,845	8,829,873
Emergency Assistance & Community Needs fund contributions (Note 2H)	-	2,181,065	2,181,065	106,904
Fiscally sponsored funds	-	783,280	783,280	1,360,000
In-kind contributions (Note 2P)	397,931	-	397,931	48,280
Investment return used for operations (Note 4)	208,108	121,183	329,291	338,548
Rental income	-	-	-	42,686
Other income	333,404	-	333,404	243,735
Net assets released from restrictions (Note 14)	<u>10,690,829</u>	<u>(10,690,829)</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING REVENUE AND SUPPORT	<u>65,483,428</u>	<u>(6,089,704)</u>	<u>59,393,724</u>	<u>56,712,452</u>
OPERATING EXPENSES:				
Program Services:				
Community investment grants and awards (Note 2L)	8,722,333	-	8,722,333	5,457,040
Contract services and other grants	33,866,216	-	33,866,216	27,126,490
Community investment services	10,739,460	-	10,739,460	8,563,539
Total Program Services	<u>53,328,009</u>	<u>-</u>	<u>53,328,009</u>	<u>41,147,069</u>
Supporting Services:				
Management and general	5,159,091	-	5,159,091	5,348,234
Fundraising	3,987,577	-	3,987,577	3,125,567
Total Supporting Services	<u>9,146,668</u>	<u>-</u>	<u>9,146,668</u>	<u>8,473,801</u>
TOTAL OPERATING EXPENSES	<u>62,474,677</u>	<u>-</u>	<u>62,474,677</u>	<u>49,620,870</u>
(DEFICIT) SURPLUS OF OPERATING REVENUE AND SUPPORT (UNDER) OVER OPERATING EXPENSES	<u>3,008,751</u>	<u>(6,089,704)</u>	<u>(3,080,953)</u>	<u>7,091,582</u>
NON-OPERATING ACTIVITIES				
Investment return over (under) amounts appropriated for operations (Note 4)	206,406	111,202	317,608	(1,360,573)
Change in value of beneficial interest in perpetual trust (Notes 2S and 13)	-	34,017	34,017	(102,269)
Forgiveness of capital lease improvements loan payable (Note 9)	-	-	-	984,621
Net loss from lease reconveyance (Note 9)	-	-	-	(547,946)
Net periodic pension (cost) credit (Note 12)	(380,514)	-	(380,514)	194,254
Pension plan related changes other than net periodic pension credit (Note 12)	557,334	-	557,334	(809,178)
Net periodic post-retirement cost (Note 13)	(89,940)	-	(89,940)	(60,451)
Post-retirement life insurance plan related changes other than net post-retirement cost (Note 13)	<u>352,386</u>	<u>-</u>	<u>352,386</u>	<u>359,506</u>
TOTAL NON-OPERATING ACTIVITIES	<u>645,672</u>	<u>145,219</u>	<u>790,891</u>	<u>(1,342,036)</u>
CHANGES IN TOTAL NET ASSETS	3,654,423	(5,944,485)	(2,290,062)	5,749,546
Net assets, beginning of year	<u>3,891,834</u>	<u>12,644,121</u>	<u>16,535,955</u>	<u>10,786,409</u>
NET ASSETS - END OF YEAR	<u>\$ 7,546,257</u>	<u>\$ 6,699,636</u>	<u>\$ 14,245,893</u>	<u>\$ 16,535,955</u>

