

# UNITED WAY OF NEW YORK CITY



**United Way  
of New York City**

Financial Statements  
(Together with Independent Auditors' Report)

Years Ended June 30, 2016 and 2015 (Restated)

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

ACCOUNTANTS & ADVISORS

**UNITED WAY OF NEW YORK CITY**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
**YEARS ENDED JUNE 30, 2016 AND 2015 (Restated)**

**CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report .....	1
<b>Financial Statements:</b>	
Statements of Financial Position .....	2
Statements of Activities .....	3-4
Statements of Functional Expenses.....	5-6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8-23

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
United Way of New York City

We have audited the accompanying financial statements of United Way of New York City ("UWNYC") which comprise the statements of financial position as of June 30, 2016 and 2015 (Restated), and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UWNYC as of June 30, 2016 and 2015 (Restated), 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.

### ***Other Matters***

As discussed in Note 15 to the financial statements, UWNYC restated its June 30, 2015 financial statements by reclassifying certain restricted net assets to unrestricted net assets.

*Marks Paneth LLP*

New York, NY  
March 9, 2017

**UNITED WAY OF NEW YORK CITY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2016 and 2015 (Restated)**

	<b>2016</b>	<b>As Restated 2015</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 2D and 14)	\$ 4,875,975	\$ 1,388,324
Investments (Notes 2E, 2F, 3 and 4)	7,899,311	7,926,970
Campaign receivables, net (Notes 2G, 2I and 5)	4,121,877	5,243,610
Government grants/contracts receivable (Note 2I)	4,114,983	6,921,196
Private grants and contributions receivable, net (Notes 2H and 6)	679,048	160,826
Other receivables (Note 2I)	270,614	280,662
Prepaid expenses and other assets (Notes 4 and 7)	981,900	939,127
<b>Total Current Assets</b>	<b>22,943,708</b>	<b>22,860,715</b>
<b>Non-Current Assets</b>		
Endowment investments (Notes 2E, 2F, 3, 4 and 12)	2,824,245	2,824,245
Private grants and contributions receivable, net (Notes 2H, 2I and 6)	1,135,000	885,000
Capital lease asset and improvements (Note 8)	9,019,503	9,417,357
Property and equipment, net (Notes 2J and 9)	315,268	184,946
Beneficial interest in perpetual trust (Note 12)	455,309	501,759
<b>Total Non-Current Assets</b>	<b>13,749,325</b>	<b>13,813,307</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 36,693,033</b>	 <b>\$ 36,674,022</b>
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Note 7)	\$ 2,529,125	\$ 1,451,429
Community investment grants and awards payable (Note 2K)	912,248	696,730
Campaign donor designations payable (Notes 2G and 5)	194,493	993,873
Government contract awards payable (Note 2L)	6,783,482	5,032,808
Deferred rent liability (Notes 2M and 13B)	27,163	28,069
Capital lease obligations (Note 8)	182,297	171,706
Capital lease improvements loan payable (Note 8)	36,996	34,847
<b>Total Current Liabilities</b>	<b>10,665,804</b>	<b>8,409,462</b>
<b>Non-Current Liabilities</b>		
Deferred rent liability (Notes 2M and 13B)	706,241	730,687
Unfunded pension liability (Notes 2N and 10)	3,084,601	1,920,740
Post retirement life insurance liability (Notes 2N and 11)	2,777,212	2,547,149
Capital lease obligations (Note 8)	8,046,118	7,956,754
Capital lease improvements loan payable (Note 8)	2,322,339	2,359,335
<b>Total Non-Current Liabilities</b>	<b>16,936,511</b>	<b>15,514,665</b>
 <b>TOTAL LIABILITIES</b>	 <b>27,602,315</b>	 <b>23,924,127</b>
 <b>COMMITMENTS AND CONTINGENCIES (Note 13)</b>		
<b>NET ASSETS (Note 2B)</b>		
Unrestricted (Notes 12 and 15):		
Board designated	489,473	489,473
Operations	1,590,792	6,158,608
Total unrestricted net assets	2,080,265	6,648,081
Temporarily restricted (Notes 12 and 15)	4,683,510	3,728,421
Permanently restricted (Notes 12 and 15)	2,326,943	2,373,393
<b>TOTAL NET ASSETS</b>	<b>9,090,718</b>	<b>12,749,895</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ 36,693,033</b>	 <b>\$ 36,674,022</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, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015 (Restated))**

