

# UNITED WAY OF NEW YORK CITY



**United Way  
of New York City**

Financial Statements  
(Together with Independent Auditors' Report)

Year Ended June 30, 2014  
(With Comparative Totals for June 30, 2013)

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**UNITED WAY OF NEW YORK CITY**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
**YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
United Way of New York City

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UWNYC as of June 30, 2014, 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.

### ***Report on Summarized Comparative Information***

We have previously audited UWNYC's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our audit report dated March 6, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marks Paneth LLP*

New York, NY  
December 18, 2014

**UNITED WAY OF NEW YORK CITY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2014**  
**(With Comparative Totals as of June 30, 2013)**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2F and 14)	\$ 3,785,469	\$ 7,502,236
Investments (Notes 2G, 5, 6 and 7)	12,541,137	8,174,604
Campaign receivables, net (Notes 2D and 3)	4,058,796	7,652,352
Government grants/contracts receivable (Note 2L)	5,042,162	4,018,275
Private grants and contributions receivable, net (Notes 2H and 8)	379,911	262,080
Other receivables (Note 2L)	296,769	208,767
Prepaid expenses and other assets (Notes 7 and 9)	1,145,101	1,071,885
Capital lease asset and improvements (Note 5)	9,815,212	9,285,531
Property and equipment, net (Notes 2I and 4)	159,010	439,929
Beneficial interest in perpetual trust (Note 12)	526,759	493,211
<b>TOTAL ASSETS</b>	<b>\$ 37,750,326</b>	<b>\$ 39,108,870</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses (Note 9)	\$ 2,634,098	\$ 1,820,639
Community investment grants and awards payable (Note 2P)	675,653	1,061,619
Campaign designations payable (Notes 2D and 3)	1,519,400	5,810,833
Government contract awards payable (Note 2O)	4,225,558	3,173,036
Deferred rent liability (Note 13B)	975,284	122,389
Pension and post retirement life insurance liability (Notes 2N, 10 and 11)	4,355,541	5,074,902
Capital lease obligation (Note 5)	8,051,302	6,843,731
Loan payable (Note 5)	2,441,800	2,441,800
<b>TOTAL LIABILITIES</b>	<b>24,878,636</b>	<b>26,348,949</b>
 <b>COMMITMENTS AND CONTINGENCIES</b> (Note 13)		
 <b>NET ASSETS</b> (Note 2B)		
Unrestricted	6,363,375	6,840,560
Temporarily restricted (Note 12)	3,251,901	2,696,495
Permanently restricted (Note 12)	3,256,414	3,222,866
<b>TOTAL NET ASSETS</b>	<b>12,871,690</b>	<b>12,759,921</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 37,750,326</b>	<b>\$ 39,108,870</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, 2014**  
(With Comparative Totals for the Year Ended June 30, 2013)

	Year Ended June 30, 2014			Totals 2014	Comparative Totals 2013
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>OPERATING REVENUE AND SUPPORT:</b>					
Campaigns	\$ 30,084,868	\$ 745,338	\$ -	\$ 30,830,206	\$ 29,545,472
Hurricane Sandy Recovery Fund	-	555,417	-	555,417	10,750,911
Less: Donor designations	(18,457,795)	-	-	(18,457,795)	(16,147,083)
Less: Provision for uncollectible receivables	(850,986)	-	-	(850,986)	(593,515)
Campaign results, net (Note 3)	10,776,087	1,300,755	-	12,076,842	23,555,785
Special events revenue	2,051,152	-	-	2,051,152	2,585,250
Less: direct expenses	(453,201)	-	-	(453,201)	(614,599)
Special events, net (Note 2E)	1,597,951	-	-	1,597,951	1,970,651
Government grants/contracts	22,058,325	-	-	22,058,325	22,292,863
Private grants and fiscally sponsored funds	-	2,450,122	-	2,450,122	1,317,700
Designations from other United Ways	218,315	-	-	218,315	226,248
In-kind contributions (Note 2E)	141,554	-	-	141,554	74,695
Campaign administrative fees	131,921	-	-	131,921	465,580
Investment return used for operations (Note 6)	554,036	136,080	-	690,116	555,019
Other income	324,155	-	-	324,155	939,692
Net assets released from restrictions (Note 12)	3,577,833	(3,577,833)	-	-	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>39,380,177</b>	<b>309,124</b>	<b>-</b>	<b>39,689,301</b>	<b>51,398,233</b>
<b>OPERATING EXPENSES:</b>					
<b>Program Services:</b>					
Community investment grants and awards (Note 2P)	3,437,689	-	-	3,437,689	12,160,852
Contract services and other grants	22,045,301	-	-	22,045,301	21,461,522
Community investment services	4,711,041	-	-	4,711,041	5,652,547
<b>Total Program Services</b>	<b>30,194,031</b>	<b>-</b>	<b>-</b>	<b>30,194,031</b>	<b>39,274,921</b>
<b>Supporting Services:</b>					
Management and general	7,094,152	-	-	7,094,152	7,413,034
Fundraising	2,937,441	-	-	2,937,441	4,190,177
<b>Total Supporting Services</b>	<b>10,031,593</b>	<b>-</b>	<b>-</b>	<b>10,031,593</b>	<b>11,603,211</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>40,225,624</b>	<b>-</b>	<b>-</b>	<b>40,225,624</b>	<b>50,878,132</b>
<b>(DEFICIT) SURPLUS OF OPERATING REVENUE AND SUPPORT OVER OPERATING EXPENSES</b>	<b>(845,447)</b>	<b>309,124</b>	<b>-</b>	<b>(536,323)</b>	<b>520,101</b>
<b>NON-OPERATING ACTIVITIES</b>					
Investment return over amounts appropriated for operations (Note 6)	60,883	246,282	-	307,165	206,026
Endowment contributions	-	-	-	-	450,000
Loss on disposal of property and equipment	(54,074)	-	-	(54,074)	-
Change in value of beneficial interest in perpetual trust (Note 12)	-	-	33,548	33,548	34,021
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>6,809</b>	<b>246,282</b>	<b>33,548</b>	<b>286,639</b>	<b>690,047</b>
<b>CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES</b>	<b>(838,638)</b>	<b>555,406</b>	<b>33,548</b>	<b>(249,684)</b>	<b>1,210,148</b>
Pension and post retirement plan related changes other than net periodic pension cost (Notes 10 and 11)	361,453	-	-	361,453	5,627,265
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>(477,185)</b>	<b>555,406</b>	<b>33,548</b>	<b>111,769</b>	<b>6,837,413</b>
Net assets, beginning of year	6,840,560	2,696,495	3,222,866	12,759,921	5,922,508
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 6,363,375</b>	<b>\$ 3,251,901</b>	<b>\$ 3,256,414</b>	<b>\$ 12,871,690</b>	<b>\$ 12,759,921</b>