**UNITED WAY OF NEW YORK CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total 2022
OPERATING REVENUE AND SUPPORT (Note 2C):			
Campaigns	\$ 11,869,796	\$ -	\$ 11,869,796
Campaign administrative fees	42,715	-	42,715
Less: Donor designations	(6,172,008)	-	(6,172,008)
Less: Provision for uncollectible receivables	(152,806)	-	(152,806)
Campaign results, net (Notes 2G and 6)	<u>5,587,697</u>	<u>-</u>	<u>5,587,697</u>
Special events revenue	3,466,585	-	3,466,585
Less: direct expenses	(238,080)	-	(238,080)
Special events, net (Note 2P)	<u>3,228,505</u>	<u>-</u>	<u>3,228,505</u>
Government grants/contracts (Note 2Q)	36,926,224	-	36,926,224
Individual, private grants and contributions (Note 2H)	729,808	8,100,065	8,829,873
Emergency Assistance & Community Needs fund contributions (Note 2H)	-	106,904	106,904
Fiscally sponsored funds	-	1,360,000	1,360,000
In-kind contributions (Note 2P)	48,280	-	48,280
Investment return used for operations (Note 4)	219,464	119,084	338,548
Rental income	42,686	-	42,686
Other income	243,735	-	243,735
Net assets released from restrictions (Note 14)	<u>4,616,188</u>	<u>(4,616,188)</u>	<u>-</u>
TOTAL OPERATING REVENUE AND SUPPORT	<u>51,642,587</u>	<u>5,069,865</u>	<u>56,712,452</u>
OPERATING EXPENSES:			
Program Services:			
Community investment grants and awards (Note 2L)	5,457,040	-	5,457,040
Contract services and other grants	27,126,490	-	27,126,490
Community investment services	<u>8,563,539</u>	<u>-</u>	<u>8,563,539</u>
Total Program Services	<u>41,147,069</u>	<u>-</u>	<u>41,147,069</u>
Supporting Services:			
Management and general	5,348,234	-	5,348,234
Fundraising	<u>3,125,567</u>	<u>-</u>	<u>3,125,567</u>
Total Supporting Services	<u>8,473,801</u>	<u>-</u>	<u>8,473,801</u>
TOTAL OPERATING EXPENSES	<u>49,620,870</u>	<u>-</u>	<u>49,620,870</u>
SURPLUS OF OPERATING REVENUE AND SUPPORT OVER OPERATING EXPENSES	<u>2,021,717</u>	<u>5,069,865</u>	<u>7,091,582</u>
NON-OPERATING ACTIVITIES			
Investment return under amounts appropriated for operations (Note 4)	(862,449)	(498,124)	(1,360,573)
Change in value of beneficial interest in perpetual trust (Notes 2S and 13)	-	(102,269)	(102,269)
Forgiveness of capital lease improvement loan payable (Note 9)	984,621	-	984,621
Net loss from lease reconveyance	(547,946)	-	(547,946)
Net periodic pension credit (Note 12)	194,254	-	194,254
Pension plan related changes other than net periodic pension credit (Note 12)	(809,178)	-	(809,178)
Net periodic post-retirement cost (Note 13)	(60,451)	-	(60,451)
Post-retirement life insurance plan related changes other than net post-retirement cost (Note 13)	<u>359,506</u>	<u>-</u>	<u>359,506</u>
TOTAL NON-OPERATING ACTIVITIES	<u>(741,643)</u>	<u>(600,393)</u>	<u>(1,342,036)</u>
CHANGES IN TOTAL NET ASSETS	<u>1,280,074</u>	<u>4,469,472</u>	<u>5,749,546</u>
Net assets, beginning of year	<u>2,611,760</u>	<u>8,174,649</u>	<u>10,786,409</u>
NET ASSETS - END OF YEAR	<u>\$ 3,891,834</u>	<u>\$ 12,644,121</u>	<u>\$ 16,535,955</u>

UNITED WAY OF NEW YORK CITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Year Ended June 30, 2023					Total 2022
	Supporting Services			Total Supporting Services	Total 2023	
	Program Services	Management and General	Fundraising			
Grants, contracts and awards						
Community investment grants and awards (Note 2L)	\$ 8,722,333	\$ -	\$ -	\$ -	\$ 8,722,333	\$ 5,457,040
Contract services and other grants	33,866,216	-	-	-	33,866,216	27,126,490
	<u>42,588,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,588,549</u>	<u>32,583,530</u>
Personnel						
Salaries	6,291,097	2,367,958	1,634,954	4,002,912	10,294,009	8,478,326
Payroll taxes and benefits (Notes 12 and 13)	1,758,166	186,095	420,479	606,574	2,364,740	1,893,544
	<u>8,049,263</u>	<u>2,554,053</u>	<u>2,055,433</u>	<u>4,609,486</u>	<u>12,658,749</u>	<u>10,371,870</u>
Office, occupancy and professional fees						
Office maintenance and general supplies	38,453	99,179	13,842	113,021	151,474	178,601
Expensed equipment and rentals	306,457	134,975	116,623	251,598	558,055	421,500
Dues and subscriptions	14,835	47,833	31,520	79,353	94,188	58,457
Travel and transportation	6,289	21,688	5,135	26,823	33,112	21,746
Telephone	18,755	12,000	3,664	15,664	34,419	30,963
Insurance	275,072	54,600	50,048	104,648	379,720	285,034
Occupancy (Note 9)	736,473	146,201	133,997	280,198	1,016,671	1,130,136
Professional fees (Note 2P)	359,900	1,547,196	489,576	2,036,772	2,396,672	2,206,551
	<u>1,756,234</u>	<u>2,063,672</u>	<u>844,405</u>	<u>2,908,077</u>	<u>4,664,311</u>	<u>4,332,988</u>
Events and promotion						
Special events marketing and communication	-	-	883,672	883,672	883,672	645,982
Catering and entertainment	-	-	263,445	263,445	263,445	238,080
General promotion	5,624	-	6,003	6,003	11,627	12,053
Meetings, seminars and training	31,657	198,533	20,416	218,949	250,606	73,160
Postage and shipping	11,265	5,234	8,234	13,468	24,733	32,597
Printing and distribution	-	-	2,701	2,701	2,701	-
	<u>48,546</u>	<u>203,767</u>	<u>1,184,471</u>	<u>1,388,238</u>	<u>1,436,784</u>	<u>1,001,872</u>
Other expenses						
Depreciation and amortization (Note 11)	3,461	60,012	6,246	66,258	69,719	58,855
Amortization of capital lease assets (Note 9)	343,435	68,173	62,485	130,658	474,093	196,304
Interest expense	267,941	98,189	48,751	146,940	414,881	384,929
Bad debt expense	-	670,636	-	670,636	670,636	152,806
Dues paid to national and state organizations	270,580	53,713	49,231	102,944	373,524	928,602
	<u>885,417</u>	<u>950,723</u>	<u>166,713</u>	<u>1,117,436</u>	<u>2,002,853</u>	<u>1,721,496</u>
Less: Provision for uncollectible receivables -campaign	-	613,124	-	613,124	613,124	152,806
Less: Cost of direct benefits to donors	-	-	263,445	263,445	263,445	238,080
TOTAL EXPENSES	<u>\$ 53,328,009</u>	<u>\$ 5,159,091</u>	<u>\$ 3,987,577</u>	<u>\$ 9,146,668</u>	<u>\$ 62,474,677</u>	<u>\$ 49,620,870</u>

