

United Way Of The National Capital Area

Financial Report
June 30, 2008

McGladrey & Pullen
Certified Public Accountants

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CERTIFICATION STATEMENT

I have reviewed the annual financial statements of the United Way of the National Capital Area and based on my knowledge and after reasonable inquiry, this document does not contain any misstatements of material facts or omissions of material facts. Based on my knowledge, the financial information included in this document fairly represents in all material aspects the financial condition of the organization.

I certify that 1) I am responsible for establishing and maintaining disclosure controls and procedures for the United Way, 2) I have designed such disclosure controls and procedures to ensure that material information relating to the issue is made known to me, 3) I have evaluated the effectiveness of the disclosure controls and procedures, and 4) I have presented in my report various conclusions based on the effectiveness of the internal controls.



Angela R. Woods, Interim Chief Executive Officer



Holly Clark Blanchard, Chief Financial Officer

Date: October 31, 2008

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
United Way of the National Capital Area
Vienna, VA

We have audited the accompanying statements of financial position of United Way of the National Capital Area (UWNCA) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of UWNCA's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the National Capital Area as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Gaithersburg, Maryland
October 31, 2008

United Way Of The National Capital Area

Statements Of Financial Position

June 30, 2008 And 2007

Assets	2008	2007
Cash and Cash Equivalents	\$ 36,504,684	\$ 34,783,391
Promises to Give, net (Note 2)	15,997,011	15,888,239
Accounts Receivable	20,522	-
Prepaid Expenses	106,759	106,508
Property and Equipment, net (Note 3)	35,804	71,466
Other Assets	-	26,450
Investments Held for Deferred Compensation Plan	46,000	30,500
	\$ 52,710,780	\$ 50,906,554

Liabilities And Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 1,111,297	\$ 481,932
Contributor designations payable (Note 4)	16,280,136	17,741,920
Community impact funds grants payable (Note 5)	4,147,435	2,376,040
Community impact initiatives payable (Note 6)	228,400	-
Defined benefit pension liability (Note 9)	2,333,667	2,554,259
Deferred compensation (Note 9)	75,000	75,000
	24,175,935	23,229,151

Commitment and Contingencies (Notes 8 – 11)

Net Assets

Unrestricted		
Operating	9,663,245	11,974,956
Board designated (Note 1)	18,771,600	15,612,447
	28,434,845	27,587,403
Temporarily restricted (Note 1)	-	90,000
Permanently restricted (Note 1)	100,000	-
	28,534,845	27,677,403
	\$ 52,710,780	\$ 50,906,554

See Notes To Financial Statements.

United Way Of The National Capital Area

Statement Of Activities
 Year Ended June 30, 2008
 (With Comparative Totals For 2007)

	2008			2007 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Campaign results and other support:				
Campaign results:				
Amounts raised and processed by UWNCA	\$ 20,602,310	\$ -	\$ -	\$ 20,613,283
Amounts raised for UWNCA by CFC	14,657,572	-	-	15,180,505
Campaign results	35,259,882	-	-	35,793,788
Provisions for cancellations and uncollectible promises to give (Note 1)	(2,451,935)	-	-	(1,958,713)
Net campaign results before designations honored	32,807,947	-	-	33,835,075
Campaign designations honored:				
Contributor designations to participating agencies	(23,569,564)	-	-	(23,729,333)
Third party processing fees	(1,186,776)	-	-	(1,476,266)
Net contributors' designations honored	(24,756,340)	-	-	(25,205,599)
Net campaign results	8,051,607	-	-	8,629,476
Fee revenue from pledges	2,412,461	-	-	2,566,060
Interest income	1,433,317	-	-	1,690,180
Other revenue (Note 7)	401,751	-	100,000	122,169
Loss on disposal of property and equipment	(11,807)	-	-	(70,447)
Noncampaign contributions and grants	50,000	-	-	24,175
Net assets released from restrictions	90,000	(90,000)	-	-
Net campaign results and other support	12,427,329	(90,000)	100,000	12,961,613

(Continued)

United Way Of The National Capital Area

Statement Of Activities (Continued)
 Year Ended June 30, 2008
 (With Comparative Totals For 2007)

