

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**June 30, 2025 and 2024**



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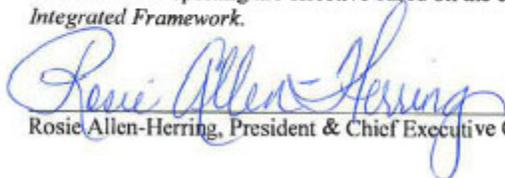
**United Way of the  
National Capital Area**

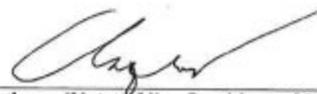
**Management's Certification on  
Internal Controls over Financial Reporting**

United Way of the National Capital Area's internal controls over financial reporting are 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 appropriate internal controls over financial reporting is the responsibility of those persons charged with governance and management; and other personnel.

An entity's internal controls over financial reporting include 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 controls over financial reporting. Management assessed the effectiveness of United Way of the National Capital Area's internal controls over financial reporting as of June 30, 2025, 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, 2025, United Way of the National Capital Area's internal controls over financial reporting are effective based on the criteria established in *Internal Control - Integrated Framework*.

  
Rosie Allen-Herring, President & Chief Executive Officer

  
Anthony Wolak, Vice President of Finance & Accounting



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Way of the National Capital Area  
Washington, DC

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of United Way of the National Capital Area, which comprise the statement of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 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, 2025 and 2024, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of the National Capital Area, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of the National Capital Area's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of the National Capital Area's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of the National Capital Area's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**CliftonLarsonAllen LLP**

Columbia, Maryland  
November 18, 2025

**UNITED WAY OF THE NATIONAL CAPITAL AREA  
STATEMENTS OF FINANCIAL POSITION  
YEARS ENDED JUNE 30, 2025 and 2024**

	2025	2024
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,201,247	\$ 2,088,817
Investments (Notes 2)	35,256,129	37,114,361
Promises to Give, Net (Notes 3)	5,576,028	5,738,387
Accounts Receivable, Net of Expected Credit Loss (Note 21)	228,102	259,828
Prepaid Expenses and Other Current Assets	242,613	234,857
Property and Equipment, Net (Note 5)	1,895,828	2,121,116
Right-of-Use Asset (Note 13)	3,296,834	3,501,027
Investments Held for Deferred Compensation Plan (Note 2)	1,063,843	987,113
	\$ 48,760,624	\$ 52,045,506
Total Assets		
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 1,025,747	\$ 927,922
Deferred Revenue, Refundable Advance and Other Liabilities (Note 6 and 20)	116,960	1,452,800
Contributor Designations Payable (Note 7)	4,088,102	4,803,464
Grants Payable (Note 10)	486,706	474,239
Deferred Compensation (Note 14)	1,063,843	736,077
Operating Lease Liability (Note 13)	6,103,392	6,495,568
Line of Credit (Note 8)	2,250,000	2,250,000
	15,134,750	17,140,070
Total Liabilities		
<b>COMMITMENTS AND CONTINGENCIES (Notes 14, 16, and 20)</b>		
<b>NET ASSETS</b>		
Without Donor Restriction:		
Operating	10,770,830	10,465,051
Board-Designated (Note 1 and 17)	20,763,876	22,805,420
Total Without Donor Restriction	31,534,706	33,270,471
With Donor Restriction:		
Purpose Restricted (Note 17)	1,916,168	1,459,965
Held in Perpetuity (Note 17)	175,000	175,000
Total With Donor Restriction	2,091,168	1,634,965
Total Net Assets	33,625,874	34,905,436
Total Liabilities And Net Assets	\$ 48,760,624	\$ 52,045,506

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, 2025**  
**(With Comparative Totals for 2024)**

	2025		2025 Total	2024 Total
	Without Donor Restrictions	With Donor Restrictions		
<b>Campaign Results and Other Support:</b>				
Campaign Results:				
Amounts Raised from UWNCA Campaigns	\$ 6,306,211	\$ 188,994	\$ 6,495,205	\$ 7,230,925
Amounts Raised by Combined Federal Campaign	5,817,447	-	5,817,447	6,641,346
Fee Revenue from Fundraising Campaigns	793,516	-	793,516	951,811
Campaign Results	<u>12,917,174</u>	<u>188,994</u>	<u>13,106,168</u>	<u>14,824,082</u>
Provisions for Cancellations and Uncollectible				
Promises to Give	(345,219)	-	(345,219)	(525,018)
Net Campaign Results Before Designations Honored	<u>12,571,955</u>	<u>188,994</u>	<u>12,760,949</u>	<u>14,299,064</u>
<b>Campaign Designations Honored:</b>				
Contributor Designations to Participating Agencies	(8,032,283)	-	(8,032,283)	(8,937,976)
Third-Party Processing and Other Fees	(1,746,714)	-	(1,746,714)	(1,917,466)
Net Contributors' Designations Honored	<u>(9,778,997)</u>	<u>-</u>	<u>(9,778,997)</u>	<u>(10,855,442)</u>
Net Campaign Results	<u>2,792,958</u>	<u>188,994</u>	<u>2,981,952</u>	<u>3,443,622</u>
Noncampaign Contributions, Grants and Contracts	1,340,319	2,142,110	3,482,429	2,047,479
Federal Awards and Contracts	146,952	-	146,952	2,873,561
Investment Income	3,281,689	6,736	3,288,425	3,480,979
Contributed Non-financial Assets and Contributed Services	95,190	-	95,190	130,454
Other Revenue	94,742	160,683	255,425	314,787
Net Assets Released from Restrictions	<u>2,042,320</u>	<u>(2,042,320)</u>	<u>-</u>	<u>-</u>
Net Campaign Results and Other Support	<u>9,794,170</u>	<u>456,203</u>	<u>10,250,373</u>	<u>12,290,882</u>
<b>EXPENSES</b>				
Program Services:				
Program Grants	2,206,085	-	2,206,085	4,828,850
Program Initiatives	2,974,731	-	2,974,731	3,062,982
Total Program Services	<u>5,180,816</u>	<u>-</u>	<u>5,180,816</u>	<u>7,891,832</u>
Supporting Services:				
Fundraising	3,864,966	-	3,864,966	3,380,689
Management and General	2,484,153	-	2,484,153	2,109,690
Total Supporting Services	<u>6,349,119</u>	<u>-</u>	<u>6,349,119</u>	<u>5,490,379</u>
Total Expenses	<u>11,529,935</u>	<u>-</u>	<u>11,529,935</u>	<u>13,382,211</u>
<b>CHANGE IN NET ASSETS</b>	(1,735,765)	456,203	(1,279,562)	(1,091,329)
Net Assets - Beginning of Year	<u>33,270,471</u>	<u>1,634,965</u>	<u>34,905,436</u>	<u>35,996,765</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 31,534,706</u>	<u>\$ 2,091,168</u>	<u>\$ 33,625,874</u>	<u>\$ 34,905,436</u>