**UNITED WAY OF NEW YORK CITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Year Ended June 30, 2022				
	Supporting Services				Total 2022
	Program Services	Management and General	Fundraising	Total Supporting Services	
Grants, contracts and awards					
Community investment grants and awards (Note 2L)	\$ 5,457,040	\$ -	\$ -	\$ -	\$ 5,457,040
Contract services and other grants	<u>27,126,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,126,490</u>
	<u>32,583,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,583,530</u>
Personnel					
Salaries	5,353,869	1,730,245	1,394,212	3,124,457	8,478,326
Payroll taxes and benefits (Notes 12 and 13)	<u>1,076,908</u>	<u>535,086</u>	<u>281,550</u>	<u>816,636</u>	<u>1,893,544</u>
	<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>
Office, occupancy and professional fees					
Office maintenance and general supplies	92,459	70,566	15,576	86,142	178,601
Expensed equipment and rentals	55,115	315,503	50,882	366,385	421,500
Dues and subscriptions	14,039	27,205	17,213	44,418	58,457
Travel and transportation	1,964	14,348	5,434	19,782	21,746
Telephone	17,507	10,150	3,306	13,456	30,963
Insurance	208,076	45,605	31,353	76,958	285,034
Occupancy (Note 9)	824,999	180,822	124,315	305,137	1,130,136
Professional fees (Note 2P)	<u>126,816</u>	<u>1,674,372</u>	<u>405,363</u>	<u>2,079,735</u>	<u>2,206,551</u>
	<u>1,340,975</u>	<u>2,338,571</u>	<u>653,442</u>	<u>2,992,013</u>	<u>4,332,988</u>
Events and promotion					
Special events marketing and communication	-	-	645,982	645,982	645,982
Catering and entertainment	-	-	238,080	238,080	238,080
General promotion	3,000	-	9,053	9,053	12,053
Meetings, seminars and training	2,575	53,504	17,081	70,585	73,160
Postage and shipping	<u>18,831</u>	<u>11,317</u>	<u>2,449</u>	<u>13,766</u>	<u>32,597</u>
	<u>24,406</u>	<u>64,821</u>	<u>912,645</u>	<u>977,466</u>	<u>1,001,872</u>
Other expenses					
Depreciation and amortization (Note 11)	37,447	9,596	11,812	21,408	58,855
Amortization of capital lease assets (Note 9)	143,304	31,410	21,590	53,000	196,304
Interest expense	-	384,929	-	384,929	384,929
Bad debt expense	-	152,806	-	152,806	152,806
Dues paid to national and state organizations	<u>586,630</u>	<u>253,576</u>	<u>88,396</u>	<u>341,972</u>	<u>928,602</u>
	<u>767,381</u>	<u>832,317</u>	<u>121,798</u>	<u>954,115</u>	<u>1,721,496</u>
Less: Provision for uncollectible receivables	-	152,806	-	152,806	152,806
Less: Cost of direct benefits to donors	-	-	238,080	238,080	238,080
TOTAL EXPENSES	<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>