	Year Ended June 30, 2016			Total 2016	As Restated Comparative Total 2015
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>OPERATING REVENUE AND SUPPORT:</b>					
Campaigns	\$ 26,866,077	\$ 383,359	\$ -	\$ 27,249,436	\$ 30,300,300
Hurricane Sandy Recovery Fund	-	-	-	-	131,726
Less: Donor designations	(16,408,172)	-	-	(16,408,172)	(17,080,454)
Less: Provision for uncollectible receivables	(644,912)	-	-	(644,912)	(827,635)
Campaign results, net (Note 5)	9,812,993	383,359	-	10,196,352	12,523,937
Special events revenue	3,039,172	-	-	3,039,172	2,770,592
Less: direct expenses	(658,767)	-	-	(658,767)	(469,229)
Special events, net (Note 2O)	2,380,405	-	-	2,380,405	2,301,363
Government grants/contracts	26,115,256	-	-	26,115,256	19,682,475
Private grants and foundation giving	-	4,568,129	-	4,568,129	2,076,078
Fiscally sponsored funds	-	1,530,000	-	1,530,000	1,655,000
Designations from other United Ways	7,549	-	-	7,549	62,305
In-kind contributions (Note 2O)	78,332	-	-	78,332	170,868
Campaign administrative fees	330,597	-	-	330,597	485,483
Investment return used for operations (Note 3)	557,944	114,751	-	672,695	463,576
Other income	92,313	-	-	92,313	146,774
Net assets released from restrictions (Note 12)	5,572,875	(5,572,875)	-	-	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>44,948,264</b>	<b>1,023,364</b>	<b>-</b>	<b>45,971,628</b>	<b>39,567,859</b>
<b>OPERATING EXPENSES:</b>					
<b>Program Services:</b>					
Community investment grants and awards and Hurricane Sandy Recovery Fund (Note 2K)	4,476,707	-	-	4,476,707	3,028,825
Contract services and other grants	25,345,702	-	-	25,345,702	19,459,175
Community investment services	5,861,952	-	-	5,861,952	4,987,829
<b>Total Program Services</b>	<b>35,684,361</b>	<b>-</b>	<b>-</b>	<b>35,684,361</b>	<b>27,475,829</b>
<b>Supporting Services:</b>					
Management and general	7,856,760	-	-	7,856,760	7,380,096
Fundraising	4,035,751	-	-	4,035,751	3,472,211
<b>Total Supporting Services</b>	<b>11,892,511</b>	<b>-</b>	<b>-</b>	<b>11,892,511</b>	<b>10,852,307</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>47,576,872</b>	<b>-</b>	<b>-</b>	<b>47,576,872</b>	<b>38,328,136</b>
<b>SURPLUS (DEFICIT) OF OPERATING REVENUE AND SUPPORT OVER OPERATING EXPENSES</b>	<b>(2,628,608)</b>	<b>1,023,364</b>	<b>-</b>	<b>(1,605,244)</b>	<b>1,239,723</b>
<b>NON-OPERATING ACTIVITIES</b>					
Investment return under amounts appropriated for operations (Note 12)	(440,130)	(68,275)	-	(508,405)	(298,411)
Endowment contributions	-	-	-	-	94,590
Change in value of beneficial interest in perpetual trust (Note 12)	-	-	(46,450)	(46,450)	(25,000)
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>(440,130)</b>	<b>(68,275)</b>	<b>(46,450)</b>	<b>(554,855)</b>	<b>(228,821)</b>
<b>CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES</b>	<b>(3,068,738)</b>	<b>955,089</b>	<b>(46,450)</b>	<b>(2,160,099)</b>	<b>1,010,902</b>
Pension plan related changes other than net periodic pension cost (Note 10)	(1,344,646)	-	-	(1,344,646)	(1,186,082)
Post retirement plan related changes (Note 11)	(154,432)	-	-	(154,432)	53,385
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>(4,567,816)</b>	<b>955,089</b>	<b>(46,450)</b>	<b>(3,659,177)</b>	<b>(121,795)</b>
Net assets, beginning of year	6,648,081	3,728,421	2,373,393	12,749,895	12,871,690
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,080,265</b>	<b>\$ 4,683,510</b>	<b>\$ 2,326,943</b>	<b>\$ 9,090,718</b>	<b>\$ 12,749,895</b>

**UNITED WAY OF NEW YORK CITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015 (Restated)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>OPERATING REVENUE AND SUPPORT:</b>				
Campaigns	\$ 30,010,266	\$ 290,034	\$ -	\$ 30,300,300
Hurricane Sandy Recovery Fund	-	131,726	-	131,726
Less: Donor designations	(17,080,454)	-	-	(17,080,454)
Less: Provision for uncollectible receivables	(827,635)	-	-	(827,635)
Campaign results, net (Note 5)	12,102,177	421,760	-	12,523,937
Special events revenue	2,478,598	291,994	-	2,770,592
Less: direct expenses	(469,229)	-	-	(469,229)
Special events, net (Note 2O)	2,009,369	291,994	-	2,301,363
Government grants/contracts	19,682,475	-	-	19,682,475
Private grants and foundation giving	-	2,076,078	-	2,076,078
Fiscally sponsored funds	-	1,655,000	-	1,655,000
Designations from other United Ways	62,305	-	-	62,305
In-kind contributions (Note 2O)	170,868	-	-	170,868
Campaign administrative fees	485,483	-	-	485,483
Investment return used for operations (Note 3)	343,400	120,176	-	463,576
Other income	146,774	-	-	146,774
Net assets released from restrictions (Note 12)	3,870,474	(3,870,474)	-	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>38,873,325</b>	<b>694,534</b>	<b>-</b>	<b>39,567,859</b>
<b>OPERATING EXPENSES:</b>				
<b>Program Services:</b>				
Community investment grants and awards and Hurricane Sandy Recovery Fund (Note 2K)	3,028,825	-	-	3,028,825
Contract services and other grants	19,459,175	-	-	19,459,175
Community investment services	4,987,829	-	-	4,987,829
<b>Total Program Services</b>	<b>27,475,829</b>	<b>-</b>	<b>-</b>	<b>27,475,829</b>
<b>Supporting Services:</b>				
Management and general	7,380,096	-	-	7,380,096
Fundraising	3,472,211	-	-	3,472,211
<b>Total Supporting Services</b>	<b>10,852,307</b>	<b>-</b>	<b>-</b>	<b>10,852,307</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>38,328,136</b>	<b>-</b>	<b>-</b>	<b>38,328,136</b>
<b>(DEFICIT) SURPLUS OF OPERATING REVENUE AND SUPPORT OVER OPERATING EXPENSES</b>	<b>545,189</b>	<b>694,534</b>	<b>-</b>	<b>1,239,723</b>
<b>NON-OPERATING ACTIVITIES</b>				
Investment return over (under) amounts appropriated for operations (Note 12)	(230,410)	(68,001)	-	(298,411)
Endowment contributions	-	-	94,590	94,590
Change in value of beneficial interest in perpetual trust (Note 12)	-	-	(25,000)	(25,000)
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>(230,410)</b>	<b>(68,001)</b>	<b>69,590</b>	<b>(228,821)</b>
<b>CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES</b>	<b>314,779</b>	<b>626,533</b>	<b>69,590</b>	<b>1,010,902</b>
Pension plan related changes other than net periodic pension cost (Note 10)	(1,186,082)	-	-	(1,186,082)
Post retirement plan related changes (Note 11)	53,385	-	-	53,385
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>(817,918)</b>	<b>626,533</b>	<b>69,590</b>	<b>(121,795)</b>
Net assets, beginning of year as originally reported	6,363,375	3,251,901	3,256,414	12,871,690
Restatement of restricted net assets (Note 15)	1,102,624	(150,013)	(952,611)	-
Net assets, beginning of year as restated	<b>7,465,999</b>	<b>3,101,888</b>	<b>2,303,803</b>	<b>12,871,690</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 6,648,081</b>	<b>\$ 3,728,421</b>	<b>\$ 2,373,393</b>	<b>\$ 12,749,895</b>