**UNITED WAY OF NEW YORK CITY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(With Comparative Totals for the Year Ended June 30, 2013)**

	Year Ended Juns 30, 2014					Totals 2013
	Supporting Services			Total Supporting Services	Total 2014	
	Program Services	Management & General	Fundraising			
<b>Grants, contracts and awards</b>						
Community investment grants and awards	\$ 3,432,114	\$ -	\$ -	\$ -	\$ 3,432,114	\$ 12,160,852
Contract services and other grants	22,045,301	-	-	-	22,045,301	21,462,220
	<u>25,477,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,477,415</u>	<u>33,623,072</u>
<b>Personnel</b>						
Salaries	2,436,927	3,222,865	1,303,475	4,526,340	6,963,267	7,502,118
Payroll taxes and benefits (Notes 10 and 11)	398,195	495,092	201,019	696,111	1,094,306	2,064,194
	<u>2,835,122</u>	<u>3,717,957</u>	<u>1,504,494</u>	<u>5,222,451</u>	<u>8,057,573</u>	<u>9,566,312</u>
<b>Office, occupancy, and professional fees</b>						
Office maintenance	16,398	114,036	8,788	122,824	139,222	70,608
General supplies	5,999	38,087	4,282	42,369	48,368	60,933
Equipment rentals and expenses	8,433	83,665	3,396	87,061	95,494	89,490
Other rentals and forms	32,694	58,148	40,054	98,202	130,896	97,187
Dues and subscriptions	19,714	31,691	37,441	69,132	88,846	107,188
Travel and transportation	17,293	20,861	8,491	29,352	46,645	75,150
Telephone	10,880	9,725	4,463	14,188	25,068	29,796
Insurance	74,553	82,340	43,387	125,727	200,280	193,859
Occupancy	823,927	900,988	434,314	1,335,302	2,159,229	2,515,936
Professional fees (Note 2E)	130,515	1,097,380	185,088	1,282,468	1,412,983	2,376,569
	<u>1,140,406</u>	<u>2,436,921</u>	<u>769,704</u>	<u>3,206,625</u>	<u>4,347,031</u>	<u>5,616,716</u>
<b>Events and promotion</b>						
Special events	69,731	101,537	326,895	428,432	498,163	776,956
General promotion	7,143	8,428	18,804	27,232	34,375	47,338
Meetings	99,724	58,191	20,714	78,905	178,629	191,019
Postage and shipping	7,846	31,578	5,967	37,545	45,391	51,362
Printing and distribution	8,167	9,775	19,385	29,160	37,327	33,465
	<u>192,611</u>	<u>209,509</u>	<u>391,765</u>	<u>601,274</u>	<u>793,885</u>	<u>1,100,140</u>
<b>Other expenses</b>						
Depreciation and amortization (Note 4)	96,447	112,269	62,785	175,054	271,501	492,124
Amortization of capital lease assets (Note 5)	138,639	140,973	74,074	215,047	353,686	-
Interest expense	152,280	177,317	134,619	311,936	464,216	-
Dues paid to national and state organizations	161,111	299,206	-	299,206	460,317	479,768
	<u>548,477</u>	<u>729,765</u>	<u>271,478</u>	<u>1,001,243</u>	<u>1,549,720</u>	<u>971,892</u>
<b>TOTAL EXPENSES</b>	<u>\$ 30,194,031</u>	<u>\$ 7,094,152</u>	<u>\$ 2,937,441</u>	<u>\$ 10,031,593</u>	<u>\$ 40,225,624</u>	<u>\$ 50,878,132</u>

