UNITED WAY OF THE NATIONAL CAPITAL AREA
Vienna, VA

FINANCIAL STATEMENTS
June 30, 2015 and 2014

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United Way of the National Capital Area

Management's Certification on Internal Control Over Financial Reporting

United Way of the National Capital Area's internal control over financial reporting is a process designed to provide reasonable assurance that its financial statements are reliable and prepared in accordance with accounting principles generally accepted in the United States of America. Maintaining an appropriate process is the responsibility of those persons charged with governance and management; and other personnel.

An entity's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (iii) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting. Management assessed the effectiveness of United Way of the National Capital Area's internal control over financial reporting as of June 30, 2015, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework*. Based on that assessment, management concluded that, as of June 30, 2015, United Way of the National Capital Area's internal control over financial reporting is effective based on the criteria established in *Internal Control—Integrated Framework*.

Rosie Allen-Herring

Rosie Allen-Herring, President & Chief Executive Officer

Kevin Smith

Kevin Smith, Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of United Way of the National Capital Area, which comprise the statements of financial position as of June 30, 2015 and 2014, 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 United Way of the National Capital Area as of June 30, 2015 and 2014, 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.

CliftonLarsonAllen LLP

Calverton, Maryland
November 10, 2015

FINANCIAL STATEMENTS

UNITED WAY OF THE NATIONAL CAPITAL AREA
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

ASSETS

	2015	2014
Cash and cash equivalents	$ 5,523,945	$ 3,498,977
Investments (Notes 1 and 2)	23,620,406	25,832,444
Promises to give, net (Note 4)	9,761,959	11,880,567
Federal grants receivable	80,139	89,581
Accounts receivable	221	5,067
Prepaid and other assets	145,122	111,285
Property and equipment, net (Note 5)	923,521	1,132,166
Deposits	45,256	45,256
Investments held for deferred compensation plan (Note 2)	15,173	-
TOTAL ASSETS	$ 40,115,742	$ 42,595,343

LIABILITIES AND NET ASSETS

	2015	2014
LIABILITIES		
Accounts payable and accrued expenses	$ 2,091,453	$ 2,344,164
Deferred revenue	3,225	-
Contributor designations payable (Note 6)	9,509,360	12,721,319
Community impact grants payable (Note 9)	1,194,063	1,089,173
Community impact initiatives payable	-	12,073
Defined benefit pension liability (Note 13)	2,589,714	2,310,510
Deferred compensation (Note 2 and 13)	15,173	-
Total liabilities	15,402,988	18,477,239
Commitments and contingencies (Notes 3 and 12 to 16)		
NET ASSETS		
Unrestricted		
Operating	4,896,282	4,980,251
Board designated (Note 1)	16,654,535	16,678,686
Total Unrestricted	21,550,817	21,658,937
Temporarily restricted (Notes 1 and 17)	2,986,937	2,284,167
Permanently restricted (Notes 1 and 18)	175,000	175,000
Total net assets	24,712,754	24,118,104
TOTAL LIABILITIES AND NET ASSETS	$ 40,115,742	$ 42,595,343

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

UNITED WAY OF THE NATIONAL CAPITAL AREA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015
(With Comparative Totals for 2014)

	2015 Unrestricted	2015 Temporarily Restricted	2015 Permanently Restricted	2015 Total	2014 Total
Campaign results and other support:					
Campaign results:					
Amounts raised and processed by UWNCA	$ 16,205,901	$ 3,118,374	$ -	$ 19,324,275	$ 19,619,327
Amounts raised for UWNCA by CFC	10,748,844	-	-	10,748,844	11,759,750
Campaign results	26,954,745	3,118,374	-	30,073,119	31,379,077
Provisions for cancellations and uncollectible promises to give (Note 1)	(1,322,075)	-	-	(1,322,075)	(1,193,703)
Net campaign results before designations honored	25,632,670	3,118,374	-	28,751,044	30,185,374
Campaign designations honored:					
Contributor designations to participating agencies	(20,384,800)	-	-	(20,384,800)	(21,655,308)
Third party processing fees	(987,178)	-	-	(987,178)	(1,098,718)
Net contributors' designations honored	(21,371,978)	-	-	(21,371,978)	(22,754,026)
Net campaign results	4,260,692	3,118,374	-	7,379,066	7,431,348
Fee revenue from pledges	1,581,588	-	-	1,581,588	1,859,566
Investment income (Note 2)	551,387	1,806	-	553,193	2,113,877
Other revenue (Note 11)	2,205,327	-	-	2,205,327	663,248
Noncampaign contributions and grants	286,083	-	-	286,083	587,652
Net assets released from restrictions (Note 17)	2,417,410	(2,417,410)	-	-	-
Net campaign results and other support	11,302,487	702,770	-	12,005,257	12,655,691
EXPENSES					
Program services:					
Community impact funds grants (Note 9)	1,005,125	-	-	1,005,125	1,875,970
Community initiatives and events (Note 10)	1,247,498	-	-	1,247,498	900,349
Community services	3,684,452	-	-	3,684,452	3,289,611
Total program services	5,937,075	-	-	5,937,075	6,065,930
Supporting Services:					
Annual campaign fundraising	3,567,605	-	-	3,567,605	4,468,206
Management and general	1,333,575	-	-	1,333,575	1,442,912
Total supporting services	4,901,180	-	-	4,901,180	5,911,118
Total expenses	10,838,255	-	-	10,838,255	11,977,048
CHANGES IN NET ASSETS BEFORE OTHER CHANGES	464,232	702,770	-	1,167,002	678,643
OTHER CHANGES					
Total amounts recognized as changes in unrestricted net assets but not yet reclassified as components of net periodic benefit cost (Note 13)	572,352	-	-	572,352	(333,834)
Total other changes	572,352	-	-	572,352	(333,834)
CHANGE IN NET ASSETS	(108,120)	702,770	-	594,650	1,012,477
NET ASSETS, BEGINNING OF YEAR	21,658,937	2,284,167	175,000	24,118,104	23,105,627
NET ASSETS, END OF YEAR	$ 21,550,817	$ 2,986,937	$ 175,000	$ 24,712,754	$ 24,118,104