**UNITED WAY OF NEW YORK CITY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	Year Ended June 30, 2016					Total 2015
	Supporting Services			Total Supporting Services	Total 2016	
	Program Services	Management & General	Fundraising			
<b>Grants, contracts and awards</b>						
Community investment grants and awards and Hurricane Sandy Recovery Fund	\$ 4,476,707	\$ -	\$ -	\$ -	\$ 4,476,707	\$ 3,028,825
Contract services and other grants	<u>25,345,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,345,702</u>	<u>19,459,175</u>
	29,822,409	-	-	-	29,822,409	22,488,000
<b>Personnel</b>						
Salaries	2,913,571	3,731,893	1,891,811	5,623,704	8,537,275	7,510,308
Payroll taxes and benefits (Notes 10 and 11)	<u>693,697</u>	<u>863,982</u>	<u>407,615</u>	<u>1,271,597</u>	<u>1,965,294</u>	<u>983,616</u>
	<u>3,607,268</u>	<u>4,595,875</u>	<u>2,299,426</u>	<u>6,895,301</u>	<u>10,502,569</u>	<u>8,493,924</u>
<b>Office, occupancy, and professional fees</b>						
Office maintenance and general supplies	77,528	86,651	142,504	229,155	306,683	139,930
Expensed equipment and rentals	106,339	145,671	78,395	224,066	330,405	251,129
Dues and subscriptions	22,935	31,776	32,938	64,714	87,649	91,306
Travel and transportation	52,179	32,133	20,004	52,137	104,316	73,989
Telephone	18,118	10,130	6,920	17,050	35,168	24,627
Insurance	76,355	74,393	45,842	120,235	196,590	168,082
Occupancy	650,214	633,506	390,371	1,023,877	1,674,091	1,719,696
Professional fees (Note 20)	<u>504,242</u>	<u>1,261,747</u>	<u>384,344</u>	<u>1,646,091</u>	<u>2,150,333</u>	<u>2,467,274</u>
	<u>1,507,910</u>	<u>2,276,007</u>	<u>1,101,318</u>	<u>3,377,325</u>	<u>4,885,235</u>	<u>4,936,033</u>
<b>Events and promotion</b>						
Special events - indirect expenses	90,319	108,291	251,967	360,258	450,577	581,994
General promotion	19,982	17,354	37,020	54,374	74,356	45,047
Meetings, seminars and training	71,460	151,207	44,351	195,558	267,018	230,651
Postage and shipping	12,414	19,916	23,259	43,175	55,589	44,699
Printing and distribution	<u>8,801</u>	<u>8,486</u>	<u>17,582</u>	<u>26,068</u>	<u>34,869</u>	<u>64,003</u>
	<u>202,976</u>	<u>305,254</u>	<u>374,179</u>	<u>679,433</u>	<u>882,409</u>	<u>966,394</u>
<b>Other expenses</b>						
Depreciation and amortization (Note 9)	18,344	28,963	18,653	47,616	65,960	68,340
Amortization of capital lease assets (Note 8)	156,649	146,666	94,539	241,205	397,854	397,855
Interest expense	245,906	239,588	147,636	387,224	633,130	629,348
Dues paid to national and state organizations	<u>122,899</u>	<u>264,407</u>	<u>-</u>	<u>264,407</u>	<u>387,306</u>	<u>348,242</u>
	<u>543,798</u>	<u>679,624</u>	<u>260,828</u>	<u>940,452</u>	<u>1,484,250</u>	<u>1,443,785</u>
<b>TOTAL EXPENSES</b>	<u>\$ 35,684,361</u>	<u>\$ 7,856,760</u>	<u>\$ 4,035,751</u>	<u>\$ 11,892,511</u>	<u>\$ 47,576,872</u>	<u>\$ 38,328,136</u>