	2008			2007 Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Net campaign results and other support	\$ 12,427,329	\$ (90,000)	\$ 100,000	\$ 12,437,329	\$ 12,961,613
Expenses:					
Program services:					
Community impact funds grants (Note 5)	3,646,212	-	-	3,646,212	2,607,696
Community initiatives and events	546,036	-	-	546,036	191,763
Community services	1,127,096	-	-	1,127,096	753,575
	<u>5,319,344</u>	<u>-</u>	<u>-</u>	<u>5,319,344</u>	<u>3,553,034</u>
Supporting services:					
Annual campaign fundraising	3,754,704	-	-	3,754,704	3,216,736
Management and general	2,150,483	-	-	2,150,483	2,320,288
	<u>5,905,187</u>	<u>-</u>	<u>-</u>	<u>5,905,187</u>	<u>5,537,024</u>
United Way of America dues	355,356	-	-	355,356	346,921
Total expenses	<u>11,579,887</u>	<u>-</u>	<u>-</u>	<u>11,579,887</u>	<u>9,436,979</u>
Change in net assets	847,442	(90,000)	100,000	857,442	3,524,634
Net assets:					
Beginning	27,587,403	90,000	-	27,677,403	24,152,769
Ending	<u>\$ 28,434,845</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 28,534,845</u>	<u>\$ 27,677,403</u>

See Notes To Financial Statements.

United Way Of The National Capital Area

Statement Of Activities
Year Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Total
Campaign results and other support:			
Campaign results:			
Amounts raised and processed by UWNCA	\$ 20,523,283	\$ 90,000	\$ 20,613,283
Amounts raised for UWNCA by CFC	15,180,505	-	15,180,505
Campaign results	35,703,788	90,000	35,793,788
Provisions for cancellations and uncollectible promises to give (Note 1)	(1,958,713)	-	(1,958,713)
Net campaign results before designations honored	33,745,075	90,000	33,835,075
Campaign designations honored:			
Contributor designations to participating agencies	(23,729,333)	-	(23,729,333)
Third party processing fees	(1,476,266)	-	(1,476,266)
Net contributors' designations honored	(25,205,599)	-	(25,205,599)
Net campaign results	8,539,476	90,000	8,629,476
Fee revenue from pledges	2,566,060	-	2,566,060
Interest income	1,690,180	-	1,690,180
Other revenue (Note 7)	122,169	-	122,169
Loss on disposal of property and equipment	(70,447)	-	(70,447)
Noncampaign contributions and grants	24,175	-	24,175
Net assets released from restrictions	90,000	(90,000)	-
Net campaign results and other support	12,961,613	-	12,961,613

(Continued)

United Way Of The National Capital Area

Statement Of Activities (Continued)

Year Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Total
Net campaign results and other support	\$ 12,961,613	\$ -	\$ 12,961,613
Expenses:			
Program services:			
Community impact funds grants (Note 5)	2,607,696	-	2,607,696
Community initiatives and events	191,763	-	191,763
Community services	753,575	-	753,575
	<u>3,553,034</u>	-	<u>3,553,034</u>
Supporting services:			
Annual campaign fundraising	3,216,736	-	3,216,736
Management and general	2,320,288	-	2,320,288
	<u>5,537,024</u>	-	<u>5,537,024</u>
United Way of America dues	346,921	-	346,921
Total expenses	<u>9,436,979</u>	-	<u>9,436,979</u>
Change in net assets	3,524,634	-	3,524,634
Net assets:			
Beginning	24,062,769	90,000	24,152,769
Ending	<u>\$ 27,587,403</u>	<u>\$ 90,000</u>	<u>\$ 27,677,403</u>

See Notes To Financial Statements.

United Way Of The National Capital Area

Statement Of Functional Expenses
 Year Ended June 30, 2008
 (With Comparative Totals For 2007)