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

UNITED WAY OF THE NATIONAL CAPITAL AREA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total
Campaign results and other support:				
Campaign results:				
Amounts raised and processed by UWNCA	$ 17,333,567	$ 2,285,760	$ -	$ 19,619,327
Amounts raised for UWNCA by CFC	11,759,750	-	-	11,759,750
Campaign results	29,093,317	2,285,760	-	31,379,077
Provisions for cancellations and uncollectible promises to give (Note 1 and 4)	(1,193,703)	-	-	(1,193,703)
Net campaign results before designations honored	27,899,614	2,285,760	-	30,185,374
Campaign designations honored:				
Contributor designations to participating agencies	(21,655,308)	-	-	(21,655,308)
Third party processing fees	(1,098,718)	-	-	(1,098,718)
Net contributors' designations honored	(22,754,026)	-	-	(22,754,026)
Net campaign results	5,145,588	2,285,760	-	7,431,348
Fee revenue from pledges	1,859,566	-	-	1,859,566
Investment income (Note 2)	2,104,420	9,457	-	2,113,877
Other revenue (Note 11)	663,248	-	-	663,248
Noncampaign contributions and grants	587,652	-	-	587,652
Net assets released from restrictions	2,599,018	(2,599,018)	-	-
Net campaign results and other support	12,959,492	(303,801)	-	12,655,691
EXPENSES				
Program services:				
Community impact funds grants (Note 9)	1,875,970	-	-	1,875,970
Community initiatives and events (Note 10)	900,349	-	-	900,349
Community services	3,289,611	-	-	3,289,611
Total program services	6,065,930	-	-	6,065,930
Supporting Services:				
Annual campaign fundraising	4,468,206	-	-	4,468,206
Management and general	1,442,912	-	-	1,442,912
Total supporting services	5,911,118	-	-	5,911,118
Total expenses	11,977,048	-	-	11,977,048
CHANGES IN NET ASSETS BEFORE OTHER CHANGES	982,444	(303,801)	-	678,643
OTHER CHANGES				
Total amounts recognized as changes in unrestricted net assets but not yet reclassified as components of net periodic benefit cost	(333,834)	-	-	(333,834)
Total other changes	(333,834)	-	-	(333,834)
CHANGE IN NET ASSETS	1,316,278	(303,801)	-	1,012,477
NET ASSETS, BEGINNING OF YEAR	20,342,659	2,587,968	175,000	23,105,627
NET ASSETS, END OF YEAR	$ 21,658,937	$ 2,284,167	$ 175,000	$ 24,118,104

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

UNITED WAY OF THE NATIONAL CAPITAL AREA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2015
(With Comparative Totals for 2014)

	2015							
	Program Services			Supporting Services				
	Program Awards to Participating Agencies	Community Services	Total Program Services	Annual Campaign Fundraising	Management and General	Total Supporting Services	2015 Total	2014 Total
Community impact funds grants	$ 1,005,125	$ -	$ 1,005,125	$ -	$ -	$ -	$ 1,005,125	$ 1,875,970
Other community grants, initiatives and events	1,247,498	-	1,247,498	-	-	-	1,247,498	1,015,349
Subtotal	2,252,623	-	2,252,623	-	-	-	2,252,623	2,891,319
Operating expenses:								
Salaries and benefits	-	1,976,917	1,976,917	1,847,383	838,269	2,685,652	4,662,569	5,040,888
Advertising and marketing	-	614,298	614,298	559,807	19,482	579,289	1,193,587	776,430
Professional fees	-	457,125	457,125	445,827	215,400	661,227	1,118,352	1,335,896
Occupancy	-	308,012	308,012	305,027	102,199	407,226	715,238	750,162
Dues	-	142,233	142,233	135,768	45,256	181,024	323,257	326,211
Depreciation and amortization	-	95,379	95,379	91,044	30,348	121,392	216,771	406,786
Meetings, special events, and travel	-	31,242	31,242	121,065	38,944	160,009	191,251	234,536
Postage, supplies, and other	-	30,499	30,499	30,350	28,181	58,531	89,030	155,161
Insurance	-	23,685	23,685	22,608	7,536	30,144	53,829	36,557
Staff development	-	5,062	5,062	8,726	7,960	16,686	21,748	23,102
TOTAL EXPENSES	$ 2,252,623	$ 3,684,452	$ 5,937,075	$ 3,567,605	$ 1,333,575	$ 4,901,180	$ 10,838,255	$ 11,977,048

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

UNITED WAY OF THE NATIONAL CAPITAL AREA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014

	2014						
	Program Services			Supporting Services			
	Program Awards to Participating Agencies	Community Services	Total Program Services	Annual Campaign Fundraising	Management and General	Total Supporting Services	2014 Total
Community impact funds grants	$ 1,875,970	$ -	$ 1,875,970	$ -	$ -	$ -	$ 1,875,970
Other community grants, initiatives and events	900,349	115,000	1,015,349	-	-	-	1,015,349
Subtotal	2,776,319	115,000	2,891,319	-	-	-	2,891,319
Operating expenses:							
Salaries and benefits	-	1,808,935	1,808,935	2,436,000	795,953	3,231,953	5,040,888
Professional fees	-	585,297	585,297	436,593	314,006	750,599	1,335,896
Advertising and marketing	-	150,998	150,998	603,319	22,113	625,432	776,430
Occupancy	-	253,256	253,256	382,932	113,974	496,906	750,162
Depreciation and amortization	-	142,375	142,375	199,325	65,086	264,411	406,786
Dues	-	114,174	114,174	159,843	52,194	212,037	326,211
Meetings, special events, and travel	-	34,140	34,140	156,692	43,704	200,396	234,536
Postage, supplies, and other	-	69,304	69,304	66,019	19,838	85,857	155,161
Insurance	-	12,795	12,795	17,913	5,849	23,762	36,557
Staff development	-	3,337	3,337	9,570	10,195	19,765	23,102
TOTAL EXPENSES	$ 2,776,319	$ 3,289,611	$ 6,065,930	$ 4,468,206	$ 1,442,912	$ 5,911,118	$ 11,977,048