**UNITED WAY OF NEW YORK CITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(With Comparative Totals as of June 30, 2013)**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 111,769	\$ 6,837,413
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	271,501	492,124
Amortization of capital lease assets	353,686	-
Pension related changes other than net periodic pension cost	(361,453)	(5,627,265)
Change in value of beneficial interest in perpetual trust	(33,548)	(34,021)
Change in discount on grants and contributions receivable	(5,089)	(6,263)
Change in value of capital lease obligation	464,217	-
Provision for uncollectible campaign receivables, net of writeoffs	(850,986)	(593,515)
Loss on disposal of property and equipment	54,074	-
Net realized and unrealized gain on investments	<u>(805,152)</u>	<u>(575,280)</u>
Sub-total	(800,981)	493,193
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Campaign receivables	4,444,542	2,338,503
Government grants/contracts receivable	(1,023,887)	(83,377)
Private grants and contributions receivable	(112,742)	275,752
Other receivables	(88,002)	(63,466)
Prepaid expenses and other assets	(73,216)	(116,165)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	813,459	(787,684)
Community investment grants and awards payable	(385,966)	(313,469)
Campaign designations payable	(4,291,433)	(15,378)
Government contract awards payable	1,052,522	137,906
Deferred rent liability	852,895	(305,658)
Accrued pension and post retirement life insurance liability	<u>(357,908)</u>	<u>(310,506)</u>
<b>Net Cash (Used) Provided in Operating Activities</b>	<u>29,283</u>	<u>1,249,651</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(23,984,562)	(12,559,417)
Proceeds from sales of investments	20,423,181	13,562,268
Capital lease asset and improvements	-	(2,441,800)
Purchases of property and equipment	<u>(44,656)</u>	<u>(110,354)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(3,606,037)</u>	<u>(1,549,303)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments of capital lease obligation	(140,013)	-
Proceeds from loan payable	-	2,441,800
<b>Net Cash Provided by Financing Activities</b>	<u>(140,013)</u>	<u>2,441,800</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(3,716,767)	2,142,148
Cash and cash equivalents - beginning of year	<u>7,502,236</u>	<u>5,360,088</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,785,469</u>	<u>\$ 7,502,236</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 28,983</u>	<u>\$ -</u>
<b>SUPPLEMENTAL NON- CASH ACTIVITY:</b>		
Present value of captital lease obligation	<u>\$ 883,367</u>	<u>\$ 6,843,731</u>

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

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

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

United Way of New York City ("UWNYC") is a nonprofit community service organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. UWNYC raises funds on an annual basis primarily through employee payroll deductions at the workplace, corporate grants and gifts, foundations and government contracts. UWNYC uses unrestricted contributions to create, lead and support strategic initiatives designed to achieve lasting, community-wide impact in improving education, income stability, and health throughout New York City's five boroughs. UWNYC also works to foster a more robust and effective nonprofit sector.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

B. ***Financial Statement Presentation*** - UWNYC maintains its net assets under the following three classes:

Unrestricted - This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of UWNYC's operations over which the Board of Directors has discretionary control.

Temporarily Restricted - This represents net assets subject to donor-imposed stipulations that will be met by actions of UWNYC or by the passage of time. In addition, earnings from endowment assets are classified as temporarily restricted until appropriated for operations by the Board of Directors. When a stipulated time restriction ends or purpose restriction is accomplished or endowment earnings are appropriated for operations, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted - This represents net assets subject to donor-imposed stipulations that they be maintained permanently by UWNYC. Generally, the donors of these assets permit UWNYC to use all or part of the income earned on related investments for unrestricted or donor-specified purposes.

C. ***Support and Revenue*** - Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expenses are reported as decreases in unrestricted net assets. Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as temporarily restricted net assets. When donor-imposed time restrictions expire, or a donor-imposed purpose restriction is fulfilled, the temporarily restricted net assets are released to unrestricted net assets.

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

- As increases (decreases) in permanently restricted net assets if the terms of the gift require that they be added back to the principal.
- As increases (decreases) in temporarily restricted net assets if the terms of the gift impose restrictions on the current use of the investment income and unappropriated earnings from endowment funds.
- As increases (decreases) in unrestricted net assets in all other cases.



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

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

- D. **Campaign Results and Campaign Designations Payable** – Annual campaigns are conducted each year to raise support for charitable distributions. An unconditional promise to give is recognized as revenue at the time of the pledge, net of an allowance for unfulfilled pledges.