**UNITED WAY OF NEW YORK CITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (2,290,062)	\$ 5,749,546
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	69,719	58,855
Amortization of capital lease assets	474,093	196,304
Pension related changes other than net periodic pension cost	(909,720)	449,672
Change in value of beneficial interest in perpetual trust	(34,017)	102,269
Change in discount on private grants and contributions receivable	(24,162)	3,486
Operating lease right-of-use assets amortization	559,707	-
Loss from disposal of capital lease assets and improvements	-	2,485,794
Forgiveness of capital lease improvements loan payable	-	(984,621)
Gain from capital lease obligations write off	-	(1,937,848)
Change in value of capital lease obligation	302,102	(1,161,271)
Provision for uncollectible campaign receivables	613,124	152,806
Provision for uncollectible pledges receivables	965,461	-
Net realized and unrealized loss (gain) on investments	(502,083)	1,171,338
Sub-total	(775,838)	6,286,330
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Campaign receivables	(272,591)	(391,187)
Government grants/contracts receivable	(5,110,137)	981,710
Private grants and contributions receivable	3,197,647	(3,187,356)
COVID-19 contributions receivable	-	120,334
Prepaid expenses and other assets	329,021	(358,276)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	3,412,812	(613,342)
Campaign donor designations payable	80,332	(615,896)
Government contract awards payable	428,934	(4,483,993)
Lease reconveyance liability	(282,706)	1,201,504
Deferred rent liability	(570,408)	(27,163)
Operating lease liability	(16,462)	-
Unfunded pension and post-retirement life insurance liability	428,724	(171,352)
Net Cash Provided by (Used in) Operating Activities	849,328	(1,258,687)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(1,176,898)	(1,800,013)
Proceeds from sales of investments	1,041,844	1,650,700
Purchases of property and equipment	(236,815)	(73,206)
Net Cash Used in Investing Activities	(371,869)	(222,519)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loan payable	3,000,000	-
Payments of capital lease obligations	(207,793)	(173,161)
Payments of loans payable	(3,028,826)	(22,740)
Net Cash Used in Financing Activities	(236,619)	(195,901)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	240,840	(1,677,107)
Cash, cash equivalents and restricted cash - beginning of year	3,889,722	5,566,829
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 4,130,562	\$ 3,889,722
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ 414,881	\$ 280,730
SUPPLEMENTAL NON-CASH ACTIVITIES:		
Net loss from lease reconveyance	\$ -	\$ 547,946
Forgiveness of debt by lender	\$ -	\$ 984,621

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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.

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- 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:

	2023	2022
Cash and cash equivalents	\$ 2,621,216	\$ 2,262,866
Restricted cash	1,509,346	1,626,856
Total	\$ 4,130,562	\$ 3,889,722

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** – 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, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 other receivables. 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, 2023 and 2022, UWNYP determined an allowance of \$335,273 and \$288,620, respectively, was necessary for campaign receivables and no allowance was necessary for government grants/contracts receivable. As of June 30, 2023 and 2022, UWNYP determined that an allowance of \$163,618 and \$0, respectively, was necessary for 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.
- 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, 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 in prior years. During the year ended June 30, 2023, the dispute was settled and paid in full.
- 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 prior to the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, *Leases*, (Topic 842) as of July 1, 2022 (See Note 2V).
- 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, 2023 AND 2022**

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, 2023 and 2022, UWNYP recorded income and expense for contributed goods and services of \$397,931 and \$48,280, respectively. Such contributed goods and services are reflected in the financial statements as follows:

<u>Nonfinancial Asset</u>	<u>Revenue Recognized</u>		<u>Usage in Program/Activities</u>	<u>Donor Restrictions</u>	<u>Fair Value Techniques</u>
	2023	2022			
Pharmaceuticals and skincare	\$ 86,100	\$ -	Fundraising and special events	No associated donor restrictions	Based on estimates of wholesale values that would be received for selling similar products in the United States
Clothing and household goods	54,158	48,280	Fundraising and special events	No associated donor restrictions	Based on estimates of wholesale values that would be received for selling similar products in the United States
Food	1,800	-	Fundraising and special events	No associated donor restrictions	Based on estimates of wholesale values that would be received for selling similar products in the United States
Donated space	25,000	-	Fundraising and special events	No associated donor restrictions	Based on actual value to rent space
Legal services	230,873	-	Management and general	No associated donor restrictions	Based on the number of hours worked at pre-determined rates
	<u>\$ 397,931</u>	<u>\$ 48,280</u>			

Q. ***Revenue from Government Sources*** – UWNYP 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, 2023 and 2022, UWNYP was awarded conditional grants and contracts from government agencies in the aggregate amounts of \$342,301 and \$3,589,290, respectively, that have not been recorded in the accompanying financial statements, as they have not been earned. These grants and contracts require UWNYP 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 UWNYP may be required to return the funds already remitted.

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

S. ***Beneficial Interest in Trust*** – UWNYP is one of the six equal beneficiaries in a trust in which investment assets are held in perpetuity by a third-party trustee. UWNYP 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 \$34,017 and \$(102,269) for the years ended June 30, 2023 and 2022, respectively, and is included in the statements of activities. As of June 30, 2023 and 2022, beneficial interest in perpetual trust amounted to \$583,046 and \$549,029, respectively.

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.

UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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** – UWNYC adopted FASB ASU 2016-02, *Leases* (Topic 842). The ASU requires organizations that lease assets to recognize the present value of the assets and liabilities for the rights and obligations created by those leases. UWNYC adopted Topic 842 as of July 1, 2022 as the initial adoption and utilized all of the available practical expedients, which required the recognition of lease assets and liabilities as of that date. As of July 1, 2022, the operating lease right-of-use (“ROU”) assets amounted to \$13,490,797 and operating lease liability amounted to \$14,061,204. In addition, the capital lease assets and improvements were reclassified to finance lease ROU assets and the capital lease obligations were reclassified to finance lease liability as of July 1, 2022. The adoption of Topic 842 had no effect on the change in net assets as previously reported.
- W. **Reclassifications** – Certain items in the June 30, 2022 financial statements have been reclassified to conform to the June 30, 2023 presentation. These changes had no impact on the net assets previously reported.