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

UNITED WAY OF THE NATIONAL CAPITAL AREA
STATEMENT OF CASH FLOWS
Year Ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 594,650	$ 1,012,477
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net provision for allowance for doubtful promises to give	(68,895)	(71,678)
Depreciation and amortization	216,771	406,786
Net realized and unrealized (gain) losses on investments	31,596	(1,554,851)
Loss on disposal of asset	468	-
Effects of changes in operating assets and liabilities:		
(Increase) decrease in:		
Federal grants receivable	9,442	(8,491)
Accounts receivable	4,846	16,214
Prepaid and other assets	(33,837)	11,853
Promises to give	2,187,503	1,610,287
Increase (decrease) in:		
Accounts payable and accrued expenses	(252,711)	(21,409)
Deferred revenue	3,225	(1,000)
Defined benefit pension liability	279,204	(908,838)
Community impact grants payable	104,890	162,663
Community impact initiatives payable	(12,073)	-
Contributor designations payable	(3,211,959)	(1,423,382)
Deferred compensation	15,173	(69,000)
Net cash used in operating activities	(131,707)	(838,369)
CASH FLOWS FROM FINANCIAL ACTIVITIES		
Draw on line of credit	500,000	-
Repayment on line of credit	(500,000)	-
Net cash provided by (used in) operating activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed asset purchases	(8,594)	(17,999)
Purchase of investments	(6,131,957)	(10,984,302)
Proceeds from sale of investments	8,297,226	10,517,099
Net cash provided by (used in) investing activities	2,156,675	(485,202)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,024,968	(1,323,571)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,498,977	4,822,548
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,523,945	$ 3,498,977

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The mission of United Way of the National Capital Area (United Way NCA) is to mobilize individuals and organizations in the Washington metropolitan area to improve education, financial stability, and health – the building blocks of a good quality of life. United Way NCA is a not-for-profit organization locally governed by a board of community volunteers. United Way NCA brings together the voices, expertise, and the resources to define, articulate, and implement a common agenda for change in the region. That is what it means to "Live United" in the national capital area. United Way NCA raises contributions from individuals, corporations, and other public and private institutions in the national capital area through an annual campaign.

United Way NCA manages one of the largest annual development campaigns in the country, having raised $30,073,119 and $31,079,077 for the years ended June 30, 2015 and 2014, respectively. Its resource development activities provide financial support to 636 and 700 accredited member non-profit agencies for the years ended June 30, 2015 and 2014, respectively. Several thousand other 501(c)(3) organizations are also supported through the United Way campaigns and special events.

United Way NCA also encourages donors to contribute to community impact funds in each of the eight regions represented by United Way NCA. These regions are: Prince George's and Montgomery Counties in Maryland, the District of Columbia and the Northern Virginia areas of Alexandria, Arlington, Fairfax-Falls Church, Prince William County, and Loudoun County. These funds are distributed in a competitive grant process by United Way NCA to nonprofit organizations that provide services targeting the region's most vulnerable residents.

In fiscal year 2015, education and health were the primary areas of focus of United Way NCA's Community Impact work. United Way NCA funded City Year corps members who provided in-school academic support to students and teachers at Kelly Miller Middle School in the Ward 7 neighborhood of Washington, DC. United Way NCA also continued to work with the Mentoring Matters collaborative, which is supported by Deloitte Consulting.

In addition, United Way NCA sponsored the Fun, Fly & Fit program, which provides nutrition and fitness programming to students at sixteen Prince George's County public schools. As part of the programming, United Way NCA sponsored Family Health Nights and other activities to incorporate healthy habits at home.

United Way NCA's financial stability work has focused on helping people to access the Earned Income Tax Credit (EITC) by promoting access to free tax preparation services throughout the region. United Way NCA has also funded workforce development programs and initiatives designed to help special populations such as veterans learn job readiness skills, and District residents train for hospitality careers at the new Marriott Convention Center.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of United Way NCA'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) Accounting Standards Codification (the Codification). As required by the Non-Profit Entities Topic of the Codification, United Way NCA 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.

Cash and Cash Equivalents

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

Investments

Investments with readily determinable fair values are reflected at fair market value. Donated securities are recorded at the fair value on the date of the gift. To adjust the carrying value, unrealized gains and losses are reported in the statements of activities as a component of investment income or loss.

United Way NCA invests in a professionally managed portfolio that contains fixed income bonds, publicly traded equities, and mutual funds. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Promises to Give

Contributions are recognized when the donor makes a written promise to give to United Way NCA that is, in substance, unconditional.

Provision for Uncollectible Promises to Give

Unconditional promises to give (pledges) are recognized as revenue 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 collectability of promises to give. Management determines the allowance for doubtful accounts by regularly evaluating promises to give and considering financial condition, credit history, current economic conditions, and historical collection trends.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. United Way NCA capitalizes all individual property and equipment acquisitions greater than $1,000.

Impairment of Long-Lived Assets

United Way NCA reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Contributor Designations Payable

Certain campaign contributions which are made to United Way NCA are designated to be paid out to other agencies. These campaign contributions are recognized as campaign results and contributor designations to participating agencies. United Way NCA disburses the amounts to agencies when the pledge is collected. The balance of unpaid pledges designated to agencies remains as a liability until the pledge is collected and paid out.