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

**UNITED WAY OF NEW YORK CITY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015**

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



**UNITED WAY OF NEW YORK CITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (Restated)**

	<b>2016</b>	<b>As Restated 2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (3,659,177)	\$ (121,795)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	65,960	68,340
Amortization of capital lease assets	397,854	397,855
Pension related changes other than net periodic pension cost	1,499,078	1,132,697
Change in value of beneficial interest in perpetual trust	46,450	25,000
Change in discount on grants and contributions receivable	(57,778)	(18,085)
Change in value of capital lease obligation	490,423	484,620
Provision for uncollectible campaign receivables, net of writeoffs	(644,912)	(827,635)
Net realized and unrealized loss on investments	103,394	105,909
	(1,758,708)	1,246,906
Sub-total		
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Campaign receivables	1,766,645	(357,179)
Government grants/contracts receivable	2,806,213	(1,879,034)
Private grants and contributions receivable	(710,444)	(647,830)
Other receivables	10,048	16,107
Prepaid expenses and other assets	(42,773)	205,974
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,077,696	(1,182,669)
Community investment grants and awards payable	215,518	21,077
Campaign designations payable	(799,380)	(525,527)
Government contract awards payable	1,750,674	807,250
Deferred rent liability	(25,352)	(216,528)
Accrued pension and post retirement life insurance liability	(105,154)	(1,020,349)
	4,184,983	(3,531,802)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>4,184,983</b>	<b>(3,531,802)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(9,158,346)	(6,678,787)
Proceeds from sales of investments	9,082,611	8,362,800
Purchases of property and equipment	(196,282)	(94,276)
	(272,017)	1,589,737
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(272,017)</b>	<b>1,589,737</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments of capital lease obligations	(390,468)	(407,462)
Payments of loan payable	(34,847)	(47,618)
<b>Net Cash Used in Financing Activities</b>	<b>(425,315)</b>	<b>(455,080)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,487,651</b>	<b>(2,397,145)</b>
Cash and cash equivalents - beginning of year	1,388,324	3,785,469
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 4,875,975</b>	<b>\$ 1,388,324</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 142,703	\$ 144,728

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

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

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

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

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

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

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

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

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

Permanently Restricted - This represents endowment net assets subject to donor-imposed stipulations that they be maintained permanently by UWNYC. 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. Also included in permanently restricted net assets is a beneficial interest in a perpetual trust where UWNYC is one of six equal beneficiaries, with the investments held in perpetuity by a third party trustee.

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

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

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

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

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

- D. **Cash and cash equivalents** – Cash and cash equivalents include all highly liquid instruments with maturities of three months or less when acquired, except for certain cash and money market funds which are included with investments. As of June 30, 2016 and 2015, UWNYP maintained \$3,802,913 and \$297,974, respectively, of cash and cash equivalents for various campaigns in separate accounts as required by outside agencies, including the NYC Department of Education and the for the Combined Municipal and Federal campaigns.
- E. **Investments** – Investments are carried at fair value as defined in Note 2F. Net appreciation/(depreciation) in the fair value of investments, which includes realized gains and unrealized gains and losses on those investments, is reported in the statement of activities. Cost basis is determined on the date of purchase. Securities received as gifts are recorded at fair value at the date of the gift. Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is possible that changes in risks in the near term could materially affect investment balances.
- F. **Fair Value Measurements** - Investments are stated at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as reported in Note 4.
- G. **Campaign Results and Campaign Donor Designations Payable** – Annual campaigns are conducted each year to raise support for charitable distributions. An unconditional promise to give is recognized as revenue at the time of the pledge, net of an allowance for uncollectible pledges.

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

- H. **Private Grants and Contributions Receivable** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not included as contribution revenue until the conditions are substantially met. As of June 30, 2016 and 2015, UWNYP determined that no allowance for uncollectible private grant and contributions receivable was necessary. This determination was based on a combination of factors such as management's estimate of the creditworthiness of its donors, a review of individual accounts outstanding, and the aged basis of the receivables and historical experience.
- I. **Allowance for Doubtful Accounts** – UWNYP determines whether an allowance for uncollectible receivables should be provided for government grants/contracts receivable, campaign and other receivables. Such estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, creditworthiness of its donors, historical experience, and collections subsequent to year end. As of June 30, 2016 and 2015, the UWNYP determined an allowance of \$691,509 and \$736,378, respectively, was necessary for campaign receivables and no allowance for government grants/contracts and other receivable.
- J. **Property and Equipment** - Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. Depreciation and amortization is calculated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the life of the lease or the improvement. UWNYP capitalizes property and equipment with cost of \$1,000 or more and a useful life of greater than one year. Upon retirement or disposal, the asset cost and related accumulated depreciation and amortization are eliminated from the respective accounts, and the resulting gain or loss is included in the changes in net assets for the period.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

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

- K. **Community Investment Grants and Awards and Hurricane Sandy Recovery Fund** – The program services budget is approved annually by the Board of Directors on the recommendation of the Community Investment Committee. Awards support the impact areas namely; Health, Education and Income as well as services provided to strengthen New York City nonprofits. Grants and awards are accrued as commitments are made in accordance with the approved budget.
- L. **Government Contract Awards Payable** – UWNYPC administers a variety of government-funded programs. Through these programs, UWNYPC provides grants to community-based organizations in support of specific services for emergency food and shelter and hunger and nutrition assistance. The government contract awards payable reflect those expenses incurred by the community-based organizations that will be reimbursed by UWNYPC.
- M. **Deferred Rent** – UWNYPC records an adjustment to rent expense each year to reflect the straight-line method. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying statements of financial position.
- N. **Unfunded Pension and Post Retirement Life Insurance Liability** – UWNYPC: (a) recognizes in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measures a plan's assets and its obligations that determine its funded status as of the end of the fiscal year; and (c) recognizes changes in the funded status in the year in which the changes occur.
- O. **In-kind Contributions** – Donated goods are recorded at their fair value on the date of receipt. Donated services are reported as contributions when the services create or enhance nonfinancial assets, would be purchased if they had not been provided by contribution, require specialized skills and are provided by individuals possessing those skills. For the years ended June 30, 2016 and 2015, UWNYPC recorded income and expense for contributed goods and services of \$283,132 and \$170,868, respectively. Such contributed goods and services are reflected in the financial statements as follows:

	2016	2015
Special event direct expenses	\$ 204,800	\$ 64,819
Professional fees	78,332	106,049
	\$ 283,132	\$ 170,868

- P. **Bequests and Legacies** - UWNYPC recognizes bequests and legacies as support when the wills have passed probate and the sum is certain.
- Q. **Functional Allocation of Expenses** - The costs of providing program and supporting services have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited.