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 date, comprised of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,621,216	\$ 2,262,866
Campaign receivables, net	1,416,032	1,756,565
Government grants/contracts receivable	17,836,835	12,726,698
Investments	7,199,010	6,561,873
Private grants and contributions receivable	<u>3,189,330</u>	<u>7,328,276</u>
 Total financial assets	 32,262,423	 30,636,278
 Less: Investments held for endowments	 (2,020,498)	 (1,909,296)
Less: Private grants and contributions receivable due in more than one year	(125,000)	(800,000)
Add: Distributions from beneficial interests in assets held by others	33,581	21,233
Add: Endowment spending - actual appropriations (Note 14)	<u>121,183</u>	<u>119,084</u>
	<u>\$ 30,271,689</u>	<u>\$ 28,067,299</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 15A), which can be drawn upon if needed.

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 \$2,020,498 and \$1,909,296 at June 30, 2023 and 2022, 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.

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 – INVESTMENTS

Investments consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 96,038	\$ 149,307
Other fixed income	2,650,681	2,558,956
Equities	4,379,428	3,772,720
Commodities	<u>72,863</u>	<u>80,890</u>
	<u>\$ 7,199,010</u>	<u>\$ 6,561,873</u>

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

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 197,633	\$ 211,569
Realized and unrealized gains (losses)	<u>502,083</u>	<u>(1,171,338)</u>
Total return on investments	699,716	(959,769)
Investment advisory and custodial fees	<u>(52,817)</u>	<u>(62,256)</u>
	<u>\$ 646,899</u>	<u>\$ (1,022,025)</u>
Investment return used for current operations	\$ 329,291	\$ 338,548
Investment return over (under) spending rate	<u>317,608</u>	<u>(1,360,573)</u>
	<u>\$ 646,899</u>	<u>\$ (1,022,025)</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 \$52,817 and \$62,256 for the years ended June 30, 2023 and 2022, 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.

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).

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

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, 2023 and 2022, there were no transfers in or out of levels 1 or 2.

Financial assets carried at fair value as of June 30, 2023 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
FINANCIAL ASSETS AT FAIR VALUE				
Money market funds	\$ 96,038	\$ -	\$ -	\$ 96,038
US government bonds	2,292,361	-	-	2,292,361
Corporate bonds	309,362	-	-	309,362
Government-sponsored enterprises	-	48,958	-	48,958
Equity	4,379,428	-	-	4,379,428
Commodities	<u>72,863</u>	<u>-</u>	<u>-</u>	<u>72,863</u>
Total	7,150,052	48,958	-	7,199,010
Beneficial interest in trusts	-	-	583,046	583,046
Cash surrender value - insurance contract (see Note 8)	<u>-</u>	<u>981,610</u>	<u>-</u>	<u>981,610</u>
TOTAL FINANCIAL ASSETS AT FAIR VALUE	<u>\$ 7,150,052</u>	<u>\$ 1,030,568</u>	<u>\$ 583,046</u>	<u>\$ 8,763,666</u>

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>
FINANCIAL ASSETS AT FAIR VALUE				
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
Equity	3,772,720	-	-	3,772,720
Commodities	<u>80,890</u>	<u>-</u>	<u>-</u>	<u>80,890</u>
Total	6,318,963	242,910	-	6,561,873
Beneficial interest in trusts	-	-	549,029	549,029
Cash surrender value - insurance contract (see Note 8)	<u>-</u>	<u>951,492</u>	<u>-</u>	<u>951,492</u>
TOTAL FINANCIAL ASSETS AT FAIR VALUE	<u>\$ 6,318,963</u>	<u>\$ 1,194,402</u>	<u>\$ 549,029</u>	<u>\$ 8,062,394</u>

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, 2023 and 2022. 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.

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

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

Balance – July 1, 2021	\$ 651,298
Total gains recognized in the change in net assets with donor restrictions – change in value of perpetual trusts	<u>(102,269)</u>
Balance – June 30, 2022	549,029
Total losses recognized in the change in net assets with donor restrictions – change in value of perpetual trusts	<u>34,017</u>
Balance – June 30, 2023	<u>\$ 583,046</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, 2023 and 2022, such donor-designated funds amounted to \$5,650,739 and \$6,172,008, 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, 2023 and 2022 amounted to \$613,124 and \$152,806, 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>2023</u>	<u>2022</u>
Local campaign	\$ 1,751,305	\$ 2,045,185
Less: allowance for doubtful accounts	<u>(335,273)</u>	<u>(288,620)</u>
	<u>\$ 1,416,032</u>	<u>\$ 1,756,565</u>