United Way NCA also records campaign contributions where the contributor pays the designated agency directly (pay directs). United Way NCA recognizes the contributions as revenue and designations paid to participating agencies as an expense of the campaign, with no corresponding pledge receivable or contributor designations payable recorded because United Way NCA is uninvolved with the receipt and disbursement of these types of pledges. Total pay direct revenue and expense for the years ended June 30, 2015 and June 30, 2014, were $5,814,932 and $5,882,664, respectively.

It is United Way NCA's policy to pay agencies based on cash received. Agencies are paid out by United Way NCA based on the cash received from donors who designate to that specific agency. Designations are paid to agencies net of the administrative fees. United Way NCA campaigns are named based on the fiscal year in which the contribution/pledge window closes. In addition to up-front credit card and cash contributions, these campaigns solicit payroll deductions for the upcoming calendar or fiscal year depending on the specific campaign. Campaigns are closed when the final campaign has been audited and all donations that United Way NCA has received are paid out to agencies. The 2012 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Net Assets
Represent resources available for support of operations and mission related activities.

Board Designated Net Assets
Represent board designated resources that can only be used for purposes approved by the Board of Directors. The Board of Directors has established a reserve for the following purposes as of June 30, 2015 and 2014:

	2015	2014
Crisis Relief Fund (CRF)	$ 95,000	$ 95,000
Spong Gift	659,535	683,686
Activities related to the strategic mission of the organization for substantial future needs	15,900,000	15,900,000
Total	$ 16,654,535	$ 16,678,686

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 Assets
Represent resources restricted due to time and/or purpose. As of June 30, 2015 and 2014, there were temporarily restricted net assets of $2,986,937 and $2,284,167, respectively.

Permanently Restricted Net Assets
Represent a charitable bequest restricted to invest in perpetuity for community impact funds and a charitable bequest restricted to invest in perpetuity for general operations. Interest earned on the first charitable bequest is designated for community impact funds and interest earned on the second charitable bequest is designated for general operations. As of June 30, 2015 and 2014, there were permanently restricted net assets of $175,000.

Campaign Results and Other Support

Campaign contributions and pledges designated to United Way NCA are recognized as revenue when promises to give are acknowledged in writing and are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor-imposed restrictions.

All donor-restricted contributions and pledges are 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Campaign Results and Other Support (continued)

Campaign contributions and pledges designated to other agencies, which are recognized as campaign results with a corresponding entry to contributor designations to participating agencies, are reported as an increase in unrestricted net assets.

Campaign results and other support include special initiatives. In fiscal year 2013, United Way NCA launched a community inspired 24 hour day of giving titled "Do More 24." The event was held on June 4 and June 19 for fiscal years 2015 and 2014, respectively. Revenue associated with Do More 24 was included in campaign results, and consisted of the following for the years ended June 30, 2015 and 2014.

	2015	2014
Fundraising	$ 1,080,865	$ 777,199
Sponsorships	53,382	50,769
Total	$ 1,134,247	$ 827,968

Fee Revenue from Promises to Give

Fee revenue earned from United Way NCA's administration of campaigns is assessed on and deducted from designated donations and is used to support United Way NCA's fundraising and operational efforts. United Way NCA does not record a fee on pay directs since it does not administer those campaigns; they are administered by a third-party processor for a fee.

Donated Services

No amounts have been reflected in the financial statements for donated volunteer 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.

In-Kind Contributions

In-kind contributions, such as free advertising, supplies, specialized services and use of facilities, are included in the statements of activities within other revenue at their estimated fair market value on the date of donation and either capitalized, as it relates to equipment, or shown in the representative functional expense category to which the gift relates.

Allocation of Expenses by Activities

The costs of providing United Way NCA's various programs and services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the benefiting programs and supporting services based on the level of effort United Way NCA staff devoted to each area during the year.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed when incurred or when donated to United Way NCA. Advertising expense for the years ended June 30, 2015 and 2014, was $934,533 and $445,638, respectively.

Income and Other Taxes

United Way NCA is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, United Way NCA qualifies as an organization eligible to receive deductible charitable contributions 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. United Way NCA did not have any net unrelated business income for the years ended June 30, 2015 and 2014. United Way NCA is subject to and pays annual personal property taxes to the State of Virginia.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, United Way NCA may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Management evaluated United Way NCA's tax positions and concluded that United Way NCA had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Cash Receipts Policy

United Way NCA receives donor pledge payments all year round. Pledge payments received are applied to the first campaign balance, if applicable, and then to the current campaign. Donor intent is always reviewed.

Use of 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 campaign results, revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Reclassification

Certain amounts in the 2014 financial statements have been reclassified to conform to the presentation of the 2015 financial statements. These reclassifications had no effect on the previously reported net assets or changes therein.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

United Way NCA evaluated subsequent events through November 10, 2015, which is the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2015, but prior to November 10, 2015, that provided additional evidence about conditions that existed at June 30, 2015, have been recognized in the financial statements for the year ended June 30, 2015. However, events or transactions that provided evidence about conditions that did not exist at June 30, 2015, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2015. See Note 13 for current year subsequent events.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Codification Topic on *Fair Value Measurements* requires disclosures of financial position in periods subsequent to initial recognition, whether the measurements are made on a recurring basis or a non-recurring basis, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosure about fair market value measurements. The Fair Value Topic applies to all assets and liabilities that are being measured and reported on a fair value basis. This statement enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs to the valuation methodology include (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable for the asset or liability, significant to the fair value measurement, and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant judgment or estimation.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

In determining the appropriate levels, United Way NCA performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The equity securities and equity and fixed income mutual funds are publicly traded on the New York Stock Exchange and are considered Level 1 items. The fair value of corporate bonds is determined based on quoted market prices, when available, or market prices provided by recognized broker dealers; thus, they are categorized as Level 2. The government fixed income bonds and foreign bank fixed income bonds are priced based on their stated interest rates and quality ratings. The interest and quality ratings are observable at commonly quoted intervals for the full term of the instruments and are, therefore, considered Level 2 items. The deferred compensation liability is based on the fair value of the deferred compensation plan assets that are observable inputs, and are therefore considered Level 1. There were no Level 3 investments as of June 30, 2015 and 2014.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as of June 30:

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Fixed income bonds:				
U.S. government short-term duration	$ -	$ 254,714	$ -	$ 254,714
U.S. government long-term duration	-	2,114,997	-	2,114,997
U.S. bank corporate bonds	-	11,469,137	-	11,469,137
Total fixed income bonds	-	13,838,848	-	13,838,848
Equities:				
Non-U.S. equity	1,188,883	-	-	1,188,883
Small cap core	862,305	-	-	862,305
Large cap core	1,714,240	-	-	1,714,240
Large cap value	1,412,489	-	-	1,412,489
Large cap growth	1,586,974	-	-	1,586,974
Total equities	6,764,891	-	-	6,764,891
Fixed income mutual fund	3,016,667	-	-	3,016,667
Total investments	$ 9,781,558	$ 13,838,848	$ -	$ 23,620,406
Investments held for deferred compensation plan:				
Non-U.S. equity mutual fund	$ 15,173	$ -	$ -	$ 15,173
Liability: Deferred compensation	$ 15,173	$ -	$ -	$ 15,173

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
U.S. bank corporate bonds	$ -	$ 15,478,660	$ -	$ 15,478,660
Total fixed income bonds	-	15,478,660	-	15,478,660
Equities:				
Non-U.S. equity	2,696,405	-	-	2,696,405
Small cap core	925,269	-	-	925,269
Large cap core	1,801,049	-	-	1,801,049
Large cap value	1,453,172	-	-	1,453,172
Large cap growth	1,506,480	-	-	1,506,480
Total equities	8,382,375	-	-	8,382,375
Fixed income mutual fund	1,971,409	-	-	1,971,409
Total investments	$ 10,353,784	$ 15,478,660	$ -	$ 25,832,444

Investment income at June 30, 2015 and 2014 consists of the following:

	2015	**2014**
Interest income	$ 543,594	$ 542,886
Unrealized gains (losses)	(805,200)	472,665
Realized gains	773,604	1,082,186
Dividends	213,025	180,786
Investment fees	(171,830)	(164,646)
Total	$ 553,193	$ 2,113,877

NOTE 3 – CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject United Way NCA to concentration of credit risk, include cash and cash equivalents, and investments. It is United Way NCA's practice to place its cash and cash equivalents and investments in high credit quality institutions to mitigate this risk. United Way NCA maintains its cash balances at several financial institutions which, at times, may exceed federally insured limits. At June 30, 2015 and 2014, total cash deposits held at financial institutions were $6,447,824 and $4,324,155 respectively.

NOTE 4 – PROMISES TO GIVE

All promises to give at June 30, 2015 and 2014, are due within one year and consist of the following:

	2015	2014
Promises to give	$ 12,456,876	$ 14,644,379
Calculation for doubtful promises to give:		
Allowance for doubtful promises to give - beginning of year	(2,763,812)	(2,835,490)
Write-off of doubtful promises to give	1,407,312	1,416,761
Current year provision for cancellations and uncollectible promises to give	(1,338,417)	(1,345,083)
Allowance for doubtful promises to give - end of year	(2,694,917)	(2,763,812)
Promises to give, net	$ 9,761,959	$ 11,880,567

	2015	2014
Provision for doubtful promises to give - current year campaign	$ 1,338,417	$ 1,345,083
Provision for doubtful promises to give - prior year campaigns	1,356,500	1,418,729
Allowance for doubtful promises to give	$ 2,694,917	$ 2,763,812

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation and amortization at June 30, 2015 and 2014, and depreciation and amortization expense for the years ended June 30, 2015 and 2014, consist of the following:

	2015				
	Estimated Useful Lives	2015 Cost	Accumulated Depreciation and Amortization	Net Property	Depreciation and Amortization Expense
Property and equipment	3 - 10 Years	$ 1,203,989	$ (926,267)	$ 277,722	$ 116,601
Leasehold improvements	10 Years	891,190	(245,391)	645,799	85,033
Website development	3 Years	167,737	(167,737)	-	15,137
Totals		$ 2,262,916	$ (1,339,395)	$ 923,521	$ 216,771

	2014				
	Estimated Useful Lives	2014 Cost	Accumulated Depreciation and Amortization	Net Property	Depreciation and Amortization Expense
Property and equipment	3 - 10 Years	$ 1,239,263	$ (853,066)	$ 386,197	$ 265,841
Leasehold improvements	10 Years	891,190	(160,358)	730,832	85,033
Website development	3 Years	167,737	(152,600)	15,137	55,912
Totals		$ 2,298,190	$ (1,166,024)	$ 1,132,166	$ 406,786

NOTE 6 – CONTRIBUTOR DESIGNATIONS PAYABLE

Designations payable of $9,509,360 and $12,721,319 at June 30, 2015 and 2014, 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.

NOTE 7 – LINE OF CREDIT

In November 2014, United Way NCA entered into a $1 million unsecured line-of-credit with PNC Bank bearing an annual interest rate equal to the London Interbank Offered Rate (LIBOR) plus 1.00%. Any borrowings under this line-of-credit will be assessed interest at the prevailing rate. Any monthly accrued but unpaid interest is due and payable at the end of each month. The current line-of-credit expires November 30, 2015 and has been renewed through November 30, 2016. Any outstanding principal balance and accrued but unpaid interest are due and payable at the expiration date. As of June 30, 2015, there was no outstanding principal balance or unpaid accrued interest under the line-of-credit.