Donors have the option to designate their contribution to a specific organization. These transactions are included in the total campaign amounts raised on the statement of activities and then deducted as designations payable before arriving at net campaign results. Campaign designations payable in the statement of financial position represent amounts raised through various campaigns that are designated by donors to be paid out to other 501(c)(3) organizations.

- E. **Donated Goods and Services** – Donated goods are recorded at their fair value on the date of receipt. Donated services are reported as contributions when the services create or enhance nonfinancial assets, would be purchased if they had not been provided by contribution, require specialized skills and are provided by individuals possessing those skills. For the years ended June 30, 2014 and 2013, UWNYP recorded income and expense for contributed goods and services of \$191,904 and \$186,695, respectively. Such contributed goods and services are reflected in the financial statements as follows:

	2014	2013
Special event direct expenses	\$ 50,350	\$ 112,000
Professional fees	141,554	74,695
	\$ 191,904	\$ 186,695

- F. **Cash and cash equivalents** – Cash and cash equivalents include all highly liquid instruments with maturities of three months or less when acquired, except for certain cash and money market funds which are included with investments. As of June 30, 2014 and 2013, UWNYP maintained approximately \$3.0 million and \$5.5 million, respectively, of cash and cash equivalents for various campaigns in separate accounts as required by outside agencies.
- G. **Investments** – Investments are carried at fair value. Net appreciation/(depreciation) in the fair value of investments, which includes realized gains and losses and unrealized gains and losses on those investments, is reported in the statement of activities. Cost basis is determined on the date of purchase. Securities received as gifts are recorded at fair value at the date of the gift. Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is at least possible that changes in risks in the near term could materially affect investment balances.
- H. **Contributions Receivable** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. As of June 30, 2014 and 2013, UWNYP determined that no allowance for uncollectible contributions receivable was necessary. This determination was based on a combination of factors such as management’s estimate of the creditworthiness of its donors, a review of individual accounts outstanding, and the aged basis of the receivables and historical experience.
- I. **Property and Equipment** - Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. Depreciation and amortization is calculated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the life of the lease or the improvement. UWNYP capitalizes property and equipment with cost of \$1,000 or more and a useful life of greater than one year. Upon retirement or disposal, the asset cost and related accumulated depreciation and amortization are eliminated from the respective accounts, and the resulting gain or loss is included in the changes in net assets for the period.

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

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

- J. **Functional Allocation of Expenses** - The costs of providing program and supporting services have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited.
- K. **Bequests and Legacies** - UWNYP recognizes bequests and legacies as support when the wills have passed probate and the sum is certain.
- L. **Allowance for Doubtful Accounts** - UWNYP determines whether an allowance for uncollectible receivables should be provided for government grants/contracts receivable, campaign receivables and contributions receivable. Such estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, creditworthiness of its donors, historical experience, and collections subsequent to year end. As of June 30, 2014 and 2013, the UWNYP determined an allowance of \$789,354 and \$1,247,031, respectively, was necessary for campaign receivables and no allowance for government grants/contracts receivable and contributions receivable.
- M. **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 7.
- N. **Pension and Post Retirement Plans** - In accordance with U.S. GAAP, 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 of in the year in which the changes occur.
- O. **Government Contract Awards Payable** - UWNYP administers a variety of government-funded programs and funders' collaborative. Through these programs, UWNYP provides grants to community-based organizations in support of specific services such as emergency food and shelter and hunger and nutrition assistance. The government contract awards payable reflect those expenses incurred by the community-based organizations that will be reimbursed by UWNYP.
- P. **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 commitments are made in accordance with the approved budget
- Q. **Deferred Rent** - UWNYP records an adjustment to rent expense each year to reflect its straight-lining policy. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying statements of financial position.

**NOTE 3 - CAMPAIGN RESULTS**

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

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

**UNITED WAY OF NEW YORK CITY  
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**NOTE 3 – CAMPAIGN RESULTS (Continued)**

For the years ended June 30, 2014 and 2013, such donor-designated funds amounted to \$18,457,795 and \$16,147,083, respectively and included as campaign revenue and donor designations in the statement of activities. The provision for unfulfilled pledges related to the local campaign, as of June 30, 2014 and 2013, amounted to \$850,986 and \$593,515, respectively.

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

**Hurricane Sandy Recovery Fund** - UWNYC Hurricane Sandy Recovery Fund (the “Fund”) was created in 2013 by UWNYC at the request of UWW to provide recovery assistance to individuals, families, and communities affected by Hurricane Sandy. Contributions to the Fund are used by local United Ways along the Eastern Seaboard to address the near and long term recovery needs of communities most affected by the hurricane, including bolstering United Way’s community based partners that serve hurricane affected individuals and families who were already vulnerable and experiencing challenges in meeting their most basic needs.