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, 2024**

	2024		2024 Total	2023 Total
	Without Donor Restrictions	With Donor Restrictions		
<b>Campaign Results and Other Support:</b>				
Campaign Results:				
Amounts Raised from UWNCA Campaigns	\$ 7,020,929	\$ 209,996	\$ 7,230,925	\$ 8,310,783
Amounts Raised by Combined Federal Campaign	6,641,346	-	6,641,346	6,608,200
Fee Revenue from Fundraising Campaigns	951,811	-	951,811	990,265
Campaign Results	<u>14,614,086</u>	<u>209,996</u>	<u>14,824,082</u>	<u>15,909,248</u>
Provisions for Cancellations and Uncollectible				
Promises to Give	<u>(525,018)</u>	-	<u>(525,018)</u>	<u>(546,726)</u>
Net Campaign Results Before Designations Honored	14,089,068	209,996	14,299,064	15,362,522
<b>Campaign Designations Honored:</b>				
Contributor Designations to Participating Agencies	(8,937,976)	-	(8,937,976)	(9,808,609)
Third-Party Processing and Other Fees	<u>(1,917,466)</u>	-	<u>(1,917,466)</u>	<u>(1,850,072)</u>
Net Contributors' Designations Honored	<u>(10,855,442)</u>	-	<u>(10,855,442)</u>	<u>(11,658,681)</u>
Net Campaign Results	<u>3,233,626</u>	<u>209,996</u>	<u>3,443,622</u>	<u>3,703,841</u>
Noncampaign Contributions, Grants and Contracts	1,245,179	802,300	2,047,479	2,037,982
Federal Awards and Contracts	2,873,561		2,873,561	3,385,392
Investment Income	3,477,698	3,281	3,480,979	1,945,135
Contributed Non-financial Assets and Contributed Services	130,454		130,454	187,889
Other Revenue	193,387	121,400	314,787	267,118
Net Assets Released from Restrictions	<u>1,541,001</u>	<u>(1,541,001)</u>	-	-
Net Campaign Results and Other Support	12,694,906	(404,024)	12,290,882	11,527,357
<b>EXPENSES</b>				
Program Services:				
Program Grants	4,828,850	-	4,828,850	5,179,583
Program Initiatives	<u>3,062,982</u>	-	<u>3,062,982</u>	<u>3,865,182</u>
Total Program Services	7,891,832	-	7,891,832	9,044,765
Supporting Services:				
Fundraising	3,380,689	-	3,380,689	3,527,295
Management and General	<u>2,109,690</u>	-	<u>2,109,690</u>	<u>2,163,165</u>
Total Supporting Services	<u>5,490,379</u>	-	<u>5,490,379</u>	<u>5,690,460</u>
Total Expenses	<u>13,382,211</u>	-	<u>13,382,211</u>	<u>14,735,225</u>
<b>CHANGE IN NET ASSETS</b>	(687,305)	(404,024)	(1,091,329)	(3,207,868)
Net Assets - Beginning of Year	<u>33,957,776</u>	<u>2,038,989</u>	<u>35,996,765</u>	<u>39,204,633</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 33,270,471</u>	<u>\$ 1,634,965</u>	<u>\$ 34,905,436</u>	<u>\$ 35,996,765</u>

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, 2025**  
**(With Comparative Totals for 2024)**

	2025							
	Program Services			Supporting Services			2025 Total	2024 Total
	Program Grants	Program Initiatives	Total Program Services	Fundraising	Management and General	Total Supporting Services		
Program Grants and Expenses	\$ 2,206,085	\$ 365,291	\$ 2,571,376	\$ -	\$ 3,545	\$ 3,545	\$ 2,574,921	\$ 5,286,234
Operating Expenses:								
Salaries and Benefits	-	1,690,091	1,690,091	1,969,117	1,725,840	3,694,957	5,385,048	5,060,169
Professional Fees	-	386,075	386,075	1,235,826	380,930	1,616,756	2,002,831	1,391,601
Occupancy	-	271,704	271,704	279,534	188,579	468,113	739,817	684,855
Advertising and Marketing	-	57,014	57,014	140,404	7,689	148,093	205,107	316,398
Dues	-	67,254	67,254	67,649	43,121	110,770	178,024	186,664
Depreciation and Amortization	-	96,348	96,348	96,915	61,776	158,691	255,039	261,221
Postage, Supplies, and Other	-	12,277	12,277	23,803	38,468	62,271	74,548	73,374
Insurance	-	15,588	15,588	15,680	9,995	25,675	41,263	47,121
Meetings, Special Events, and Travel	-	9,927	9,927	33,712	18,250	51,962	61,889	68,854
Staff Development	-	3,162	3,162	2,326	5,960	8,286	11,448	5,720
<b>Total Expenses</b>	<b>\$ 2,206,085</b>	<b>\$ 2,974,731</b>	<b>\$ 5,180,816</b>	<b>\$ 3,864,966</b>	<b>\$ 2,484,153</b>	<b>\$ 6,349,119</b>	<b>\$ 11,529,935</b>	<b>\$ 13,382,211</b>