NOTE 8 – PLANNED GIVING/LIFE INSURANCE

In December 2014, United Way NCA was gifted an endowment funded by death benefits of a joint and last survivor life insurance policy issued by United of Omaha Life Insurance Policy and names United Way NCA the sole owner and beneficiary of the policy's death benefits. The policy, in the amount of $304,725, will be paid to United Way NCA upon maturation; $204,725 will be disbursed to United Way NCA supporting the future growth of United Way NCA's programs, services, and operations, and $100,000 will be dispersed by United Way NCA to Georgetown University. The premium, in the amount of $42,000, was paid to United of Omaha Life Insurance Company of which $19,173 was expensed and $22,827 is in prepaid and other assets on the statement of financial position as of June 30, 2015. The cash surrender value associated with this life insurance was $22,827 for the year ended June 30, 2015. United Way NCA may obtain a loan secured by the Policy's cash surrender value. The loan will bear an interest at an annual effective interest rate of 6% premium. As of June 30, 2015, there was no outstanding principal balance or unpaid accrued interest.

NOTE 9 – COMMUNITY IMPACT GRANTS

Total community impact grants payable at June 30, 2015 and 2014, was $1,194,063 and $1,089,173, respectively, and the community impact grant expense for the years ended June 30, 2015 and 2014, was $1,005,125 and $1,875,970, respectively. All grants payable are due to be paid within one year.

NOTE 10 – COMMUNITY IMPACT INITIATIVES

Total expense for community impact initiatives in the area of Education, Financial Stability and Health were $1,247,498 and $1,015,349 for the years ended June 30, 2015 and 2014, respectively.

NOTE 11 – OTHER REVENUE

Other revenue for the years ended June 30, 2015 and 2014 consists of the following:

	2015	2014
Charitable bequests	$ 1,240,259	$ 110,464
In-kind donations	782,438	366,990
Special events	98,397	184,270
Other	84,701	1,524
Loss on disposal of asset	(468)	-
Total	$ 2,205,327	$ 663,248

United Way NCA records contribution revenue for certain donated services and materials received at the fair value of those items. These donations are reflected in the statements of activities.

United Way Worldwide (UWW) maintains relationships with the National Football League (NFL), the Ad Council, and other organizations for the benefit of local United Ways, including United Way NCA. UWW underwrites the cost to produce Public Service Announcements (PSAs) that promote education, financial stability, and healthy living that feature individuals who are involved in various local United Way community volunteer activities. The NFL, the Ad Council, and other organizations furnish the media space (television and radio airtime, newspaper and magazine print space, billboards, etc.) throughout the year to disseminate PSAs for the benefit of and at no cost to the United Way network. As a member of the UWW network, United Way NCA is a direct beneficiary of the services provided by the NFL, the Ad Council and the other organizations; and therefore, beginning FY 2015, United Way NCA began recording a portion of the value of these services. For the year ended June 30, 2015, the related in-kind support recorded was $536,563.

United Way NCA also receives media services in support of the Do More 24 initiative. In-kind support for the years ended June 30, 2015 and 2014, was $245,875 and $280,225, respectively.

NOTE 12 – LEASES

United Way NCA leases office space in the District of Columbia and Vienna, Virginia and various types of office equipment with differing terms. During fiscal year 2012 United Way NCA entered into two new office leases with 10-year terms which commenced in 2013. United Way NCA received certain lease incentives with these leases. These incentives are recognized over the life of the leases and are reflected in the accounts payable and accrued expenses line within the statements of financial position. 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,		
2016	$	603,858
2017		618,439
2018		631,737
2019		638,677
2020		652,848
Thereafter		1,767,251
Total	$	4,912,810

Rent expense for the years ended June 30, 2015 and 2014, was $593,522 and $616,574, respectively.

NOTE 13 – RETIREMENT AND DEFERRED COMPENSATION PLANS

403(b) Plan

United Way NCA sponsors a defined contribution 403(b) plan which allows eligible employees to make elective pre-tax contributions; and to receive matching contributions, discretionary Safe Harbor contributions and discretionary non-elective contributions.

Eligible employees may elect to reduce their taxable compensation by a specific percentage or dollar amount up to the limits established by the Internal Revenue Service (IRS) and to have that amount contributed to the Plan on a pre-tax basis, which the plan refers to as elective deferrals. As a result of this feature, eligible employees are able to set aside a portion of their current salary for retirement on a pre-tax basis, thereby saving money while deferring the payment of federal income taxes on the amount of the deferral until retirement.

United Way NCA will make a matching contribution equal to 2 times an employee’s elective deferrals of up to 2 percent of an employee’s compensation. United Way NCA may also elect, on a year-to-year basis, to make a non-elective Safe Harbor contribution equal to 4 percent of an eligible employee's compensation without regard to the employee’s tenure. United Way NCA made a Safe Harbor contribution in each of the

NOTE 13 – RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

403(b) Plan (continued)

last two years. Furthermore, United Way NCA may also elect to make, on a year-to-year basis, a discretionary non-elective contribution. Each eligible employee's percentage share of the non-elective contribution is determined by dividing the employee's compensation by the total compensation of all employees who are eligible to share in the non-elective contribution. In order to share in a non-elective contribution, each employee must have completed at least 1,000 hours of service during the Plan year. United Way did not make a non-elective contribution in either of the last two years.

Employees are always fully vested in their elective deferrals, including any catch-up contributions, rollover contributions or discretionary non-elective Safe Harbor contributions. However, an employee's right to both matching and discretionary non-elective contributions are subject to the following vesting schedule: 0% for 1 year or less of service; 40% for 2 years of service; 60% for 3 years of service; 80% for 4 years of service; and 100% for 5 years of service.

Total defined contribution plan contributions reported in the statements of activities for the years ended June 30, 2015 and 2014, were $259,607 and $301,411, respectively.

457(b) Plan

United Way NCA sponsors a deferred compensation plan under Section 457(b), which provides certain key executives (participants) the opportunity to participate in a deferred compensation program. Under the program, participants elect to defer a portion of their taxable compensation and earn returns on these deferrals based on directed investment selections. Additionally, United Way NCA may elect to make discretionary contributions on behalf of the participants. All elective deferrals and discretionary contributions, including any investment gains and income (account earnings), will be distributed immediately following the participant's separation from the organization. Discretionary contributions charged to the statements of activities for the years ended June 30, 2015 and 2014, were $15,173 and $0, respectively.