**NOTE 3 – INVESTMENTS**

Investments consist of the following as of June 30, 2016 and 2015:

	2016	2015
Fixed Income		
Cash and money market funds	\$ 1,265,261	\$ 459,908
Other fixed income	4,200,888	3,846,837
Equities		
Domestic securities	3,583,219	5,152,868
Other equities	1,674,188	1,291,602
	\$ 10,723,556	\$ 10,751,215

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

**NOTE 3 – INVESTMENTS (Continued)**

The components of investment return for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Dividends and interest	\$ 267,684	\$ 271,074
Realized and unrealized losses	<u>(103,394)</u>	<u>(105,909)</u>
Total return on investments	<u>\$ 164,290</u>	<u>\$ 165,165</u>
Investment return used for current operations	\$ 672,695	\$ 463,576
Investment return under spending rate	<u>(508,405)</u>	<u>(298,411)</u>
	<u>\$ 164,290</u>	<u>\$ 165,165</u>

Investment advisory fees amounting to \$71,899 and \$89,555 for the years ended June 30, 2016 and 2015, respectively, are included in professional fees in the statement of functional expenses.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

Fair value is a market-based measurement that is determined based on one or more inputs using assumptions that market participants would use in pricing the asset or liability. In determining fair value, 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 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, 2016 and 2015 there were no transfers in or out of levels 1 or 2.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

**NOTE 4 – FAIR VALUE MEASUREMENTS - (Continued)**

Financial assets carried at fair value as of June 30, 2016 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>ASSETS AT FAIR VALUE:</b>			
Fixed Income:			
Money market funds	\$ 1,265,261	\$ -	\$ 1,265,261
U.S. government bonds	-	1,052,706	1,052,706
Corporate bonds	-	3,148,182	3,148,182
Equities			
Equity mutual funds	3,583,219	-	3,583,219
Domestic securities	<u>1,674,188</u>	<u>-</u>	<u>1,674,188</u>
Total	<u>6,522,668</u>	<u>4,200,888</u>	<u>10,723,556</u>
Cash surrender value – Insurance Contract	<u>-</u>	<u>783,029</u>	<u>783,029</u>
<b>TOTAL ASSETS AT FAIR VALUE</b>	<b><u>\$ 6,522,668</u></b>	<b><u>\$ 4,983,917</u></b>	<b><u>\$ 11,506,585</u></b>

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

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

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

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

**NOTE 5 – CAMPAIGN RESULTS, NET**

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

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

For the years ended June 30, 2016 and 2015, such donor-designated funds amounted to \$16,408,172 and \$17,080,454, respectively, and are included as campaign revenue and donor designations in the statement of activities. The provision for uncollectible receivable related to the local campaign, as of June 30, 2016 and 2015, amounted to \$644,912 and \$827,635, respectively.

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

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

Contributions to the Fund totaled \$0 and \$131,726 for the years ended June 30, 2016 and 2015, respectively, and are included as temporarily restricted campaign revenue in the statements of activities. There was no provision for uncollectible receivables related to the contributions to the Fund as of June 30, 2016.

Campaign receivables consists of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Local campaign	\$ 4,640,506	\$ 5,807,108
Regional campaign	<u>172,880</u>	<u>172,880</u>
	4,813,386	5,979,988
Less: allowance for doubtful accounts	<u>(691,509)</u>	<u>(736,378)</u>
	<u>\$ 4,121,877</u>	<u>\$ 5,243,610</u>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

**NOTE 6 – PRIVATE GRANTS AND CONTRIBUTIONS RECEIVABLE**

Private grants and contributions receivable are recorded net of a discount (at a risk-adjusted rate) to reflect the present value of future cash flows and are scheduled to be collected as follows as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
One year or less	\$ 760,000	\$ 184,000
One year to five years	<u>1,135,000</u>	<u>885,000</u>
	1,895,000	1,069,000
Less: Present value discount, rates ranging from 1.01% to 1.04%	<u>(80,952)</u>	<u>(23,174)</u>
	<u>\$ 1,814,048</u>	<u>\$ 1,045,826</u>

**NOTE 7 – PREPAID EXPENSES AND OTHER ASSETS**

Prepaid expenses and other assets consist of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Cash surrender value - insurance	\$ 783,029	\$ 752,833
457(b) Plan	33,443	141,769
Deferred charges	160,042	31,347
Prepaid postage	3,536	11,328
Security deposits	<u>1,850</u>	<u>1,850</u>
	<u>\$ 981,900</u>	<u>\$ 939,127</u>

UWNYC is the beneficiary of an insurance contract from a donor with a face amount of \$800,000. As of June 30, 2016 and 2015, the cash surrender value of the insurance contract amounted to \$783,029 and \$752,833, 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, 2016 and 2015, the deferred compensation plan assets amounted to \$33,443 and \$141,769, respectively, and are included under prepaid expenses and other assets and accounts payable and accrued expenses in the statements of financial position.