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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>2023</u>	<u>2022</u>
Less than one year	\$ 3,231,883	\$ 6,556,373
One year to five years	<u>125,000</u>	<u>800,000</u>
	3,356,883	7,356,373
Less: allowance for doubtful accounts	(163,618)	-
Less: present value discount of 1.01%	<u>(3,935)</u>	<u>(28,097)</u>
	<u>\$ 3,189,330</u>	<u>\$ 7,328,276</u>

NOTE 8 – PREPAID EXPENSES AND OTHER ASSETS

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

	<u>2023</u>	<u>2022</u>
Cash surrender value - insurance	\$ 981,610	\$ 951,492
Prepaid and other assets	<u>122,072</u>	<u>481,211</u>
	<u>\$ 1,103,682</u>	<u>\$ 1,432,703</u>

UWNYC is the beneficiary of an insurance contract from a donor with a face amount of \$800,000. As of June 30, 2023 and 2022, the cash surrender value of the insurance contract amounted to \$981,610 and \$951,492, respectively, and is included with prepaid expenses and other assets in the statements of financial position.

NOTE 9 – FINANCE AND CAPITAL LEASES

In 2013, UWNYC entered into a condominium agreement (“Agreement”) in a building located at 205 East 42nd 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 prior to the adoption of FASB ASU 2016-02, *Leases*, (Topic 842) as of July 1, 2022 (See Note 2V). In addition, the 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 under Topic 842 (see Note 10). 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 \$1,113,896 and \$ 1,142,722 as of June 30, 2023 and 2022, 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 \$2,485,794 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, 2023 AND 2022**

NOTE 9 – FINANCE AND CAPITAL LEASES (Continued)

Future minimum principal and interest payments on the loan payable are as follows for the years ending after June 30, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	38,883	57,723	96,606
2029-2043	<u>940,794</u>	<u>476,096</u>	<u>1,416,890</u>
	<u>\$ 1,113,896</u>	<u>\$ 786,024</u>	<u>\$ 1,899,920</u>

Effective December 1, 2019, UWNYC and Durst Organization have entered into an Installment Purchase Payments Forbearance And Modification Agreement (the "Forbearance Agreement") that released UWNYC 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. UWNYC recognized \$984,621 as forgiveness of capital lease improvements loan payable for the year ended June 30, 2022.

Effective August 31, 2021, UWNYC reconveyed a floor of the capital lease by entering a Purchase and Sale Agreement ("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, 2023 and 2022, the liability for the reconveyance fee amounted to \$918,798 and \$1,201,504, respectively.

In addition, the installment purchase payments were modified for the remaining floor during the year ended June 30, 2022. Accordingly, UWNYC 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 \$2,883,338 and \$3,357,431 as of June 30, 2023 and 2022, respectively. The revised present value of the minimum lease payments amounted to \$5,086,587 and \$4,992,278 as of June 30, 2023 and 2022, respectively.

Finance lease right-of-use assets consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>	<u>Lease Term</u>
Leasehold condominium	\$ 3,096,631	\$ 3,096,631	30 years
Leasehold condominium improvements	1,318,572	1,318,572	30 years
Furniture	<u>883,367</u>	<u>883,367</u>	10 years
Total cost	5,298,570	5,298,570	
Less: accumulated depreciation and amortization	<u>(2,415,232)</u>	<u>(1,941,139)</u>	
	<u>\$ 2,883,338</u>	<u>\$ 3,357,431</u>	

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 – FINANCE AND CAPITAL LEASES (Continued)

Future minimum cash payments (principal and interest) are as follows for the years ending after June 30, 2023:

	<u>Finance Lease</u>
2024	\$ 216,650
2025	314,081
2026	314,081
2027	314,081
2028	314,081
2029-2043	<u>8,234,188</u>
Total minimum lease payments	9,707,162
Less: amount representing interest	<u>(4,620,575)</u>
Present value of minimum lease payments	<u>\$ 5,086,587</u>

NOTE 10 – OPERATING LEASES

UWNYC entered into a ground lease agreement as part of the capital lease transaction as discussed in Note 9, expiring in 2043. In addition, UWNYC leases various equipment at various lease terms under long-term non-cancelable operating leases, expiring at various dates through 2025. 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 \$0 and \$42,686 during the years ended June 30, 2023 and 2022, respectively.

As disclosed in Note 2V, UWNYC adopted Topic 842 as of July 1, 2022. Operating leases had no impact to the prior year statement of financial position or its change in net assets. Comparative information provided in the following paragraphs was determined using the accounting principles in effect as of and the for the year ended June 30, 2022 (i.e., ASC 840). No comparative information is provided for the amounts reported on the statement of financial position as of June 30, 2022 since UWNYC used the modified retrospective method of transition that does not require restating the prior period.

As of June 30, 2023, the operating lease ROU asset had a balance of \$12,931,090, as shown in the statements of financial position; the lease liability totaled \$13,474,335 as shown in the statements of financial position. The operating ROU asset and lease liability were calculated utilizing the discount rate of 2.84%.