Defined Benefit Pension Plan

United Way NCA has a defined benefit pension plan that was frozen effective January 31, 2005. As of that date, no new participants have been 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 bonds, money market funds, and various other liquid investments, are held by Prudential Retirement.

NOTE 13 – **RETIREMENT AND DEFERRED COMPENSATION PLANS** (CONTINUED)

The funded status and amounts recognized in the accompanying statements of financial position relating to the plan as of June 30, 2015 and 2014, are as follows:

	2015	2014
At June 30,		
Accumulated benefit obligation	$ 8,006,528	$ 7,831,845
Fair value of plan assets	5,416,814	5,521,335
Minimum liability	$ (2,589,714)	$ (2,310,510)
Projected benefit obligation	$ 8,006,528	$ 7,831,845
Fair value of plan assets	5,416,814	5,521,335
Unfunded status	$ (2,589,714)	$ (2,310,510)
Year ended June 30,		
United Way contributions	$ 394,094	$ 731,932
Benefits paid	$ 595,204	$ 710,030
Net periodic benefit cost	$ 100,946	$ 156,928
Net (gain)/loss	$ 678,296	$ (219,573)
Amortization of net loss	(105,944)	(114,261)
Total amount recognized as changes in unrestricted net assets but not yet reclassified as components of net periodic benefit cost	$ 572,352	$ (333,834)

Contributions

United Way NCA expects to contribute $2,915,836 to the plan in the fiscal year ending June 30, 2016.

Benefits Paid

Benefits paid to participants by United Way NCA include scheduled retirement payments to eligible participants as well as lump-sum payments requested by eligible participants and allowed under the plan.

NOTE 13 – **RETIREMENT AND DEFERRED COMPENSATION PLANS** (CONTINUED)

Assumptions

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

	2015	**2014**
Benefit obligations:		
Discount rate	4.50%	4.25%
Rate of increase in compensation	N/A	N/A
Net periodic pension costs:		
Discount rate	4.25%	4.50%
Expected long-term rate of return on plan assets	6.00%	6.25%
Rate of increase in compensation	N/A	N/A

United Way NCA 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, 2015 and 2014, by asset category, are as follows:

	2015	**2014**
Equity securities	0%	24%
Debt securities	100%	68%
Other	0%	8%
Total	100%	100%

Assets of the plan are invested in a pooled investment 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 are to preserve the value of the plan's assets and provide sufficient liquidity to plan benefit payment outflows and meet the plan's requirements. In support of the pension plan de-risking activities explained in more detail in the Subsequent Events paragraph below, the Plan's assets as of June 30, 2015 were prudently moved into a more conservative investment account to help safeguard against any potential decline in the asset's value pending the implementation of the de-risking strategy.

Pooled separate accounts (PSA) are valued at the net asset value of the shares held by the Plan. The net asset value of a PSA is based on the market value of the underlying investments. The fair values of the United Way NCA's plan assets at June 30, 2015 and 2014, by asset category as defined in Note 2, are as follows:

NOTE 13 – RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Pooled Separate Accounts	$ -	$ 5,416,814	$ -	$ 5,416,814

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Pooled Separate Accounts	$ -	$ 5,521,335	$ -	$ 5,521,335

Subsequent Event

Subsequent to June 30, 2015, United Way NCA began to implement de-risking strategies designed to reduce the organization's financial exposure to wide and unpredictable fluctuations in both the pension benefit obligation and annual funding requirement. As a result of lump sum buyouts offered to eligible non-retirees, the pension benefit obligation declined by more than $1.3 million. Furthermore, as a result of purchasing annuities from a top-rated life insurance company for retirees, the pension benefit obligation declined another $6.0 million. An independent pension plan professional firm, Aon Consulting, confirmed that United Way NCA's annuity provider selection process was in full compliance with the Department of Labor's Interpretive Bulletin No. 95-1, which governs the selection of the Safest Available Annuity Provider.

Based on a current estimate prepared by the Plan's actuary, Prudential Retirement, the pension benefit obligation as of November 1, 2015 is projected to be approximately $1 million, which represents a decline of approximately $7 million or 88% as compared to the $8 million pension benefit obligation that existed as of June 30, 2015. The Plan's funded status after the payment of lump sum buyouts and annuity purchases is approximately 60 percent, which was derived by comparing the market value of the Plan's assets of approximately $600,000 to the Plan's remaining pension benefit obligation of $1,000,000 as calculated by the Plan's actuary.

Furthermore, the lump sum buyout that occurred on September 1, 2015 and the annuity purchase that occurred on October 8, 2015 triggered the settlement of a significant portion of United Way NCA's pension benefit obligation as previously described. Pursuant to financial accounting standards governing the accounting for defined benefit plans, when a settlement results in the extinguishment of all or a portion of the Plan's pension benefit obligation, a proportionate share of the outstanding gain or loss on the statement of financial position must be recognized immediately. The loss recognized subsequent to June 30, 2015 as a result of these two liability settlements was $4.3 million.

NOTE 13 – RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Estimated Future Benefit Payments

Estimated future benefit payments that are expected to be paid over the next ten years are as follows:

Years ending June 30,		
2016	$	12,973
2017		19,186
2018		19,344
2019		19,491
2020		28,711
2021 - 2025		224,661
Total	$	324,366

NOTE 14 – PARTNERING AGREEMENT

Goodwill of Greater Washington

In April 2013, United Way NCA, in partnership with a team led by Goodwill of Greater Washington, won a $2.0 million contract from Events DC to recruit and train DC residents to secure up to 600 jobs at the Washington Marriott Marquis Convention Center hotel, which opened in May of 2014.