**NOTE 8 – CAPITAL LEASES ASSETS AND IMPROVEMENTS**

UWNYC entered into a condominium agreement in a building located at 205 East 42<sup>nd</sup> Street. UWNYC entered into a 30-year "leasehold condominium" ownership structure with the Durst Organization for two units in the building. The leasehold condominium ownership structure provides UWNYC with an ownership interest in its units for the 30-year term of the transaction. The purchase of the leasehold condominium was classified as a capital lease. As of June 30, 2016 and 2015, the present value of the minimum lease payments at the beginning of the leasehold condominium purchase and sale agreement (discounted at an estimated incremental borrowing rate of 6%) amounted to \$7,785,448 and \$7,513,785, 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 and now are being amortized over thirty 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 was accounted for as an operating lease (See Note 13B).

In addition, the seller provided a loan of \$2,441,800 to UWNYC for renovations and build outs of the leasehold condominium. The loan is payable over 30 years at an interest rate of 6% and principal payments commenced July 2014. The loan payable amounted to \$2,359,335 and \$2,394,182 as of June 30, 2016 and 2015, respectively.



**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

**NOTE 8 – CAPITAL LEASES ASSETS AND IMPROVEMENTS (Continued)**

Future minimum principal and interest payments on the loan payable are as follows for the years ending after June 30, 2016:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 36,996	\$ 140,554	\$ 177,550
2018	39,278	138,272	177,550
2019	41,701	135,849	177,550
2020	44,273	133,277	177,550
2021	47,003	130,547	177,550
2022-2043	<u>2,150,084</u>	<u>1,696,832</u>	<u>3,846,916</u>
	<u>\$ 2,359,335</u>	<u>\$ 2,375,331</u>	<u>\$ 4,734,666</u>

In connection with the Agreement, UWNYC delivered to the seller a clean irrevocable letter of credit for \$3 million drawn upon a commercial bank. UWNYC pledged a portion of its investments as collateral for the letter of credit. As of June 30, 2015, the letter of credit remains unused. As of August 22, 2016, the letter of credit was terminated and the pledged assets were released.

During 2014, UWNYC purchased furniture through a capital lease arrangement from a leasing company. The present value of the future minimum lease payments (discounted at an estimated incremental borrowing rate of 6%) amounted to \$442,968 and \$614,675 as of June 30, 2016 and 2015, respectively.

Capital lease assets and improvements consist of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>	<u>Lease Term</u>
Leasehold condominium	\$ 6,843,731	\$ 6,843,731	30 years
Leasehold condominium improvements	2,441,800	2,441,800	30 years
Furniture	<u>883,367</u>	<u>883,367</u>	5 years
Total cost	10,168,898	10,168,898	
Less: accumulated amortization	<u>(1,149,395)</u>	<u>(751,541)</u>	
	<u>\$ 9,019,503</u>	<u>\$ 9,417,357</u>	

Future minimum cash payments are as follows for the years ending after June 30, 2016:

	<u>Capital Lease</u>	<u>Furniture &amp; Fixtures</u>	<u>Total</u>
2017	\$ 186,552	\$ 203,916	\$ 390,468
2018	186,552	203,916	390,468
2019	202,832	67,972	270,804
2020	381,897	-	381,897
2021	381,897	-	381,897
2022-2043	<u>18,514,337</u>	<u>-</u>	<u>18,514,337</u>
	<u>\$ 19,854,067</u>	<u>\$ 475,804</u>	<u>\$ 20,329,871</u>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

**NOTE 9 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>	<u>Estimated Useful Lives</u>
Equipment, furniture and fixtures	\$ 453,689	\$ 336,945	3-10 years
Less: accumulated depreciation	<u>(138,421)</u>	<u>(151,999)</u>	
Net book value	<u>\$ 315,268</u>	<u>\$ 184,946</u>	

Depreciation expense amounted to \$65,960 and \$68,340 for the years ended June 30, 2016 and 2015, respectively. For the years ended June 30, 2016 and 2015, UWNYP wrote off \$79,539 and \$123,915, respectively, of fully depreciated assets that are no longer in use.

**NOTE 10 – PENSION PLANS**

UWNYP sponsored a 403(b) thrift plan (“403(b) Plan”) for all employees. This Plan was terminated as of December 31, 2013 and a new 401(k) Plan was started effective January 1, 2014. Employer contributions to the Plan are discretionary. For the year ended June 30, 2016, \$41,417 was contributed to the 401(k) Plan.

UWNYP has a Defined Benefit Pension Plan (the “Pension Plan”) with the benefits based on years of service and the employee’s annual average of the highest 60 consecutive months’ compensation. UWNYP’s funding policy is to contribute annually at least the minimum amount under Section 412 of the Internal Revenue Code. The Pension Plan was frozen effective June 30, 2009. Benefit accruals are not credited for any service or employment for any participant after June 30, 2009, however, vesting rights continue after June 30, 2009.

The funded status of the Pension Plan as of June 30, 2016 and 2015 follows:

	<u>2016</u>	<u>2015</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 25,215,559	\$ 25,047,931
Interest cost	1,075,470	1,057,125
Actuarial loss (gain)	1,312,460	(38,679)
Expense charges	(87,412)	(82,773)
Benefits paid	<u>(2,369,521)</u>	<u>(768,045)</u>
Benefit obligation at end of year	25,146,556	25,215,559
Fair value of plan assets	<u>22,061,955</u>	<u>23,294,819</u>
Funded status (unfunded liability)	<u>\$ (3,084,601)</u>	<u>\$ (1,920,740)</u>

The components of net periodic cost (credit) for the years ended June 30, 2016 and 2015, and are included in operating results on the Statement of Functional Expenses in payroll taxes and benefits, and are as follows:

	<u>2016</u>	<u>2015</u>
Interest cost	\$ 1,075,470	\$ 1,057,125
Expected return on plan assets	(1,117,876)	(1,780,654)
Amortization of actuarial loss	<u>161,621</u>	<u>41,260</u>
Net periodic cost (credit)	<u>\$ 119,215</u>	<u>\$ (682,269)</u>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

**NOTE 10 – PENSION PLANS (Continued)**

Net periodic cost (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 5% and 8% as of June 30, 2016 and 2015, respectively. The net periodic cost (credit) is recorded in payroll taxes and benefits as a charge (credit) to operating expenses. The cost (credit) was \$119,215 and \$(682,269) for the years ended June 30, 2016 and 2015, 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, 2016 and 2015, the amounts recognized were \$(1,344,646) and \$(1,186,082), respectively.