Total operating lease costs for the year ended June 30, 2023 was \$975,747. Total cash paid by UWNYC in the determination of the lease liability was \$1,002,909 for the year ended June 30, 2023. For the year ended June 30, 2023, the weighted average of the remaining lease term is 20 years, and the weighted average discount rate is 3.35%.

Future minimal rental payments under these leases for the years ending subsequent to June 30, 2023 are as follows:

2024	\$ 958,458
2025	920,502
2026	918,605
2027	918,605
2028	918,605
Thereafter	<u>13,779,078</u>
	18,413,853
Less: Present value discount	<u>(4,939,518)</u>
Operating lease liability	<u>\$ 13,474,335</u>

UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 – PROPERTY AND EQUIPMENT, NET

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

	<u>2023</u>	<u>2022</u>	Estimated Useful Lives
Equipment, furniture and fixtures	\$ 524,233	\$ 287,418	3-10 years
Less: accumulated depreciation	<u>(237,453)</u>	<u>(167,734)</u>	
Net book value	<u>\$ 286,780</u>	<u>\$ 119,684</u>	

Depreciation expense amounted to \$69,719 and \$58,855 for the years ended June 30, 2023 and 2022, respectively. During the year ended June 30, 2022, UWNYC wrote off \$5,612 of fully depreciated fixed assets that were no longer in service.

NOTE 12 – PENSION PLANS

UWNYC 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, 2023 and 2022, \$249,189 and \$203,494, respectively, was contributed to the 401(k) Plan.

UWNYC 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. UWNYC’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>2023</u>	<u>2022</u>
Change in benefit Obligation:		
Benefit obligation at beginning of year	\$ 17,440,804	\$ 21,252,561
Interest cost	771,141	566,746
Actual gain	(820,252)	(3,409,708)
Expense charges	(65,655)	(76,829)
Benefits paid	<u>(1,048,369)</u>	<u>(891,966)</u>
Benefit obligation at end of year	16,277,669	17,440,804
Fair value of plan assets	<u>15,167,509</u>	<u>16,153,824</u>
Funded status (unfunded liability)	<u>\$ (1,110,160)</u>	<u>\$ (1,286,980)</u>

The decrease in unfunded liability during the year ended June 30, 2023 was impacted by the decrease in discount rate and change in mortality table assumption and mortality improvement scale. The components of net periodic cost (credit) for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Interest costs	\$ 771,141	\$ 566,746
Expected return on plan assets	(696,456)	(897,284)
Amortization of actuarial loss	<u>305,829</u>	<u>136,284</u>
Net periodic cost (credit)	<u>\$ 380,514</u>	<u>\$ (194,254)</u>

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 12 – 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 4.50% for both years ended June 30, 2023 and 2022, respectively. The cost (credit) was \$380,514 and \$(194,254) for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, the amounts recognized were \$557,334 and \$(809,178), respectively.

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

	2023	2022
Actuarial loss	\$ (3,535,511)	\$ (4,092,845)

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

	2023	2022
Net actuarial (loss) gain	\$ 557,334	\$ (809,178)

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

	2023	2022
Discount rate	5.08%	4.60%
Expected return of plan assets	4.50%	4.50%
Rate of compensation increase	N/A	N/A

Pension Plan assets as of June 30 are as follows:

	2023	2022
<u>AXA Equitable Life Insurance Company</u>		
Guarantee Account	\$ 7,600	\$ 6,788
<u>Wells Fargo</u>		
Cash and cash equivalents	173,012	99,387
Mutual Funds:		
Fixed Income Funds	13,425,794	14,432,999
Equity Funds	1,561,103	1,614,650
	\$ 15,167,509	\$ 16,153,824

As of June 30, 2023 and 2022, 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, 2023 and 2022 and does not expect to make contributions for the fiscal year ended June 30, 2024.

The projected benefit payments are as follows:

Years Ending June 30,	
2024	\$ 1,352,459
2025	1,092,798
2026	1,122,261
2027	1,124,962
2028	1,156,554
2029-2033	5,748,858
	\$ 11,597,892

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 12 – PENSION PLANS (Continued)

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. UWNYC has elected to incorporate a 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 13 – POST-RETIREMENT 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 is as follows:

	2023	2022
Change in benefit Obligation:		
Benefit obligation at beginning of year	\$ (2,173,384)	\$ (2,509,988)
Interest cost	(89,940)	(60,451)
Actual gain	352,386	359,506
Benefits paid	41,730	37,549
Benefit obligation at end of year	(1,869,208)	(2,173,384)
Fair value of plan assets	-	-
Funded status (unfunded liability)	\$ (1,869,208)	\$ (2,173,384)

The decrease in benefit obligation during the year ended June 30, 2023 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, 2023 and 2022 include interest costs of \$89,940 and \$60,451, 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, 2023 and 2022, the net Life Insurance Plan related changes were \$352,386 and \$359,506, respectively.