United Way NCA contributed $350,000 to fund case management coordinators and essential supportive services that decrease employment barriers such as transportation and childcare stipends and digital literacy training. This leveraged investment for wrap around services was a pivotal component in helping the partnership win the Events DC contract. Other program partners included the following: UDC Community College, Progressive Partners, One DC, GROW, and the OMG Center for Collaborative Learning. United Way NCA member agencies, DC Central Kitchen and Latin American Youth Center (LAYC), along with the DC Department of Employment Services assisted with program referrals and recruitment. Training classes were conducted December 2013 - March 2014 and due to United Way NCA's investment, post-employment supportive services were provided to new employees for 6 months after hiring to encourage retention. The goal of recruiting and training 600 DC residents was achieved.

NOTE 15 – EMPLOYMENT AGREEMENT

United Way NCA has a current employment contract with a certain officer of the organization. In the event of termination other than for cause, the contract provides for severance payments for a period of up to 12 months.

NOTE 16 – UNITED WAY NETWORK OPERATING GROUP

United Way NCA entered into an agreement with UWW to help create and operate the Network Operating Group (NOG). The NOG, which is comprised of UWW and a subset of local United Ways, is focused on opportunities to enhance the donor experience, grow and diversify revenue, drive greater community impact, and improve operational efficiency and effectiveness for the United Way network. All intellectual property created by the NOG for the benefit of the United Way network is the property of UWW.

The NOG is structured as a fiscal sponsorship with UWW serving as the fiscal sponsor. This will allow the NOG to operate as a discrete charitable project with shared decision making. UWW will provide strategic leadership, project and contract management, accounting services, financial reporting, staff support, and administration. Decision making will be shared equally among UWW and all participating local United Ways and will encompass strategy, investment decisions and performance management.

Each member of the NOG, including United Way NCA, will pay $200,000 per year for a period of three consecutive years; however, each participant has the ability to terminate participation with the NOG upon 60 days written notice. United Way NCA made its first payment in July 2015, with subsequent payments expected to be made in July 2016 and July 2017. United Way NCA's annual payment of $200,000 per year for three consecutive years will be recorded as grant expense in the period the payment is made.

NOTE 17 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include donor-restricted and other funds, which are only available for program activities, or general support designated for future years. Temporarily restricted net assets were released from restrictions by incurring expenses satisfying the program restriction or the expiration of the time restriction.

Temporarily restricted net assets are available for the following purposes at June 30, 2015:

	Balance, June 30, 2014	Additions	Releases	Balance, June 30, 2015
Purpose restricted:				
Do More 24	$ 20,720	$ 260	$ (20,980)	$ -
Education	543,863	302,861	(591,824)	254,900
Financial Stability	-	43,422	(42,171)	1,251
Health	148,103	109,749	(166,919)	90,933
Basic Needs	21,159	-	(6,508)	14,651
Community Impact Fund	1,419,275	2,452,101	(1,329,163)	2,542,213
Veterans Fund	105,231	209,981	(234,029)	81,183
Endowment Earnings	25,816	1,806	(25,816)	1,806
Total	$ 2,284,167	$ 3,120,180	$ (2,417,410)	$ 2,986,937

NOTE 17 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Temporarily restricted net assets are available for the following purposes at June 30, 2014:

	Balance, June 30, 2013	Additions	Releases	Balance, June 30, 2014
Purpose restricted:				
Do More 24	$ 20,720	$ -	$ -	$ 20,720
Education	353,377	372,552	(182,066)	543,863
Financial Stability	68,135	64,101	(132,236)	-
Health	81,553	84,345	(17,795)	148,103
Basic Needs	74,576	26	(53,443)	21,159
Community Impact Fund	1,973,248	1,525,208	(2,079,181)	1,419,275
Veterans Fund	-	239,528	(134,297)	105,231
Endowment Earnings	16,359	9,457	-	25,816
Total	$ 2,587,968	$ 2,295,217	$ (2,599,018)	$ 2,284,167

NOTE 18 – PERMANENTLY RESTRICTED NET ASSETS

United Way NCA has interpreted the District of Columbia-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing United Way NCA to appropriate for expenditure or accumulate so much of an endowment fund as United Way NCA determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

As a result of this interpretation, United Way NCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated by the organization for expenditure.

In accordance with UPMIFA, United Way NCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration of the fund
- The purposes of United Way NCA and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of United Way NCA
- The investment policies of United Way NCA

NOTE 18 – PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

Investment Policy

The endowment fund is tracked separately, monitored by the Finance Committee, and invested in fixed income assets according to United Way NCA's investment policy which seeks to preserve principal and achieve predictable returns.

Spending Policy

Consistent with the goal to preserve principal and generate predictable returns, the endowment fund shall annually distribute the amount in excess of the permanently restricted principal balance as of the end of the prior year.

The endowment investing and spending policy shall be reviewed annually by the Finance Committee. The committee may adjust the spending rate as it deems appropriate in order to fulfill the objectives outlined in the policy.

Earnings for the $100,000 endowment are reflected as temporarily restricted net assets, until appropriated for expenditure by the Board of Directors. Earnings for the $75,000 endowment are unrestricted.

	2015	2014
Community Impact Endowment	$ 100,000	$ 100,000
Seymour Alpert Trust	75,000	75,000
Total	$ 175,000	$ 175,000

The accumulated earnings and appropriations are as follows for the permanently restricted endowments as of June 30, 2015:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 25,816	$ 175,000	$ 200,816
Contributions	-	-	-	-
Investment return, net	1,354	1,806	-	3,160
Appropriations	-	(25,816)	-	(25,816)
Endowment net assets, end of year	$ 1,354	$ 1,806	$ 175,000	$ 178,160

NOTE 18 – PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

The accumulated earnings and appropriations are as follows for the permanently restricted endowments as of June 30, 2014:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 16,359	$ 175,000	$ 191,359
Contributions	-	-	-
Investment return, net	9,457	-	9,457
Appropriations	-	-	-
Endowment net assets, end of year	$ 25,816	$ 175,000	$ 200,816