The amounts recognized in unrestricted net assets as of June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Actuarial (loss)	<u>\$ (5,479,176)</u>	<u>\$ (4,134,530)</u>

Other changes in unrestricted assets and benefit obligation recognized in unrestricted net assets for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Net actuarial gain (loss)	<u>\$ 1,344,646</u>	<u>\$ 1,172,581</u>

The weighted assumptions used as of and for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Discount rate	3.76%	4.43%
Expected return on plan assets*	5.00%	8.00%
Rate of compensation increase	N/A	N/A

\*A rate of 5.0% was used as the investment manager's long-term expected rate of return, and is subject to change.

Pension Plan assets as of June 30, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
<u>AXA Equitable Life Insurance Company</u>		
Guarantee Account	\$ 29,691	\$ 33,968
<u>Wells Fargo</u>		
Cash and cash equivalents	184,740	176,420
Mutual Funds:		
Fixed Income Funds	15,556,679	15,999,515
Equity Funds	<u>6,290,845</u>	<u>7,084,916</u>
	<u>\$ 22,061,955</u>	<u>\$ 23,294,819</u>

As of June 30, 2016 and 2015, all pension plan assets are carried at fair value and are classified under Level 2 of the fair value hierarchy except for cash and cash equivalents which are classified as Level 1. See Note 4 for definitions of the fair value hierarchy. UWNYP made contributions of \$300,000 for the fiscal year ending June 30, 2016, and expects to make \$500,000 in contributions for the fiscal year ending June 30, 2017.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

**NOTE 10 – PENSION PLANS (Continued)**

The projected benefit payments are as follows:

<u>Year Ending June 30,</u>		
2017	\$	1,439,665
2018		966,154
2019		1,009,723
2020		991,869
2021		1,074,426
2022-2026		5,997,037

**NOTE 11 – POSTRETIREMENT LIFE INSURANCE PLAN**

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

The funded status of the Life Insurance Plan as of June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 2,547,149	\$ 2,525,112
Interest cost	103,827	102,161
Actuarial loss/(gain)	155,079	(52,639)
Benefits paid	<u>(28,843)</u>	<u>(27,485)</u>
Benefit obligation at end of year	2,777,212	2,547,149
Fair value of plan assets	<u>-</u>	<u>-</u>
Funded status	<u>\$ (2,777,212)</u>	<u>\$ (2,547,149)</u>

The components of net periodic benefit cost for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Interest cost	<u>\$ 103,827</u>	<u>\$ 102,161</u>

Net periodic benefit cost includes the annual interest cost, and is recorded in payroll taxes and benefits as an operating expense. At the end of the fiscal year it is adjusted based on the funded status of the plan, with the difference recorded as a non-operating adjustment. For the years ended June 30, 2016 and 2015, the amounts recognized were \$(154,432) and \$53,385, respectively.

The amounts recognized in unrestricted net assets as of June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Actuarial loss/(gain)	<u>\$ 125,232</u>	<u>\$ (29,847)</u>

Other changes in unrestricted net assets and benefit obligation recognized in unrestricted net assets for the year ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Net actuarial loss/(gain)	<u>\$ 155,079</u>	<u>\$ (52,639)</u>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

**NOTE 11 – POSTRETIREMENT LIFE INSURANCE PLAN (Continued)**

The weighted assumptions used as of and for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Discount rate	3.32%	4.20%
Rate of compensation increase	N/A	N/A

The projected benefit payments are as follows:

Year Ending June 30,

2017	\$	156,686
2018		156,180
2019		155,585
2020		155,363
2021		156,033
2022-2026		793,172

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

Temporarily restricted net assets consist of the following as of June 30, 2016 and 2015:

	<u>2016</u>	As Restated <u>2015</u>
Various community impact programs	\$ 2,835,546	\$ 1,494,782
Change Capital Fund	1,691,841	1,665,840
Colgate Inner City Education Fund	118,351	331,474
Unappropriated endowment earnings	33,724	101,999
Other time and purpose restricted	<u>4,048</u>	<u>134,326</u>
	<u>\$ 4,683,510</u>	<u>\$ 3,728,421</u>

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

Permanently restricted net assets consist of the following as of June 30, 2016 and 2015:

	<u>2016</u>	As Restated <u>2015</u>
Donor restricted endowments:		
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>455,309</u>	<u>501,759</u>
	<u>\$ 2,326,943</u>	<u>\$ 2,373,393</u>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

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

UWNYC is one of the six equal beneficiaries in a trust in which investment assets are held in perpetuity by a third party trustee. UWNYC receives the annual income, which is unrestricted. Realized and unrealized appreciation (depreciation) remains part of the trust principal. The change in value of beneficial interest in perpetual trust amounted to \$(46,450) and \$(25,000) for the years ended June 30, 2016 and 2015, respectively, and is included in the statement of activities. As of June 30, 2016 and 2015, beneficial interest in perpetual trust amounted to \$455,309 and \$501,759, respectively.

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 temporarily restricted until appropriated for operations.