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, 2024**

	2024							
	Program Services			Supporting Services			2024 Total	2023 Total
	Program Grants	Program Initiatives	Total Program Services	Fundraising	Management and General	Total Supporting Services		
Program Grants and Expenses	\$ 4,828,850	\$ 457,384	\$ 5,286,234	\$ -	\$ -	\$ -	\$ 5,286,234	\$ 5,495,332
Operating Expenses:								
Salaries and Benefits	-	1,769,636	1,769,636	1,808,418	1,482,115	3,290,533	5,060,169	5,730,218
Professional Fees	-	240,108	240,108	842,380	309,113	1,151,493	1,391,601	1,461,056
Occupancy	-	249,187	249,187	281,082	154,586	435,668	684,855	938,607
Advertising and Marketing	-	138,530	138,530	168,427	9,441	177,868	316,398	367,184
Dues	-	69,879	69,879	78,016	38,769	116,785	186,664	306,182
Depreciation and Amortization	-	97,790	97,790	109,177	54,254	163,431	261,221	173,517
Postage, Supplies, and Other	-	9,547	9,547	28,992	34,835	63,827	73,374	153,623
Insurance	-	17,640	17,640	19,694	9,787	29,481	47,121	55,800
Meetings, Special Events, and Travel	-	10,364	10,364	43,033	15,457	58,490	68,854	45,709
Staff Development	-	2,917	2,917	1,470	1,333	2,803	5,720	7,997
Total Expenses	<u>\$ 4,828,850</u>	<u>\$ 3,062,982</u>	<u>\$ 7,891,832</u>	<u>\$ 3,380,689</u>	<u>\$ 2,109,690</u>	<u>\$ 5,490,379</u>	<u>\$ 13,382,211</u>	<u>\$ 14,735,225</u>

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

**UNITED WAY OF THE NATIONAL CAPITAL AREA  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2025 and 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (1,279,562)	\$ (1,091,329)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Net Provision for Allowance for Doubtful Promises to Give	(232,852)	(125,963)
Donated Equipment	(29,751)	-
Depreciation and Amortization	255,039	261,221
Donated Stock	(47,876)	(7,243)
Net Realized and Unrealized Gains on Investments	(2,511,451)	(2,672,356)
Non-Cash Expense - Operating Leases	204,194	196,284
Effects of Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable, Prepaid and Other Assets	31,726	(132,062)
Prepaid Expenses and other Current Assets	(7,756)	(78,367)
Promises to Give	395,211	252,949
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	97,825	(330,513)
Deferred Revenue, Refundable Advance and Other Liability	(1,335,840)	(2,810,833)
Contributor Designations Payable	(715,362)	(366,920)
Grants Payable	12,467	(581,972)
Lease Liability	(392,177)	180,284
Deferred Compensation	327,766	272,833
Net Cash Used by Operating Activities	(5,228,399)	(7,033,987)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(3,589,480)	(7,035,057)
Proceeds from Sale of Investments	7,930,309	9,530,369
Net Cash Provided by Investing Activities	4,340,829	2,495,312
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Draw on Line of Credit	-	1,500,000
Repayment on Line of Credit	-	(1,400,000)
Net Cash Provided by Financing Activities	-	100,000
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(887,570)	(4,438,675)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	2,088,817	6,527,492
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,201,247	\$ 2,088,817

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

United Way of the National Capital Area (United Way NCA) is a not-for-profit organization locally governed by a volunteer board of community leaders. The mission of United Way NCA is to improve lives of underserved individuals in the National Capital Area by focusing community resources on creating measurable and lasting impact. We connect people and resources to expand access to health, education and economic opportunity resources for every person in the region with a commitment to honoring the dignity, uniqueness, and intrinsic worth of every person in the community.

United Way NCA holds a focus on addressing long-standing societal and economic disparities by removing barriers and expanding pathways to success. We design and adapt programs alongside the communities we serve, ensuring solutions are culturally responsive, locally relevant, and inclusive of diverse community voices. When None Are Ignored, All will Thrive!

In June 2025, United Way NCA completed its second five-year community commitment that navigated our communities through the COVID-19 pandemic and socio-economic challenges that followed. United Way NCA is proud of its community impact, including serving individuals and families through tailored wraparound services supporting their health, education, and financial wellness. In July 2025, United Way NCA launched the next phase of its strategic programmatic direction focused on making bold strides to achieve upward mobility for all community members, regardless of race, gender, income and ability.

In terms of health, United Way NCA's Thrive United 365 health program improves access to the distribution of health resources and improves people's lives by addressing health conditions most affecting its communities. Adopting a community-based public health intervention model, the program supports prevention and care management strategies to create low-barrier health resource access points for communities facing enduring health disparities. This place-based work includes improved access to chronic disease prevention and management and mental health resources. In fiscal year 2025, United Way NCA and partner organizations engaged the community in health education to learn more about the risks of chronic health conditions and receive tests to assess their health needs. The program also built and distributed kits containing food, clothing, and hygiene supplies.

United Way NCA's education initiatives provide high-quality resources through the community school model to support students and young adults in realizing their academic and training goals. United Way NCA partners with seven community schools designated as Title I schools. These schools receive federal financial assistance with high percentages of children from families with low income and students are recipients of free and reduced meals (FARMS). The community schools initiative supports a place-based strategy in which each school partners with community agencies and allocates resources to provide an integrated focus on academics, health and social services, youth and community development, and community engagement. This strategy aims to support community schools located in neighborhoods where structural forces linked to racism and poverty shape the experiences of young people and erect barriers to learning and school success. The seven community schools that United Way NCA partners with are based in communities where families have few resources to supplement what typical schools provide. Through United Way NCA's community schools initiative, students' attendance, behavior and course performance challenges were addressed. Youth facing the most significant chronic learning

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Nature of Organization (Continued)**

challenges received individualized intensive services and showed consistent improvement on all indicators. This includes improvement in attendance goal, improvement in math and language arts goal, and in attaining social-emotional learning.

United Way NCA's economic opportunity initiatives provide information, resources, and services to end debt and increase generational wealth in under-resourced communities. Since 2015, United Way NCA's has operated the region's first group of Financial Empowerment Centers (FECs) to promote economic opportunity. Today, United Way NCA's five FECs offer individuals, veterans, and working families no-cost, professional high-quality financial capacity building services, such as personalized financial coaching and housing counseling. FEC programs include financial and workforce training, individual and small group coaching, tax preparation services and wealth building work. In fiscal year 2025, residents from across the region benefited from United Way NCA's volunteer income tax assistance (VITA) and the earned income tax credit (EITC) program as well as from a variety of financial coaching services ranging from free tax preparation, financial workshops, and housing counseling that are aimed at helping our region's residents get on the pathway to a stronger financial future. As a result of refunds received through United Way's free tax preparation services, area residents were able to plan, save and get ahead. Veterans also received services to develop capacity for financial literacy and planning, employment and entrepreneurial skills, and improve mental health and well-being.