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

Contributions to the Fund totaled \$555,417 and \$10,750,911 for the years ended June 30, 2014 and 2013, respectively, and included as temporarily restricted campaign revenue in the statement of activities. There was no provision for unfulfilled pledges related to the contributions to the Fund as of June 30, 2014. Amounts collected and not distributed amounted to \$588,238 and \$1,668,997 as of June 30, 2014 and 2013, respectively, and are included under temporary restricted net assets. Administrative costs of \$250,000 for the Fund were covered by donations of \$250,000, earmarked for administrative expenses for the year ended June 30, 2013. There were no similar donations for the year ended June 30, 2014.

Campaign receivables consists of the following as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Local campaign	\$ 4,725,022	\$ 8,342,213
Regional campaign	600	432,161
Hurricane Sandy Recovery Fund	<u>122,528</u>	<u>125,009</u>
	4,848,150	8,899,383
Less: allowance for doubtful accounts	<u>(789,354)</u>	<u>(1,247,031)</u>
	<u>\$ 4,058,796</u>	<u>\$ 7,652,352</u>

**UNITED WAY OF NEW YORK CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ -	\$ 4,369,915	5-15 years
Equipment	365,867	496,298	3-5 years
Furniture and fixtures	<u>717</u>	<u>100,160</u>	10 years
 Total cost	 366,584	 4,966,373	
Less: accumulated depreciation	<u>(207,574)</u>	<u>(4,526,444)</u>	
 Net book value	 <u>\$ 159,010</u>	 <u>\$ 439,929</u>	

Depreciation and amortization expense amounted to \$272,265 and \$492,124 for the years ended June 30, 2014 and 2013, respectively. For the years ended June 30, 2014 and 2013, UWNYP wrote off \$4,591,135 and \$348,505, respectively, of fully depreciated assets, that are no longer in use.

**NOTE 5 – CAPITAL LEASES**

UWNYP purchased a leasehold condominium at 205 East 42<sup>nd</sup> Street on May 21, 2013 with payments to be starting from May 2014 through March 2043. The purchase and sale agreement (the "Agreement") expires in March 2043. At the end of the Agreement, the seller has the option to repurchase the leasehold condominium at a repurchase price of \$10. In accordance with generally accepted accounting principles, the purchase of the leasehold condominium was classified as a capital lease. As of June 30, 2014 and 2013, the present value of the minimum lease payments at the beginning of the leasehold condominium (discounted at an estimated incremental borrowing rate of 6%) amounted to \$7,257,903 and \$6,843,731, respectively and is reflected as a capital lease asset and obligation in the statement of financial position. In addition, capital lease asset improvements amounted to \$2,441,800. The leasehold condominium became the new location of the UWNYP central office in November 2013. The Agreement includes a ground rent charge at \$18.81 per square foot to be paid annually over the life of the Agreement. In accordance with generally accepted accounting principles, the ground rent was accounted for as an operating lease (See Note 13B)

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

In connection with the Agreement, UWNYP delivered to the seller a clean irrevocable letter of credit for \$3 million drawn upon a commercial bank. UWNYP pledged its investments as collateral for the letter of credit. As of June 30, 2014, the letter of credit remains unused.

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

Capital lease assets and improvements consist of the following as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>	<u>Lease Term</u>
Leasehold condominium	\$ 6,843,731	\$ 6,843,731	30 years
Leasehold condominium improvements	2,441,800	2,441,800	30 years
Furniture	<u>883,367</u>	<u>-</u>	5 years
Total cost	10,168,898	9,285,531	
Less: accumulated amortization	<u>(353,686)</u>	<u>-</u>	
	<u>\$ 9,815,212</u>	<u>\$ 9,285,531</u>	

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

**NOTE 5 – CAPITAL LEASES (Continued)**

Future minimum payments are as follows for the years ending after June 30, 2014:

	<u>Loan Payable</u>	<u>Capital Lease</u>	<u>Furniture &amp; Fixtures</u>	<u>Total</u>
2015	\$ 192,348	\$ 186,552	\$ 203,916	\$ 582,816
2016	177,552	186,552	203,916	568,020
2017	177,552	186,552	203,916	568,020
2018	177,552	186,552	203,916	568,020
2019	177,552	186,552	67,972	432,076
2020-2043	<u>1,539,244</u>	<u>19,399,965</u>	<u>-</u>	<u>20,939,209</u>
	<u>\$ 2,441,800</u>	<u>\$ 20,332,725</u>	<u>\$ 882,446</u>	<u>\$ 23,656,971</u>

**NOTE 6 – INVESTMENTS**

Investments consist of the following as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Cash and money market funds	\$ 2,276,464	\$ 2,058,747
Fixed income	5,069,229	1,442,848
Equities	2,198,831	2,904,870
Mutual funds and other	<u>2,996,613</u>	<u>1,768,139</u>
	<u>\$ 12,541,137</u>	<u>\$ 8,174,604</u>

The components of investment return for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Dividends and interest	\$ 192,129	\$ 185,765
Realized and unrealized gains	<u>805,152</u>	<u>575,280</u>
Total return on investments	<u>\$ 997,281</u>	<u>\$ 761,045</u>
Investment return used for current operations	\$ 690,116	\$ 555,019
Investment return in excess of spending rate	<u>307,165</u>	<u>206,026</u>
	<u>\$ 997,281</u>	<u>\$ 761,045</u>

Investment advisory fees amounting to \$63,116 and \$22,814 for the years ended June 30, 2014 and 2013, respectively, are included in professional fees in the statement of functional expenses.