	2008									2007 Total
	Program Services			Supporting Services			United Way Of America	Total		
	Program Awards To Participating Agencies	Community Services	Total Program Services	Annual Campaign Fundraising	Management And General	Total Supporting Services				
Community impact funds grants	\$ 3,646,212	\$ -	\$ 3,646,212	\$ -	\$ -	\$ -	\$ -	\$ 3,646,212	\$ 2,607,696	
Other community initiatives and events	546,036	-	546,036	-	-	-	-	546,036	191,763	
	4,192,248	-	4,192,248	-	-	-	-	4,192,248	2,799,459	
Operating expenses:										
Salaries and benefits	-	623,420	623,420	2,154,020	1,119,515	3,273,535	-	3,896,955	3,090,864	
Occupancy	-	228,649	228,649	484,859	49,462	534,321	-	762,970	721,121	
Professional fees	-	194,886	194,886	639,513	852,952	1,492,465	-	1,687,351	1,741,074	
Advertising and marketing	-	10,793	10,793	316,139	7,051	323,190	-	333,983	374,778	
Dues	-	-	-	-	-	-	355,356	355,356	346,921	
Depreciation	-	-	-	-	58,097	58,097	-	58,097	84,133	
Meetings, special events and travel	-	17,395	17,395	78,643	16,039	94,682	-	112,077	147,588	
Postage, supplies and other	-	19,964	19,964	26,544	38,281	64,825	-	84,789	94,562	
Insurance	-	20,766	20,766	24,374	3,607	27,981	-	48,747	20,868	
Staff development	-	11,223	11,223	30,612	5,479	36,091	-	47,314	15,611	
	\$ 4,192,248	\$ 1,127,096	\$ 5,319,344	\$ 3,754,704	\$ 2,150,483	\$ 5,905,187	\$ 355,356	\$ 11,579,887	\$ 9,436,979	

See Notes To Financial Statements.

United Way Of The National Capital Area

Statement Of Functional Expenses
Year Ended June 30, 2007

	Program Services			Supporting Services				United Way Of America	Total
	Program Awards To Participating Agencies	Community Services	Total Program Services	Annual Campaign Fundraising	Management And General	Total Supporting Services			
Community impact funds grants	\$ 2,607,696	\$ -	\$ 2,607,696	\$ -	\$ -	\$ -	\$ -	\$ 2,607,696	
Other community grants and events	191,763	-	191,763	-	-	-	-	191,763	
	<u>2,799,459</u>	<u>-</u>	<u>2,799,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,799,459</u>	
Operating expenses:									
Salaries and benefits	-	370,260	370,260	1,433,995	1,286,609	2,720,604	-	3,090,864	
Occupancy	-	275,872	275,872	369,120	76,129	445,249	-	721,121	
Professional fees	-	66,461	66,461	863,275	811,338	1,674,613	-	1,741,074	
Advertising and marketing	-	7,982	7,982	359,710	7,086	366,796	-	374,778	
Dues	-	-	-	-	-	-	346,921	346,921	
Depreciation	-	-	-	-	84,133	84,133	-	84,133	
Meetings, special events and travel	-	4,474	4,474	132,678	10,436	143,114	-	147,588	
Postage, supplies and other	-	15,180	15,180	39,142	40,240	79,382	-	94,562	
Insurance	-	12,200	12,200	10,329	(1,661)	8,668	-	20,868	
Staff development	-	1,146	1,146	8,487	5,978	14,465	-	15,611	
	<u>\$ 2,799,459</u>	<u>\$ 753,575</u>	<u>\$ 3,553,034</u>	<u>\$ 3,216,736</u>	<u>\$ 2,320,288</u>	<u>\$ 5,537,024</u>	<u>\$ 346,921</u>	<u>\$ 9,436,979</u>	

See Notes To Financial Statements.

United Way Of The National Capital Area

Statements Of Cash Flows
Years Ended June 30, 2008 And 2007

	2008	2007
Cash Flows From Operating Activities		
Change in net assets	\$ 857,442	\$ 3,524,634
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net provision for (write-off of) allowance for doubtful promises to give	(157,867)	951,042
Depreciation expense	58,097	84,133
Loss on disposal of property and equipment	11,807	70,447
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(20,522)	101,317
Prepaid expenses	(251)	(55,079)
Promises to give	49,095	(659,304)
Other assets	26,450	-
Increase (decrease) in:		
Accounts payable and accrued expenses	629,365	(110,059)
Pension liability	(220,592)	208,633
Community impact funds grants payable	1,771,395	(3,123,960)
Community impact initiatives payable	228,400	-
Contributor designations payable	(1,461,784)	(1,432,072)
Deferred compensation	(15,500)	44,500
Net cash provided by (used in) operating activities	1,755,535	(395,768)
Cash Flows From Investing Activities		
Purchase of equipment	(34,242)	(18,226)
Net increase (decrease) in cash and cash equivalents	1,721,293	(413,994)
Cash And Cash Equivalents		
Beginning	34,783,391	35,197,385
Ending	\$ 36,504,684	\$ 34,783,391

See Notes To Financial Statements.