To help fund its community impact work and operations, United Way NCA conducted a variety of fundraising activities throughout the year, with a focus on growing and diversifying funding sources. United Way NCA's primary source of revenue is generated through employer-sponsored workplace giving campaigns. In fact, United Way NCA manages one of the single largest annual workplace giving campaigns within the United Way network, raising over \$5.8 million in fiscal year 2025, the majority of which provided financial support to over three hundred accredited member nonprofit agencies and hundreds of other 501(c)(3) organizations serving the National Capital Area. United Way NCA also encourages individuals outside of the workplace to donate to its community impact work and to help enhance its operational effectiveness. In fact, donors can choose to contribute to a specific community impact program area such as health, education or economic opportunities, or to one of eleven community impact areas, including Prince George's and Montgomery Counties in Maryland, the District of Columbia, and the Northern Virginia areas of the City of Alexandria, Arlington, Fairfax, Prince William, and Loudoun Counties and the Virginia Piedmont area of Rappahannock, Fauquier, and Culpeper Counties. United Way NCA also generates revenue from special events, corporate sponsorships, and grants received from corporations, foundations, and government entities as well as fees earned from providing program management, nonprofit training, and other professional services to local area governments, municipalities, and nonprofit organizations.

A summary of United Way NCA's significant accounting policies follows:

**Basis of Accounting**

United Way NCA's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) for not-for-profit organizations, including Accounting Standard Updates (ASUs) as well as United Way network-specific guidance. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

The presentation of United Way NCA's financial statements is in conformity with the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). Under these provisions, net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions, such as time or purpose restrictions. Accordingly, net assets of United Way NCA and changes therein are classified and reported as follows:

- Net assets **Without Donor Restrictions** are not restricted by any donor or grantor-imposed time, purpose, or other restrictions. Net assets without donor or grantor-imposed restrictions represent funds that are fully available, at the discretion of management and the Board of Directors, for United Way NCA to utilize in support of its mission, including programs, fundraising, and core management activities. At its discretion, the Board of Directors may designate a portion of without donor restriction net assets for specific purposes, such as the pursuit of strategic opportunities, establishing an operating reserve and promoting the organization's long-term financial viability. Since Board-designated net assets are without donor or grantor-imposed restrictions, they are reported as a component of net assets without donor restrictions.
- Net assets **With Donor Restrictions** consist of assets whose use is limited by donor or grantor-imposed time and/or purpose restrictions. When donor or grantor-imposed restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

**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. It is United Way NCA's practice to place its cash and cash equivalents and investments in high credit quality financial institutions. At times during the year, United Way NCA had funds invested with local financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000 per depositor per institution. As of June 30, 2025 and 2024, United Way NCA had demand deposits which exceeded the maximum limit insured by FDIC by approximately \$399,000 and \$1,344,000, respectively. Management believes the risk of loss in these situations to be minimal.

**Investments**

Investments with readily determinable fair values are reflected at fair market value. Donated securities are recorded at 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.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

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.

**Contributions and Promises to Give**

Contributions, which include paid gifts, grants, and unconditional promises to give, are recognized as revenue when payments are received or when donors and grantors make written promises to give to United Way NCA that are, in substance, unconditional. Contributions are available for without donor restriction use unless specifically restricted by the donor or grantor. Contributions with donor or grantor-imposed time or purpose restrictions are recorded as net assets with donor restrictions.

When donor or grantor-imposed time restrictions expire or purpose restrictions are fulfilled, those net assets with donor or grantor-imposed restrictions are reclassified to net assets without donor restrictions. These reclassifications are reported as net assets released from restriction on the statement of activities. Contributions with donor or grantor-imposed conditions, such as a matching gift or grant, are recognized as revenue when the conditions have been substantially met.

**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 current and projected financial and economic conditions, including the impact from health emergencies, government shutdowns, economic recessions, and historical collection trends.

**Property and Equipment**

Property and equipment are recorded at cost and depreciated on the straight-line basis over their estimated useful lives, which range from three to ten years. United Way NCA capitalizes all individual property and equipment acquisitions greater than \$10,000.

**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 asset's carrying amount to future undiscounted net cash flows expected to be generated by the asset.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment of Long-Lived Assets (Continued)**

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.

**Right-of-Use Asset, Lease Liability, and Lease Expense**

In order to enable financial statement users to assess the amount and timing of cash flows arising from leases pursuant to ASC 842 - Lease Accounting, United Way NCA accounts for operating leases with terms of more than one year and material balances as a right-of-use asset representing its right to use the underlying asset for the lease term and a lease liability representing its obligation to make lease payments for the right to use that asset during the lease term.

Both the right-of-use asset and lease liability are recorded on the statement of financial position and are adjusted each month as United Way NCA uses its leased assets to support its mission and as it makes payments to extinguish its lease liability. United Way NCA also records a single lease cost, calculated so that the cost of each operating lease is allocated over the lease term on a straight-line basis; by classifying all cash payments within operating activities in the statement of cash flows; and by requiring additional qualitative and quantitative footnote disclosures about key information pertaining to its operating leasing arrangements.

United Way NCA's quantitative footnote disclosures include three primary categories: lease expense, maturity analysis, and other lease-related information. Lease expense is reported on United Way NCA's statement of activities and includes straight-line lease expense from operating leases, including material operating leases with terms of one year or less. The maturity analysis includes, as in the past, undiscounted cash flows of United Way NCA's operating leases. It also includes, pursuant to the new accounting update, the present value of future lease payments which are reported on the statement of financial position as total lease liability. Other information includes total cash paid; any new right-of-use assets added during the year; the weighted-average remaining lease term as of the end of the reporting period; and the weighted-average of all the discount rates of leases as of the end of the reporting period.