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

	2023	2022
Actuarial gain	\$ (1,004,644)	\$ (703,485)

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

	2023	2022
Discount rate	4.99%	4.46%
Rate of compensation increase	N/A	N/A

The projected benefit payments are as follows:

Years Ending June 30,		
2024	\$	158,551
2025		161,164
2026		162,924
2027		163,798
2028		163,836
2029-2033		790,551
	\$	1,600,824

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 14 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Subject to expenditures for specified purpose or passage of time:		
Various community impact programs	\$ 2,065,723	\$ 8,564,398
Emergency Assistance and Community Needs	81,582	83,396
Change Capital Fund	1,902,722	1,466,099
Unappropriated endowment earnings	148,864	37,662
Other time and purpose restricted	<u>46,065</u>	<u>71,903</u>
Subtotal	<u>4,244,956</u>	<u>10,223,458</u>
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	<u>544,591</u>	<u>544,591</u>
	<u>1,871,634</u>	<u>1,871,634</u>
Beneficial interest in perpetual trust	<u>583,046</u>	<u>549,029</u>
	<u>\$ 6,699,636</u>	<u>\$ 12,644,121</u>

For the years ended June 30, 2023 and 2022, respectively, net assets with donor restrictions of \$10,690,829 and \$4,616,188 were released from restrictions by incurring expenses satisfying the restricted purposes or passage of time. Details of the amounts released from restrictions for the years ended June 30, are as follows:

	<u>2023</u>	<u>2022</u>
Various community impact programs	\$ 7,786,176	\$ 3,544,028
Change Capital Fund	1,948,376	719,876
Emergency Assistance and Community Needs	785,094	115,700
Appropriated endowment earnings	121,183	119,084
Other time and purpose restricted	<u>50,000</u>	<u>117,500</u>
	<u>\$ 10,690,829</u>	<u>\$ 4,616,188</u>

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, 2023 and 2022, UWNYC reported all earnings on endowment funds as net assets with donor restrictions until appropriated by the Board for operations.

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.

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 14 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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, 2023 are as follows:

	<u>Unappropriated Earnings</u>	<u>Endowment Principal</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$ 37,662	\$ 1,871,634	\$ 1,909,296
Investment activity			
Interest and dividends	62,289	-	62,289
Unrealized and realized gain on investments	170,096	-	170,096
Total Investment activity	232,385	-	232,385
Amount appropriated	(121,183)	-	(121,183)
Endowment net assets, end of year	<u>\$ 148,864</u>	<u>\$ 1,871,634</u>	<u>\$ 2,020,498</u>

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	<u>Unappropriated Earnings</u>	<u>Endowment Principal</u>	<u>Total</u>
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>

Endowment net assets of \$2,020,498 and \$1,909,296 are included with investments on the statements of financial position as of June 30, 2023 and 2022, 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, 2023 and 2022.

**UNITED WAY OF NEW YORK CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 15 – COMMITMENTS AND CONTINGENCIES

- A. 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, 2023 and 2022, there were no borrowings from the line.
- B. 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.
- C. UWNYC believes it has no uncertain tax positions as of June 30, 2023 and 2022 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 16 – CONCENTRATION

- A. Cash, cash equivalents and restricted cash that potentially subject UWNYC 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 \$3,897,000 and \$3,639,000 at one bank as of June 30, 2023 and 2022, respectively.
- B. UWNYC received grants from various government agencies totaling \$46,050,314 and \$36,926,224, respectively, which represent 78% and 65% of total operating revenue and support during the years ended June 30, 2023 and 2022. For the year ended June 30, 2023, government contracts revenue from two funders represented 76% of total government grants and contracts revenue and total government contract revenues receivable. For the year ended June 30, 2022, government contracts revenue from three funders represented 48% of total government grants and contracts revenue and 88% of total government contract revenue receivable, respectively.

NOTE 17 – RELATED-PARTY TRANSACTIONS

During 2022, UWNYC 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 UWNYC’s former 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, UWNYC has: (1) engaged its Board of Directors as required by UWNYC’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, UWNYC engaged a third-party auditor to review various aspects of contract performance and fiscal administration of the DFA/UWNYC contract to ensure compliance with UWNYC’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
JUNE 30, 2023 AND 2022**

NOTE 17 – RELATED-PARTY TRANSACTIONS (Continued)

Pursuant to Section 2.03 of the Purchase and Sale Agreement (Note 9), “Connected Systems,” UWNYP was responsible for separating certain connected electrical connections and technology systems infrastructure that ran to the 13th floor. In 2023, UWNYP management was provided with approximately one month’s notice that work on the Connected Systems would need to be completed by a date certain. Considering the limited amount of time available to complete the work, management contacted Board Members to get assistance in developing a plan of action to meet UWNYP’s obligations under the Purchase and Sale Agreement. It was agreed that Structure Tone, the company that provided construction management and related services during the original buildout of the space, was best suited to complete the separation work. A Board member is the Chief Executive Officer of STO Building Group, the parent company of Structure Tone. Consistent with UWNYP’s Conflicts of Interest Policy, management sought and received Board approval to proceed with the transaction.

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 4, 2024, the date the financial statements were available to be issued.