**NOTE 7 – FAIR VALUE MEASUREMENTS**

In determining fair value, UWNYP utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – 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 lowest priority to Level 3 inputs.

Investments in fixed income funds, equities and equity mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Investments in corporate obligations are valued using quoted prices in inactive markets (Level 2). Level 2 instruments valuations are obtained from similar assets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the year ended June 30, 2014 and 2013 there were no transfers in or out of levels 1 or 2.

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

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

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

**NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)**

Financial assets carried at fair value as of June 30, 2013 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,058,747	\$ -	\$ 2,058,747
Fixed income			
Intermediate Duration Portfolio	1,442,848	-	1,442,848
Equities			
US Equity Strategic Growth	933,657	-	933,657
US Equity Strategic Value	947,183	-	947,183
US Equities and Other	1,195	-	1,195
Small/Mid-Cap Growth Fund	449,313	-	449,313
Emerging Markets Fund	107,361	-	107,361
International Portfolio	466,161	-	446,161
Mutual Funds			
Equity funds	228,374	-	228,374
Dynamic Asset Allocation Overlay	-	1,539,765	1,539,765
	<u>6,634,839</u>	<u>1,539,765</u>	<u>8,174,604</u>
Cash surrender value – Insurance Contract	<u>-</u>	<u>693,771</u>	<u>693,771</u>
<b>TOTAL ASSETS AT FAIR VALUE</b>	<u><b>\$ 6,634,839</b></u>	<u><b>\$ 2,233,536</b></u>	<u><b>\$ 8,868,375</b></u>

Dynamic Asset Allocation Overlay Portfolio (“Overlay Portfolio”) is valued at net asset value (“NAV”). The portfolio’s per share NAV is calculated by dividing the value of the portfolio’s total assets, less its liabilities, by the total number of its shares then outstanding. The estimated fair values of the Overlay Portfolio may neither reflect amounts that could be realized upon immediate sale nor amounts that ultimately may be realized. The fair value of the investments generally represents the amount UWNYP expects to receive if it were to liquidate its investment, excluding any redemption charges that may apply.

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 UWNYP 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.

The following table sets forth additional disclosures of UWNYP’s investments whose fair value is estimated using net asset value per share as of June 30, 2013:

<u>Investment</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Overlay Portfolio	\$ 1,539,765	\$ -	Daily	None

The objective of the Overlay Portfolio is to invest in equity-oriented and fixed-income oriented securities over the long term, as part of an investor’s overall asset allocation.

**UNITED WAY OF NEW YORK CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – GRANTS AND CONTRIBUTIONS RECEIVABLE**

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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
One year or less	\$ 265,000	\$ 216,250
One year to five years	<u>120,000</u>	<u>50,000</u>
	385,000	266,250
Less: Present value discount, rates ranging from 1.01% to 1.04%	<u>(5,089)</u>	<u>(4,170)</u>
	<u>\$ 379,911</u>	<u>\$ 262,080</u>

**NOTE 9 – PREPAID EXPENSES AND OTHER ASSETS**

UWNYC is the beneficiary of an insurance contract from a donor with a face amount of \$800,000. As of June 30, 2014 and 2013, the cash surrender value of the insurance contract amounted to \$723,431 and \$693,771, respectively, and is included under prepaid expenses and other assets in the statement of financial position.

UWNYC maintains a nonqualified deferred compensation plan under code section 457(b) for certain employees. Contributions to the plan are from employees only through salary reduction agreements; there are no employer contributions. The deferred compensation plan investments are annuity contracts held at Mutual of America and UWNYC is the owner of these contracts. Participating employees are designated as the annuitants of these contracts. As of June 30, 2014 and 2013, the deferred compensation plan assets amounted to \$140,796 and \$305,037, respectively, and are included under prepaid and other assets and accounts payable and accrued expenses in the statements of financial position.

**NOTE 10 – 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 started effective January 1, 2014. Employer contributions to the Plan are discretionary. There were no contributions made to the new 401(k) Plan for the year ended June 30, 2014.

UWNYC has a Defined Benefit Pension Plan (the “Pension Plan”) covering substantially all of its employees. The benefits are based on years of service and the employee’s annual average of the highest 60 consecutive months’ compensation. 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 continues after June 30, 2009.