United Way NCA's qualitative disclosures include, among other things, information about existing leases, including a general description of those leases; the basis on which fixed lease payments may increase or decrease; the terms and conditions of options to extend or terminate the lease, including a narrative disclosure about the options that are recognized as part of its right-of-use assets and related lease liabilities and those that are not; future leases that have not yet begun, but will add significant right-of-use assets and lease liabilities to the statement of financial position; the organization's involvement with the design and/or construction of the underlying asset; and how each operating lease's discount rate was determined.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributor Designations Payable**

Certain campaign contributions and pledges made to United Way NCA are designated to other agencies. These campaign contributions and pledges are recognized as campaign results and contributor designations to participating agencies. United Way NCA disburses the amounts to agencies after contributions are received and pledges collected. The balance of unpaid pledges designated to agencies remains as a liability until the pledges are collected and paid or until the annual campaign is officially closed. United Way NCA is acting as an agent or trustee to transfer designated contributions to agencies, and in doing so, has no discretion over the use of designated contributions.

United Way NCA also records campaign contributions and pledges processed by a third-party processor where the contributor pays the third-party processor who pays the designated agency directly (pay direct). United Way NCA is not involved with the receipt or disbursement of these pledges; therefore, no corresponding pledge receivable or contributor designations payable are recorded. The total of pay direct campaign results and contributor designations for the years ended June 30, 2025 and 2024 were \$3,073,730 and \$3,024,493, respectively.

As a recognized federation of the Combined Federal Campaign (CFC), United Way NCA honors designations made to each member nonprofit organization by distributing a proportionate share of receipts based on donor designations to each member nonprofit organization per CFC regulations established by the Office of Personnel Management (OPM). United Way NCA disburses those receipts to designated nonprofit organizations based on the cash received from donors who designate to those specific nonprofit organizations. Designations are paid to nonprofit organizations net of fundraising, processing, and administrative fees.

As a general matter, in addition to up-front credit card and cash contributions, campaigns allow employee pledges to be paid through payroll deductions for the upcoming calendar or fiscal year depending on the specific campaign. Campaigns are officially closed after the final campaign has been audited and all donations that United Way NCA has received are paid out to the appropriate designated nonprofit organizations. The 2022 and all prior-year campaigns are officially closed.

**Revenue Recognition Policy**

The information provided below is designed to enable users of these financial statements to understand the nature, amount, and timing of the revenue that was recognized when the promise of goods or services were transferred to customers in an amount that reflected the consideration received by United Way NCA in exchange for delivering those goods or rendering those services.

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 either donations with or without restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

**UNITED WAY OF THE NATIONAL CAPITAL AREA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 and 2024**

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition Policy (Continued)**

Campaign Results and Other Support (Continued)

All donor-restricted contributions and pledges are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is satisfied), net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

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 and corresponding decrease in net assets without donor restrictions during the same fiscal year.

Fee Revenue from Fundraising Campaigns

United Way NCA earns fee revenue to support campaign fundraising and administration activities including vetting nonprofit organizations, conducting workplace campaign efforts, managing donor relation activities, and distributing designated contributions. These fees are paid either directly by the sponsoring company or deducted from designated contributions and pledges. In recognition that substantially all of these services are performed during United Way NCA’s fiscal year, combined with the fact that the time period provided by sponsoring companies for their employees to make annual pledges and contributions also occur during the fiscal year, the entire campaign fundraising and administration fee is recognized during the fiscal year in which the pledge or contribution is made. United Way NCA also earns annual application fees from local area nonprofits who desire to become a member of United Way NCA’s network of non-profit partners. United Way NCA’s nonprofit partners must meet a strict set of eligibility criteria as part of an annual partner application process. The application process provides assurance to donors, campaign sponsors and supporters that United Way NCA’s nonprofit partners meet the highest standards of financial transparency and accountability.

In recognition that the annual partnership year runs from July 1 through June 30 (which coincides with United Way NCA’s fiscal year), and the annual application process begins in November and ends three months later in January (which takes place inside of United Way NCA’s fiscal year), revenue from application fees is recognized and the performance obligations are satisfied within the same fiscal year.

Revenue from campaign fundraising and administration fees for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Campaign Fees	\$ 606,289	\$ 720,467
Application and Listing Fees	187,227	231,344
Total	<u>\$ 793,516</u>	<u>\$ 951,811</u>

United Way NCA does not record a fee on pay directs since it does not fundraise for or administer those campaigns; they are administered by a third-party processor for a fee.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition Policy (Continued)**

Non-Campaign Contributions, Grants, and Contracts

United Way NCA receives contributions and grants from individuals, corporations, foundations, and government agencies that are unrelated to a workplace or other federated fundraising campaign. Unconditional, non-reciprocal, and without donor restriction contributions and grants are recorded as revenue in the period the commitments are accepted by United Way NCA and classified as net assets without donor restrictions. Contributions and grants containing donor or grantor-imposed use or time restrictions which are not satisfied during the current accounting period are initially recorded as revenue in the period the commitments are accepted by United Way NCA and classified as net assets with donor restrictions until the restrictions are satisfied, at which point they are released from restriction and classified as net assets without donor restrictions.

Conditional contributions and grants are recorded as revenue in the period the conditions are satisfied. Contributions and grants that are deemed to be reciprocal transactions of equal value are treated as exchange transactions and recorded as revenue when the earnings process is complete. The receipt of contributions and grants designated to another entity, for which United Way NCA has no variance or decision-making power to alter the ultimate recipients or other important terms and conditions of the transactions are recorded as fiscal agency transactions.

United Way NCA enters into contracts with government agencies and other organizations to perform a variety of services in exchange for fees or reimbursement of qualifying expenses. The types of services performed include, but are not limited to, program and grants management services, fiscal agency services, and organizational training and development services. To the extent these contracts and related services are considered exchange transactions, whereby United Way NCA receives cash or other assets in exchange for providing services of approximately equal value, fee revenue is recognized when services are rendered, deliverables are met, and/or related expenses are incurred, depending on the terms of each contract. Revenue from contracts with customers for the years ended June 30, 2025 and 2024 was \$582,416 and \$617,350, respectively.