United Way Of The National Capital Area

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies

Nature of activities: The mission of United Way of the National Capital Area (UWNCA) is to serve the needs of the community of the national capital area which includes Maryland, Virginia, and Washington, D.C. UWNCA is a not-for-profit organization locally governed by a board of community volunteers. UWNCA is a problem-solving organization that raises contributions from individuals, corporations, and other public and private organizations in the national capital area through a single, efficient, annual campaign.

UWNCA manages one of the largest annual development campaigns in the country, raising \$35,259,882 for the year ended June 30, 2008. Its development activities provide financial support to approximately 900 accredited agencies providing essential services in the national capital area. Several thousand other 501(c)(3) organizations are also supported through the United Way campaigns.

UWNCA also encourages donors to contribute to community impact funds in each of the eight regions represented by UWNCA, plus one fund representing the national capital area. These regions are: Prince George's County, Montgomery County, District of Columbia, Alexandria, Arlington, Fairfax-Falls Church, Prince William County, and Loudoun County. These funds are distributed in a competitive grant process by UWNCA to agencies that provide services targeting the region's most vulnerable residents.

UWNCA has taken a leadership role in addressing the region's affordable housing crisis and childhood wellness through two key initiatives. UWNCA's Affordable Housing Initiative (AHI) focuses on the following four areas: prevention of homeless and displacement; preservation of existing affordable housing; production of new affordable housing; and partnerships around the region to develop new resources for and to improve the profile of the affordable housing issue. UWNCA's Child Wellness Initiative (CWI) for fighting childhood obesity focuses on the following three areas: affordable eating solutions; prevention and awareness of childhood obesity; and community partnerships.

A summary of UWNCA's significant accounting policies follows:

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, UWNCA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

UWNCA's financial statement presentation conforms with the United Way of America financial reporting guidelines.

Cash and cash equivalents: Cash and cash equivalents include highly liquid short-term investments with original maturities of three months or less. Cash equivalents include investments in money market funds that are carried at cost plus accrued interest, which approximates fair value.

Financial risk: UWNCA maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. UWNCA has not experienced any losses in such accounts. UWNCA believes it is not exposed to any significant financial risk on cash.

Promises to give: Contributions are recognized when the donor makes a written promise to give to UWNCA that is, in substance, unconditional.

United Way Of The National Capital Area

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Contributor designations payable: Certain campaign contributions which are made to UWNCA are designated to be paid out to other agencies. These campaign contributions are recognized as campaign revenues and contributor designations honored. UWNCA disburses the amounts to agencies when the promise to give is collected. The balance of unpaid amounts designated to agencies is recorded as a liability. UWNCA solicits campaign contributions where the contributor pays the designated agency directly (pay directs). UWNCA recognizes the contributions as revenue and designations honored as an expense of the campaign. Total pay directs for the years ended June 30, 2008 and 2007, were \$3,708,753 and \$3,934,506, respectively.

It is UWNCA's policy to pay agencies based on cash received. This was UWNCA's continued policy for the years ended June 30, 2008 and 2007. Designated agencies are paid out by UWNCA based on the cash received from donors who designate to a specific agency. Designations are paid to agencies net of the administrative fees. UWNCA campaigns are named based on the year in which the official fall kick-off occurs. Each fall's campaign solicits payroll deductions for the upcoming calendar year. Campaigns are closed when the final campaign has been audited and all donations that UWNCA has received are paid out to agencies. The 2005 and all prior-year campaigns are officially closed.

Unrestricted net assets: Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Operating net assets – Represents resources available for support of operations and mission related activities.

Board designated net assets – The Board of Directors has established a reserve of \$18,771,600 from unrestricted net assets. The board designated unrestricted net assets can only be used for purposes approved by the Board of Directors. Currently, \$1,871,600 of these funds is designated for the Affordable Housing Initiative (AHI), \$900,000 for the Child Wellness Initiative (CWI), and \$16,000,000 for activities related to the strategic mission of the organization and for substantial future needs.