The funded status of the Pension Plan as of June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 23,634,185	\$ 27,287,151
Interest cost	1,081,207	1,137,081
Actuarial (gain) loss	1,167,222	(4,202,180)
Expense charges	(81,035)	(72,702)
Benefits paid	<u>(753,648)</u>	<u>(515,165)</u>
Benefit obligation at end of year	25,047,931	23,634,185
Fair value of plan assets	<u>23,217,502</u>	<u>20,861,285</u>
Funded status	<u>\$ (1,830,429)</u>	<u>\$ (2,772,900)</u>



**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 – PENSION PLANS (Continued)**

The components of net periodic benefit cost for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Interest cost	\$ 1,081,207	\$ 1,137,081
Expected return on plan assets	(1,596,699)	(1,432,886)
Amortization of actuarial loss	<u>73,251</u>	<u>404,511</u>
Net periodic (credit) cost	<u>\$ (442,241)</u>	<u>\$ 108,706</u>

The amounts recognized in unrestricted net assets as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Actuarial loss	<u>\$ 2,961,950</u>	<u>\$ 3,462,180</u>

Other changes in unrestricted assets and benefit obligation recognized in unrestricted net assets for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Net actuarial gain	<u>\$ (500,230)</u>	<u>\$ (5,423,197)</u>

The weighted assumptions used as of and for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Discount rate	4.39%	4.75%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	N/A	N/A

The expected long-term rate of return on Pension Plan assets assumption of 8.0% was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 - Selection of Economic Assumptions for Measuring Pension Obligations. Based on UWNYP’s investment policy for the Pension Plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on UWNYP’s historical 30-year period of rolling averages. An average inflation rate within the range equal to 3.75% was selected and added to the real rate of return range to arrive at a best estimate range of 7.48% - 9.39%. The rate of 8.0% was selected within the range.

Pension Plan assets as of June 30, 2014 and 2013 consists of the following:

	<u>2014</u>	<u>2013</u>
AXA Equitable Life Insurance Company		
Guarantee Account	\$ 31,539	\$ 30,628
Cash and cash equivalents	91,638	234,805
Mutual Funds:		
Fixed Income Funds	16,142,395	7,806,915
Equity Funds	<u>6,951,930</u>	<u>12,788,937</u>
	<u>\$ 23,217,502</u>	<u>\$ 20,861,285</u>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 – PENSION PLANS (Continued)**

As of June 30, 2014 and 2013, 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 7 for definitions of the fair value hierarchy. UWNYP expects to make contributions for the fiscal year ending June 30, 2015 amounting to approximately \$400,000.

The projected benefit payments are as follows:

<u>Year Ending June 30,</u>	
2015	\$ 1,956,286
2016	935,733
2017	1,042,064
2018	1,100,190
2019	1,139,168
2020-2024	6,208,563

**NOTE 11 –POSTRETIREMENT LIFE INSURANCE PLAN**

UWNYP offered a Post Retirement Life Insurance Plan (“Life Insurance Plan”) for retired employees. Substantially all of UWNYP’s employees may have become eligible for those benefits if they reach normal retirement age while working for UWNYP. Effective January 1, 2010, the life insurance plan benefits ceased for all covered active employees whose retirement date is on or after January 1, 2010.

The funded status of the Life Insurance Plan as of June 30, 2014 and 2013 are as follows

	<u>2014</u>	<u>2013</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 2,302,002	\$ 2,425,282
Interest cost	106,357	99,884
Actuarial (gain)/loss	138,776	(204,068)
Benefits paid	<u>(22,023)</u>	<u>(19,096)</u>
Benefit obligation at end of year	2,525,112	2,302,002
Fair value of plan assets	<u>-</u>	<u>-</u>
Funded status	<u>\$ (2,525,112)</u>	<u>\$ (2,302,002)</u>

The components of net periodic benefit cost for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Interest cost	<u>\$ 106,357</u>	<u>\$ 99,884</u>

The amounts recognized in unrestricted net assets as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Actuarial loss (gain)	<u>\$ 22,793</u>	<u>\$ (115,984)</u>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11 –POSTRETIREMENT LIFE INSURANCE PLAN (Continued)**

Other changes in unrestricted net assets and benefit obligation recognized in unrestricted net assets for the year ended June 30, 2014 and 2013 are as follows:

	2014	2013
Net actuarial loss (gain)	\$ <u>138,777</u>	\$ <u>(204,068)</u>

The weighted assumptions used as of and for the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Discount rate	4.16%	4.75%
Rate of compensation increase	N/A	N/A

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

<u>Year Ending June 30,</u>	
2015	\$ 140,777
2016	142,581
2017	143,671
2018	144,761
2019	145,927
2020-2024	757,055

**NOTE 12 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following as of June 30, 2014 and 2013:

	2014	2013
Various community impact programs	\$ 222,452	\$ 665,881
Hurricane Sandy Recovery Fund	588,238	1,668,997
Change Capital Fund	1,325,122	-
Colgate Inner City Education Fund	216,257	-
Unappropriated endowment earnings	319,921	73,639
Time and purpose restricted	579,911	287,978
	\$ 3,251,901	\$ 2,696,495

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

Permanently restricted net assets consist of the following as of June 30, 2014 and 2013:

	2014	2013
Donor restricted endowments	\$ 2,729,655	\$ 2,729,655
Beneficial interest in perpetual trust (See below)	526,759	493,211
	\$ 3,256,414	\$ 3,222,866

**UNITED WAY OF NEW YORK CITY  
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**NOTE 12 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (Continued)**

UWNYC is one of the six equal beneficiaries in a trust in which investment assets are held in perpetuity by a third party trustee. UWNYC receives the annual income, which is unrestricted. Realized and unrealized (depreciation) appreciation remains part of the trust principal. The change in value of beneficial interest in perpetual trust amounted to \$33,548 and \$34,021 for the years ended June 30, 2014 and 2013, respectively, and is included in the statement of activities. As of June 30, 2014 and 2013, beneficial interest in perpetual trust amounted to \$526,759 and \$493,211, respectively.