Contributed Non-financial Assets and Contributed Services

Pursuant to the existing Financial Accounting Standards Board ASC 958-605, United Way NCA records and reports contributed non-financial assets and specialized services meeting the criteria for in-kind donations as revenue in the operating section of its statement of activities on the date the contribution is made known, regardless of the date on which the material or service is received. Furthermore, United Way NCA records and reports contributed non-financial assets and services at fair market value, which ASC topic 820 defines as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” United Way NCA also records and reports at the fair market value an offsetting expense in the proper natural expense category on its statement of functional expenses. However, if the contributed item or service is an asset that exceeds United Way NCA’s capitalization policy, the asset is recorded in the proper asset category on the statement of financial position and revenue is recognized for the asset’s fair market value.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition Policy (Continued)**

Contributed Non-financial Assets and Contributed Services (Continued)

United Way NCA adopted ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* in FY 2022, to provide more transparency about the measurement and use of contributed nonfinancial assets, such as materials and supplies while maintaining the existing recognition and measurement requirements described above. Consistent with the standard, United Way NCA presents contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and also provides additional footnote disclosures, including a disclosure of a disaggregation of the amount of contributed nonfinancial assets by type such as technology equipment and specialized services to name a few.

However, despite the fact that a substantial number of volunteers have donated significant amounts of time in support of United Way NCA's programs and fundraising campaigns, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services pursuant to existing accounting guidance.

**Allocation of Expenses by Activities**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Costs incurred to provide United Way NCA's programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, compensation costs are allocated by a department-level estimate of time and effort. Other office, occupancy, and operating expenses are allocated by organization-wide estimates of time and effort.

**Advertising**

Advertising costs are expensed when incurred or when donated to United Way NCA. Advertising expense for the years ended June 30, 2025 and 2024 was \$91,585 and \$181,465, 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; therefore, it 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 unrelated to the organization's tax-exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The 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.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income and Other Taxes (Continued)**

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 year-round. Pledge payments received are first applied to any remaining prior year campaign balance, if applicable, and then to the current campaign. Donor intent is always considered.

**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.

**Subsequent Events**

United Way NCA evaluated subsequent events through November 18, 2025, which is the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2025, but prior to November 18, 2025 that provided additional evidence about conditions that existed on June 30, 2025, have been recognized in the financial statements for the year ended June 30, 2025. However, events or transactions that provided evidence about conditions that did not exist on June 30, 2025 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, 2025. There were no events that required adjustments to or disclosure in United Way NCA's financial statements for the year ended June 30, 2025.

**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 nonrecurring basis, establishes a framework for measuring fair value in 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.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

**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.

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, 2025 and 2024.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

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:

	2025			Total
	Level 1	Level 2	Level 3	
<b>Assets:</b>				
<b>Fixed Income Bonds:</b>				
U.S. Government Long-Term Duration	\$ 9,688,844	\$ -	\$ -	\$ 9,688,844
U.S. Bank Corporate Bonds	-	11,380,053	-	11,380,053
<b>Total Fixed Income Bonds</b>	<b>9,688,844</b>	<b>11,380,053</b>	<b>-</b>	<b>21,068,897</b>
<b>Equities:</b>				
iShares S&P 500 Index Fund	6,044,336	-	-	6,044,336
Non-U.S. Equity	2,919,986	-	-	2,919,986
Small Cap Core	629,963	-	-	629,963
Large Cap Value	962,892	-	-	962,892
Large Cap Growth	1,179,289	-	-	1,179,289
<b>Total Equities</b>	<b>11,736,466</b>	<b>-</b>	<b>-</b>	<b>11,736,466</b>
Fixed Income Mutual Fund	2,450,766	-	-	2,450,766
<b>Total Investments</b>	<b>\$ 23,876,076</b>	<b>\$ 11,380,053</b>	<b>\$ -</b>	<b>\$ 35,256,129</b>
<b>Investments Held for Deferred Compensation Plan:</b>				
U.S. Equity Mutual Fund	\$ 1,063,843	\$ -	\$ -	\$ 1,063,843
<b>Liability: Deferred Compensation</b>	<b>\$ 1,063,843</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,063,843</b>
	2024			Total
	Level 1	Level 2	Level 3	
<b>Assets:</b>				
<b>Fixed Income Bonds:</b>				
U.S. Government Long-Term Duration	\$ 9,572,980	\$ -	\$ -	\$ 9,572,980
U.S. Bank Corporate Bonds	-	11,413,531	-	11,413,531
<b>Total Fixed Income Bonds</b>	<b>9,572,980</b>	<b>11,413,531</b>	<b>-</b>	<b>20,986,511</b>
<b>Equities:</b>				
iShares S&P 500 Index Fund	6,585,088	-	-	6,585,088
Non-U.S. Equity	3,249,603	-	-	3,249,603
Small Cap Core	851,904	-	-	851,904
Large Cap Value	1,269,875	-	-	1,269,875
Large Cap Growth	1,419,489	-	-	1,419,489
<b>Total Equities</b>	<b>13,375,959</b>	<b>-</b>	<b>-</b>	<b>13,375,959</b>
Fixed Income Mutual Fund	2,751,891	-	-	2,751,891
<b>Total Investments</b>	<b>\$ 25,700,830</b>	<b>\$ 11,413,531</b>	<b>\$ -</b>	<b>\$ 37,114,361</b>
<b>Investments Held for Deferred Compensation Plan:</b>				
U.S. Equity Mutual Fund	\$ 987,113	\$ -	\$ -	\$ 987,113
<b>Liability: Deferred Compensation</b>	<b>\$ 987,113</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 987,113</b>

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Investment income as of June 30, 2025 and 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
Interest Income	\$ 612,497	\$ 601,000
Unrealized Gains (Losses)	1,463,079	2,519,687
Realized Gains	1,048,372	152,669
Dividends	338,436	391,522
Investment Fees	<u>(173,959)</u>	<u>(183,899)</u>
Total	<u>\$ 3,288,425</u>	<u>\$ 3,480,979</u>

**NOTE 3 – PROMISES TO GIVE**

All promises to give, as of June 30, 2025 and 2024 are due within one year and consist of the following:

	<u>2025</u>	<u>2024</u>
Promises to Give	\$ 6,495,294	\$ 6,890,505
Calculation for Doubtful Promises to Give:		
Allowance for Doubtful Promises to Give - Beginning of Year	(1,152,118)	(1,278,081)
Write-Off of Doubtful Promises to Give and Other Adjustments	764,671	696,707
Current Year Provision for Cancellations and Uncollectible Promises to Give	(531,819)	(570,744)
Allowance for Doubtful Promises to Give - End of Year	<u>(919,266)</u>	<u>(1,152,118)</u>
Promises to Give, Net	<u>\$ 5,576,028</u>	<u>\$ 5,738,387</u>
	<u>2025</u>	<u>2024</u>
Provision for Doubtful Promises to Give - Current Year Campaign	\$ 531,819	\$ 570,744
Provision for Doubtful Promises to Give - Prior Year Campaigns	<u>387,447</u>	<u>581,374</u>
Allowance for Doubtful Promises to Give	<u>\$ 919,266</u>	<u>\$ 1,152,118</u>

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**NOTE 4 – LIQUIDITY**

United Way NCA’s financial assets available for general expenditure within one year of the date of the consolidated statements of financial position are as follows:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 1,201,247	\$ 2,088,817
Investments	35,256,129	37,114,361
Promises to Give, Net	5,576,028	5,738,387
Accounts Receivable	<u>228,102</u>	<u>259,828</u>
Total Financial Assets Available Within One Year	42,261,506	45,201,393
Less:		
Amounts Unavailable for General Expenditures Within One Year, due to:		
Restricted By Donors In Perpetuity	(175,000)	(175,000)
Restricted By Donors With Purpose Restrictions	<u>(1,916,168)</u>	<u>(1,459,965)</u>
Total Amounts Unavailable For General Expenditures Within One Year	(2,091,168)	(1,634,965)
Amounts Unavailable to Management Without Board's Approval:		
Board-Designated Net Assets	<u>(20,763,876)</u>	<u>(22,805,420)</u>
Total Amounts Unavailable to Management Without Board's Approval:	<u>(20,763,876)</u>	<u>(22,805,420)</u>
<b>Total Financial Assets Available To Management For General Expenditure Within One Year</b>	<b><u>\$ 19,406,462</u></b>	<b><u>\$ 20,761,008</u></b>

United Way NCA maintains a policy of structuring its financial assets, including 100% of its investment portfolio, to be available as general expenditures, liabilities, and other obligations come due. Furthermore, in response to the timing differences between the annual receipt and disbursement of cash, United Way NCA deploys its \$3,000,000 unsecured line of credit whenever necessary to satisfy its financial obligations in a timely manner without prematurely selling its investments. Additionally, United Way NCA has board-designated net assets without donor restrictions that, while United Way NCA does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

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**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment and accumulated depreciation and amortization, as well as, depreciation and amortization expense, for the years ended June 30, 2025 and 2024, consist of the following:

		2025			
	Estimated Useful Lives	2025 Cost	Accumulated Depreciation and Amortization	Net Property	Depreciation and Amortization Expense
Property and Equipment	3 - 10 Years	\$ 609,430	\$ (257,132)	\$ 352,298	\$ 83,113
Leasehold Improvements	10 Years	1,943,533	(400,003)	1,543,530	166,287
Website Development	3 Years	40,600	(40,600)	-	5,639
Total		<u>\$ 2,593,563</u>	<u>\$ (697,735)</u>	<u>\$ 1,895,828</u>	<u>\$ 255,039</u>

		2024			
	Estimated Useful Lives	2024 Cost	Accumulated Depreciation and Amortization	Net Property	Depreciation and Amortization Expense
Property and Equipment	3 - 10 Years	\$ 579,680	\$ (174,020)	\$ 405,660	\$ 81,402
Leasehold Improvements	10 Years	1,943,532	(233,715)	1,709,817	166,286
Website Development	3 Years	40,600	(34,961)	5,639	13,533
Total		<u>\$ 2,563,812</u>	<u>\$ (442,696)</u>	<u>\$ 2,121,116</u>	<u>\$ 261,221</u>

**NOTE 6 – ACCOUNTS RECEIVABLE AND DEFERRED REVENUE FROM CONTRACT WITH CUSTOMERS**

Accounts receivable and deferred revenue from contracts with customers are as follows as of the years ended June 30:

	2025	2024	2023
Accounts Receivable	\$ 228,102	\$ 259,828	\$ 127,766
Deferred Revenue	8,535	2,000	3,400
Total	<u>\$ 236,637</u>	<u>\$ 261,828</u>	<u>\$ 131,166</u>

**NOTE 7 – CONTRIBUTOR DESIGNATIONS PAYABLE**

Contributor designations payable of \$4,088,102 and \$4,803,464 as of June 30, 2025 and 2024, 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.

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**NOTE 8 – LINE OF CREDIT**

United Way NCA maintains a \$3.0 million unsecured line of credit (LOC) with an annual interest rate equal to the Secured Overnight Financing Rate (SOFR) plus 1.25% that is assessed daily on the used portion of the LOC and a 10-basis point commitment fee that is assessed daily on the unused portion of the LOC. The LOC contains a renewable one-year term that expires March 31, 2026. Any borrowings under the line of credit are assessed interest at the prevailing rate; any monthly accrued but unpaid interest is due and payable at the end of each month; and any outstanding principal balance and accrued but unpaid interest is due and payable at the expiration date. As of June 30, 2025 and 2024, there was an outstanding principal balance of \$2,250,000 and \$2,250,000, respectively. United Way NCA plans to request a renewal on or before the scheduled expiration date.

**NOTE 9 – PLANNED GIVING/LIFE INSURANCE**

**United Way Life**

As part of a planned giving program called United Way Life, which is sponsored by United Way Worldwide (UWW), United Way NCA has purchased life insurance policies on behalf of two donors. One policy was purchased during fiscal year 2017 and another during fiscal year 2015. The United Way Life program allows donors to utilize life insurance to accomplish their philanthropic objectives by enabling them to create a legacy gift that will benefit the future. The donor contributes an amount sufficient to cover the annual premiums. Additionally, gifts designated by donors to enhance the United Way Life program provide funds for “matching” premiums which increases the value of the policy. The life insurance policy is issued as one single policy. The cash surrender value of the policy is included in other assets in the statements of financial position.