Restricted net assets: Restricted net assets are the net assets that are either permanently restricted or temporarily restricted by donor-imposed stipulations.

Temporarily restricted net asset – Represent resources restricted due to time and/or purpose. As of June 30, 2008 and 2007, there were temporarily restricted net assets of \$0 and \$90,000, respectively.

Permanently restricted net asset – Represents a charitable bequest restricted to investment in perpetuity for community impact funds. Interest earned is restricted for use to the community impact funds. As of June 30, 2008 and 2007, there were permanently restricted net assets of \$100,000 and \$0, respectively.

Campaign results and other support: Contributions from campaigns are recognized when a promise to give is acknowledged in writing and are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Fee revenue from pledges: For the 2007 campaign during the year ended June 30, 2008, UWNCA implemented a new lower administrative fee for conducting its fundraising, fund distribution and year-round operations in order to be more competitive in the marketplace. Fee revenue is charged on designated donations to support UWNCA's fundraising and operational efforts.

United Way Of The National Capital Area

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Provision for uncollectible promises to give: Unconditional promises to give are recognized as support or gains in the period acknowledged. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The provision for doubtful accounts is based on management's evaluation of the collectibility of promises to give. Management determines the allowance for doubtful accounts by regularly evaluating promises to give and considering financial condition, credit history, and current economic conditions.

Property and equipment: Property and equipment are recorded at cost and depreciated on the straight-line basis over their estimated lives, which range from three to ten years. UWNCA capitalizes all property and equipment additions greater than \$1,000.

Donated services: No amounts have been reflected in the financial statements for donated services as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of time to the organization's program services and its fundraising campaigns. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as other contributions are offset by like amounts included in expenses.

Allocation of expenses by activities: The costs of providing UWNCA's various programs and services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the benefiting programs and supporting services.

Advertising: Advertising costs are expensed when incurred or when donated to UWNCA.

Income taxes: UWNCA is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, UWNCA qualifies for charitable contributions deductions and has been classified as an organization that is not a private foundation. Income that is not related to tax exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. UWNCA did not have any net unrelated business income for the years ended June 30, 2008 and 2007.

Cash receipts policy: Donors give money all year round. Cash received is applied to the prior campaign balance and according to donor intent wherever possible.

Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Reclassifications: Certain amounts in the 2007 financial statements have been reclassified to conform to the presentation in the 2008 financial statements. These reclassifications had no effect on the previously reported change in net assets.

Recently issued accounting pronouncements: In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement. SFAS No. 157 also emphasizes that fair value is a market based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under SFAS No. 157, fair value measurements are disclosed by level within that hierarchy. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, except for non-financial assets and non-financial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis for which delayed application is permitted until fiscal years beginning after November 15, 2008. UWNCA expects the adoption of SFAS No. 157 will not have a material impact on its financial statements.

United Way Of The National Capital Area

Notes To Financial Statements

Note 2. Promises To Give

All promises to give at June 30, 2008 and 2007 are due within one year. Included in promises to give are the following unconditional promises to give:

	2008	2007
Promises to give	\$ 20,559,340	\$ 20,608,435
Calculation for doubtful promises to give:		
Allowance for doubtful promises to give – beginning of year	(4,720,196)	(3,769,154)
Write-off of doubtful promises to give	3,304,483	1,702,974
Current year provision for cancellations and uncollectible promises to give	(3,146,616)	(2,654,016)
Allowance for doubtful promises to give – end of year	(4,562,329)	(4,720,196)
Promises to give, net	\$ 15,997,011	\$ 15,888,239
	2008	2007
Provision for doubtful promises to give – current year campaign	\$ 3,146,616	\$ 2,654,016
Provision for doubtful promises to give – prior years campaigns	1,415,713	2,066,180
Allowance for doubtful promises to give	\$ 4,562,329	\$ 4,720,196

Note 3. Property And Equipment

Property and equipment and accumulated depreciation at June 30, 2008 and 2007, and depreciation expense for the years ended June 30, 2008 and 2007, consists of the following:

		2008			
	Estimated Useful Lives	Cost	Accumulated Depreciation	Net Property	Depreciation Expense
Property and equipment	3 to 10 years	\$ 374,928	\$ 339,124	\$ 35,804	\$ 57,977
Leasehold improvements	7 to 10 years	3,991	3,991	-	120
		\$ 378,919	\$ 343,115	\$ 35,804	\$ 58,097
		2007			
	Estimated Useful Lives	Cost	Accumulated Depreciation	Net Property	Depreciation Expense
Property and equipment	3 to 10 years	\$ 658,870	\$ 587,404	\$ 71,466	\$ 83,662
Leasehold improvements	7 to 10 years	3,871	3,871	-	471
		\$ 662,741	\$ 591,275	\$ 71,466	\$ 84,133

Note 4. Contributor Designations Payable

Designations payable of \$16,280,136 and \$17,741,920 at June 30, 2008 and 2007, respectively, are considered payable out of the current year's campaign funds and, accordingly, have been included as liabilities in the accompanying statements of financial position.

United Way Of The National Capital Area

Notes To Financial Statements

Note 5. Community Impact Funds Grants Payable

UWNCA Board of Directors approved Community impact funds grants, recommended by the eight regional councils and the Board of Directors, totaling \$4,117,435 and \$2,548,726 to be paid out during the year following authorization. Consequently, the community impact funds grants payable at June 30, 2008 and 2007, was \$4,147,435 and \$2,376,040, respectively, and the community impact funds grants expense for the years ended June 30, 2008 and 2007, was \$3,646,212 and \$2,607,696, respectively.

Note 6. Community Impact Initiatives Payable

In 2008, UWNCA has taken a leadership role in addressing the region's affordable housing crisis and childhood wellness through two key initiatives (See Note 1). In support, UWNCA Board of Directors approved a \$2,000,000 and \$1,000,000 match for Affordable Housing and Child Wellness initiatives, respectively. Consequently, the community impact initiative payable at June 30, 2008, was \$228,400, consisting of the affordable housing match of \$128,400 raised, and UWNCA Board of Directors pre-approved a \$100,000 match for child wellness. The total expense for these initiatives charged to the statements of activities was \$367,190 for the year ended June 30, 2008.

Note 7. Other Revenue

Other revenue at June 30, 2008 and 2007, consists of the following:

	2008	2007
Indemnification	\$ 160,000	\$ -
Charitable bequests	101,000	-
In-kind donations	96,773	99,640
Special events	80,351	2,600
Other	63,627	19,929
	<u>\$ 501,751</u>	<u>\$ 122,169</u>

Note 8. Leases

UWNCA leases office space for its regional offices in the cities and counties within the national capital area. Many of these leases are on year-to-year or month-to-month terms. Additionally, UWNCA leases various office equipment with differing terms. Total future minimum lease payments under these leases that have initial or remaining noncancelable lease terms in excess of one year are as follows:

Years Ending June 30,	
2009	\$ 560,287
2010	567,506
2011	568,122
2012	565,108
2013	258,009
2014 – 2015	205,896
	<u>\$ 2,724,928</u>

Rent expense for the years ended June 30, 2008 and 2007, was \$656,411 and \$583,620, respectively.

United Way Of The National Capital Area

Notes To Financial Statements

Note 9. Retirement And Deferred Compensation Plans

UWNCA sponsors a defined contribution 403(b) plan. The defined contribution plan became effective on January 1, 2006, for all eligible employees. The plan allows employees to defer pre-tax contributions up to the limits established by the Internal Revenue Service. Prior to 2008, UWNCA did not match employee contributions; however, the plan included a provision for discretionary employer contributions. The UWNCA plan document was amended in fiscal year 2008. Employee contributions are now matched at a rate of 200% for salary reductions up to 2%. For plan years beginning on and after January 1, 2009, UWNCA will make a nonelective contribution equal to 4% of eligible employee's compensation. Defined contribution plan contributions charged to the statements of activities for the years ended June 30, 2008 and 2007, were \$144,666, and \$18,828, respectively.

UWNCA established a deferred compensation plan under Section 457(b) in October 2006, providing certain key executives the opportunity to participate in a deferred compensation program. Under the program, participants elect to defer a portion of their salary and bonus and earn returns on these deferrals based on directed investment selections. Additionally, UWNCA may elect to make discretionary contributions on behalf of the key executives. All deferral contributions are immediately vested without regard to additional service. Discretionary contributions charged to the statements of activities for the years ended June 30, 2008 and 2007, were \$0 and \$75,000, respectively.