Donor restricted endowment funds consist of the Carp Endowment, Human Care Endowment, Louis and Mary Horowitz Endowment and the Campaign Income Endowment with donor stipulations that they be invested in perpetuity to provide a permanent source of income. The income from these funds is classified as temporarily restricted until appropriated for operations.

UWNYC recognizes that New York Prudent Management of Institutional Funds Act (“NYPMIFA”) created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. In addition, in accordance with NYPMIFA, any unappropriated earnings on endowment funds that would otherwise be considered unrestricted by the donor should be reflected as temporarily restricted until appropriated by the Board of Directors. As of June 30, 2014 and 2013, UWNYC reported all earnings on endowment funds as temporarily restricted net assets until appropriated by the board for operations.

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

According to UWNYC’s spending policy, earnings on permanently restricted net assets will follow the terms of the permanent restrictions. Spending of all other long term investment assets will be limited to 5% of the average portfolio balance for the previous 60 months. The calculation will be made at the beginning of each fiscal year in order to determine the amount available to spend during that year. Any spending beyond the 5% will require prior Board approval.

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

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

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

Changes in permanently restricted endowment net assets for year ended June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (52,259)	\$ -	\$ 2,279,655	\$ 2,227,396
Additions	-	-	450,000	450,000
Investment activity:				
Interest and dividends	-	56,231	-	56,231
Unrealized and realized gain on investments	<u>52,259</u>	<u>126,895</u>	<u>-</u>	<u>179,154</u>
Total investment activity	<u>52,259</u>	<u>183,126</u>	<u>-</u>	<u>235,385</u>
Amount appropriated to operations	<u>-</u>	<u>(109,487)</u>	<u>-</u>	<u>(109,487)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 73,639</u>	<u>\$ 2,729,655</u>	<u>\$ 2,803,294</u>

Endowment net assets of \$3,049,576 and \$2,803,294 are included with investments on the statements of financial position as of June 30, 2014 and 2013, respectively.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires UWNYP to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. This deficiency can result from unfavorable market fluctuations that may occur that affect donor restricted endowment funds. There were no such deficiencies for the years ended June 30, 2014 and 2013, respectively.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

A. The minimum annual rentals for equipment under noncancelable leases are as follows for the years ended after June 30, 2014:

	<u>Equipment</u>
2015	\$ 27,000
2016	27,000
2017	20,000
2018	<u>9,500</u>
	<u>\$ 83,500</u>

Rent expense for amounted to \$94,628 and \$87,667, respectively, for the years ended June 30, 2014 and 2013, respectively.

B. UWNYP entered into a ground lease agreement as part of the capital lease transaction as discussed in Note 5. The total minimum rental payments through 2043 amount to approximately \$27 million. The deferred rent liability of \$975,284 is included in the statement of financial position related to the straight-lining of the ground lease. Minimum annual payments for the year ended after June 30, 2014, are as follows:

	<u>Ground Rent</u>
2015	\$ 995,155
2016	918,605
2017	918,605
2018	918,605
2019	918,605
2020-2043	<u>22,046,520</u>
	<u>\$26,716,095</u>

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**NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)**

- C. UWNYP has a line of credit with a bank with a maximum borrowing of up to \$2 million. The borrowings are secured by certain accounts receivable and the maturity date is November 15, 2015. The interest rate is prime rate plus 0.5%. As of June 30, 2014 and December 18, 2014, there were no borrowings.
- D. UWNYP is subject to legal proceedings and claims which have arisen in the ordinary course of its business and which have not been fully adjudicated. Management does not believe there will be a material adverse effect upon the financial position of UWNYP.
- E. UWNYP has no uncertain tax positions as of June 30, 2014 and 2013 in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions. UWNYP is no longer subject to federal or state and local income tax examinations by tax authorities for the year ended June 30, 2011 and prior years.

**NOTE 14 – CONCENTRATION**

Cash and cash equivalents that potentially subject UWNYP to a concentration of credit risk include cash accounts with various financial institutions that exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limits by approximately \$3,822,441 and \$6,365,000 as of June 30, 2014 and 2013, respectively.

**NOTE 15 - SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through December 18, 2014, the date the financial statements were available to be issued. No events have occurred subsequent to June 30, 2014 through December 18, 2014, that would require adjustment to or disclosure in these financial statements.