UWNYC recognizes that New York Prudent Management of Institutional Funds Act (“NYPMIFA”) created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. In addition, and in accordance with NYPMIFA, earnings on endowments that are considered unrestricted by the donor are reflected as temporarily restricted until appropriated by the Board of Directors. As of June 30, 2016 and 2015, UWNYC reported all earnings on endowment funds as temporarily restricted net assets until appropriated by the Board for operations.

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

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

Changes in permanently restricted endowment net assets for year ended June 30, 2016:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 101,999	\$ 1,871,634	\$ 1,976,633
Investment activity:			
Interest and dividends	61,411	-	61,411
Unrealized and realized loss on investments	<u>(2,933)</u>	<u>-</u>	<u>(2,933)</u>
Total investment activity	<u>58,478</u>	<u>-</u>	<u>58,478</u>
Amount appropriated to operations	<u>(126,753)</u>	<u>-</u>	<u>(126,753)</u>
Endowment net assets, end of year	<u>\$ 33,724</u>	<u>\$ 1,871,634</u>	<u>\$ 1,905,358</u>

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

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

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

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 319,921	\$ 2,729,655	\$ 3,049,576
Additions	-	94,590	94,590
Restatement of restricted net assets (Note 15)	(150,013)	(952,611)	(1,102,624)
Investment activity:			
Interest and dividends	69,420	-	69,420
Unrealized and realized loss on investments	(17,153)	-	(17,153)
Total investment activity	<u>52,267</u>	<u>-</u>	<u>52,267</u>
Amount appropriated to operations	<u>(120,176)</u>	<u>-</u>	<u>(120,176)</u>
Endowment net assets, end of year (Restated)	<u>\$ 101,999</u>	<u>\$ 1,871,634</u>	<u>\$ 1,976,633</u>

Endowment net assets of \$1,905,358 and \$1,976,633 are included with investments on the statements of financial position as of June 30, 2016 and 2015, respectively. Endowment net assets do not include the beneficial interest in the perpetual trust, however it is included in permanently restricted net assets.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires UWNYC 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, 2016 and 2015, respectively.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

A. The minimum annual rentals for equipment under non-cancelable leases are as follows for the years ended after June 30, 2016:

	<u>Equipment</u>
2017	\$ 65,000
2018	54,000
2019	45,000
2020	<u>10,000</u>
	<u>\$ 174,000</u>

Rent expense amounted to \$145,623 and \$99,969, respectively, for the years ended June 30, 2016 and 2015, respectively.

B. UWNYC entered into a ground lease agreement as part of the capital lease transaction as discussed in Note 8. The total minimum rental payments through 2043 amount to approximately \$27 million. The deferred rent liability of \$733,404 is included in the statement of financial position related to the straight-lining of the ground lease.

**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

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

Minimum annual payments for the year ended after June 30, 2016, are as follows:

	<u>Ground Rent</u>
2017	\$ 918,605
2018	918,605
2019	918,605
2020	918,605
2021	918,605
2022-2043	<u>20,209,310</u>
	<u>\$ 24,802,335</u>

- C. UWNYC has a line of credit with a bank with a maximum borrowing of up to \$2.5 million. The borrowings are secured by certain accounts receivable and the maturity date is March 29, 2017. The interest rate is prime rate plus 0.5%. As of June 30, 2016 and June 30, 2015, there were no borrowings.
- D. UWNYC 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 UWNYC.
- E. UWNYC believes it has no uncertain tax positions as of June 30, 2016 and 2015 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.

**NOTE 14 – CONCENTRATION**

Cash and cash equivalents that potentially subject UWNYC to a concentration of credit risk include cash accounts with various financial institutions that exceeded the Federal Deposit Insurance Corporation (“FDIC”) insurance limits \$250,000 by approximately \$4,534,000 and \$2,118,000 as of June 30, 2016 and 2015, respectively.

**NOTE 15 – PRIOR PERIOD ADJUSTMENT**

During the year ended June 30, 2016, UWNYC performed an internal review of records relating to all permanently restricted endowment funds designated as such on the financial statements and discovered that the Campaign Income Trust Fund (“CITF”) was a board-established endowment fund, and that the funds deposited in the CITF were unrestricted funds, but for the board designation. On December 15, 2016, the Board ratified, confirmed and approved the action to lift and remove the board-imposed restriction on the CITF and also ratified, confirmed and approved the treatment of the funds in the CITF as unrestricted and accessible by UWNYC to support its charitable mission and general operating needs. The CITF principal balance amounted to \$558,333 and the unappropriated earnings amounted to \$54,818 as of June 30, 2015.

In addition, UWNYC discovered that the Human Care Endowment Fund balance of \$544,895 as of June 30, 2015 consisted of \$150,617 in principal contributions and \$394,278 for board designation. The unappropriated earnings amounted to \$95,195 as of June 30, 2015.

Accordingly, UWNYC restated its June 30, 2015 financial statements by decreasing permanently restricted net assets and increasing unrestricted net assets by \$952,611; and by decreasing temporarily restricted net assets and increasing unrestricted net assets by \$150,013.



**UNITED WAY OF NEW YORK CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015 (Restated)**

**NOTE 15 – PRIOR PERIOD ADJUSTMENT (Continued)**

The result of the restatement on the accompanying 2015 financial statements was as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Net assets – permanently restricted	\$ 3,326,004	\$ (952,611)	\$ 2,373,393
Net assets – temporarily restricted	3,878,434	(150,013)	3,728,421
Net assets – unrestricted (board designated)	-	489,473	489,473
Net assets – unrestricted (operations)	5,545,457	613,151	6,158,608

**NOTE 16 - SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through March 9, 2017, the date the financial statements were available to be issued.