UWNCA has a defined benefit pension plan that was frozen effective January 31, 2005. As of that date, no new participants will be enrolled in the plan. The defined benefit pension plan covers all employees hired before April 9, 2004, who have attained the age and length of service requirements of the plan. An employee's pension benefit is based upon years of service, the employee's final average salary, and any excess of the employee's final average salary over the employee's specified salary per the Social Security Average Annual Wage table. Plan assets, consisting of stocks, bonds, money market funds, and various other liquid investments, are held by Prudential Retirement.

The funded status and amounts recognized in the accompanying statements of financial position relating to the plan as of June 30, 2008 and 2007, are as follows:

	2008	2007
At June 30,		
Accumulated benefit obligation	\$ 6,984,000	\$ 7,281,274
Fair value of plan assets	4,650,333	4,727,015
Minimum liability	\$ (2,333,667)	\$ (2,554,259)
Projected benefit obligation	\$ 6,984,000	\$ 7,281,274
Fair value of plan assets	4,650,333	4,727,015
Unfunded status	\$ (2,333,667)	\$ (2,554,259)
Year ended June 30,		
United Way contributions	\$ -	\$ -
Benefits paid	\$ 276,302	\$ 330,792
Benefit costs	\$ 257,324	\$ 277,698

United Way Of The National Capital Area

Notes To Financial Statements

Note 9. Retirement And Deferred Compensation Plans (Continued)

Contributions: UWNCA expects to contribute \$550,000 to the plan in the fiscal year ending June 30, 2009.

Assumptions: Weighted-average assumptions used to determine net periodic pension cost and benefit obligations are as follows:

	2008	2007
Discount rate	5.75%	5.75%
Expected long-term rate of return on plan assets	8.00%	8.00%
Rate of increase in compensation	N/A	N/A

UWNCA determines the expected long-term rate of return on plan assets by taking into consideration the historical returns of various asset classes and the types of investments the plan is expected to hold. The plan's weighted-average asset allocations at June 30, 2008 and 2007, by asset category, are as follows:

	2008	2007
Equity securities	0%	0%
Debt securities	100%	100%
Other	0%	0%
	<u>100%</u>	<u>100%</u>

Assets of the plan are invested in a manner consistent with fiduciary standards of the Employees Retirement Income Security Act of 1974 (ERISA); namely, (a) the safeguards and diversity to which a prudent investor would adhere must be present, and (b) all transactions undertaken on behalf of the plan must be for the sole interest of plan participants and beneficiaries, to provide benefits in a prudent manner. Investment objectives of the plan also include:

- a. Preserve the value of the plan's assets.
- b. Provide sufficient liquidity to plan benefit payment outflows and meet the plan's requirements.

Estimated future benefit payments: The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Years Ending June 30,	
2009	\$ 282,004
2010	286,463
2011	296,293
2012	300,750
2013	325,634
2014 – 2018	2,160,836
	<u>\$ 3,651,980</u>

United Way Of The National Capital Area

Notes To Financial Statements

Note 10. Partnering Agreement

UWNCA and the United Black Fund (UBF) have a long history of working together in order to improve the lives of people living in the national capital area. UWNCA and UBF formalized their partnership with an agreement ratified on September 25, 2008. In order to support UWNCA's mission and community initiatives and in exchange for UBF's substantial support to UWNCA and its campaigns, activities and initiatives, UWNCA will make an annual program contribution to UBF. This is a long-term partnering agreement with a set evaluation at five-year intervals. UWNCA's program contribution to UBF for the years ended June 30, 2008 and 2007, was \$568,599 and \$200,000, respectively. Contributions to UBF are included in UWNCA's community impact funds (See Note 5).

Note 11. Subsequent Event

Subsequent to June 30, 2008, UWNCA's Chief Executive Officer resigned and accepted a senior position with the United Way of America to perform system redesign work. UWNCA entered into an agreement with United Way of America (UWA), whereby, UWNCA will assist with salary and benefits costs associated with UWA's system redesign work. Under the terms of the agreement, UWNCA will pay UWA \$248,200 payable through June 30, 2009.