As described in more detail below, United Way NCA is the sole beneficiary of the policy purchased during the year ended June 30, 2017, and a joint beneficiary of the policy purchased during the fiscal year ended June 30, 2015.

During fiscal year ended June 30, 2017, United Way NCA received a legacy gift that will be funded by death benefits of a life insurance policy issued by United of Omaha Life Insurance Policy that names United Way NCA as the sole owner and beneficiary of the policy’s death benefits. The policy, in the amount of \$250,000 was paid in full to United Way NCA upon maturation in FY21 to support the future growth of United Way NCA’s programs, services, and operations. The donor of the legacy gift agreed to keep the policy in full force and effect by making five consecutive annual contributions in the amount of \$2,954 to United Way NCA on or before the payment due date. United Way NCA used the donor’s annual contribution along with annual matching funds in the amount of \$2,954 (provided by a former donor) to remit to United of Omaha Life Insurance Company timely annual premium payments of \$5,908 per year for five consecutive years. The premium was paid in full.

The cash surrender value was \$22,323 and \$21,948 as of June 30, 2025 and June 30, 2024, respectively. United Way NCA may obtain a loan secured by the policy’s cash surrender value. The loan would bear interest at an annual effective interest rate of 4.76% if the loan is requested prior to policy year ten and 2.44% thereafter. There was no outstanding principal balance or unpaid accrued interest as of June 30, 2025 and June 30, 2024, respectively.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
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**NOTE 9 – PLANNED GIVING/LIFE INSURANCE (CONTINUED)**

During the fiscal year ended June 30, 2015, United Way NCA received a legacy gift that will be funded by death benefits of a joint and last survivor life insurance policy issued by United of Omaha Life Insurance Policy that names United Way NCA as the sole owner and co-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 a local university. In lieu of five consecutive annual premium payments, a one-time \$42,000 premium was paid during fiscal year 2015 to United of Omaha Life Insurance Company. The cash surrender value was \$27,425, and \$27,016 as of June 30, 2025 and 2024, respectively. United Way NCA may obtain a loan secured by the policy's cash surrender value. The loan would bear interest at an annual effective interest rate of 6.00%. There was no outstanding principal balance or unpaid accrued interest as of June 30, 2025 and June 30, 2024, respectively.

**NOTE 10 – PROGRAM GRANTS**

Total expense for program grants was \$2,206,085 and \$4,828,850 for the years ended June 30, 2025 and 2024, respectively.

Unpaid grants are due to be paid within one year and the grants payable amount as of June 30, 2025 and 2024, approximates the present value of future grant payments. Total grants payable as of June 30, 2025 and 2024, was \$486,706 and \$474,239, respectively.

**NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS AND CONTRIBUTED SERVICES**

Pursuant to new and existing accounting guidance governing the accounting for contributed nonfinancial assets and contributed services as described in more detail in Note 1, United Way NCA recognized contributed nonfinancial assets and contributed services as a separate revenue line item on the Statement of Activities,, including technology equipment to support United Way NCA's operational effectiveness and organizational needs, along with specialized advertising and media services in support of United Way NCA's Do More 24 Campaign as well as a variety of program, fundraising, and awareness activities. All amounts recognized were valued and reported at the estimated fair value in the financial statements based on current rates for similar advertising and media services and supplies.

More specifically, United Way NCA received advertising services in support of the Do More 24 fundraising initiatives as well as other contributed advertising services in support of other community impact initiatives.

Contributed advertising services in support of the Do More 24 Campaign for the years ended June 30, 2025 and 2024 was \$19,000 and \$37,500, respectively.

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**NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS AND CONTRIBUTED SERVICES (CONTINUED)**

Furthermore, United Way NCA also recorded contributed media services resulting from its beneficiary relationship with United Way Worldwide (UWW), which maintains a relationship with the National Football League (NFL), the Ad Council, and other organizations for the benefit of local United Ways. UWW underwrites the cost to produce Public Service Announcements (PSAs) that promote health, education, and economic opportunity 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. Beginning in fiscal year 2015, United Way NCA began recording a portion of the value of these services. For the years ended June 30, 2025 and 2024, the related value of contributed media services was \$22,230 and \$92,954, respectively.

In addition, during FY25, United Way NCA received a donation of technology equipment and license and support from Cisco Systems, Inc. for \$53,960.

For the years ended June 30, contributed nonfinancial assets and contributed services recognized within the statement of activities included:

	<u>2025</u>	<u>2024</u>
Technology Equipment and License and Support	\$ 53,960	\$ -
Advertising	19,000	37,500
Media	22,230	92,954
Total	<u>\$ 95,190</u>	<u>\$ 130,454</u>

**NOTE 12 – OTHER REVENUE**

Other revenue includes contributions in support of United Way NCA’s Signature Events, including but not limited to Project Community Connect, Do More 24, Stuff the Bus, and Loudon County Regional Council Top Golf Event. Other revenue also includes numerous employee volunteer engagement events hosted in partnership with many of United Way NCA’s corporate partners.

Other revenue for the years ended June 30, 2025 and 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
Special Events	\$ 251,826	\$ 213,565
Miscellaneous	3,599	51,222
Charitable Bequest	-	50,000
Total	<u>\$ 255,425</u>	<u>\$ 314,787</u>

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
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**NOTE 13 – OPERATING LEASE OBLIGATIONS**

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02 – Leases (Topic ASC 842). The FASB issued this update to increase transparency and comparability among organizations (i) by requiring a lessee of an operating lease with a term of more than one year to recognize in the statement of financial position a right-of-use asset representing its right to use the underlying asset for the lease term and a liability representing its obligation to make lease payments (a lease liability) for the lease term; (ii) by recognize a single lease cost, calculated so that the cost of the operating lease is allocated over the lease term on a generally straight-line basis; (iii) by classifying all cash payments within operating activities in the statement of cash flows; and (iv) by requiring additional qualitative and quantitative footnote disclosures about key information pertaining to operating leasing arrangements. Even though ASC 842 did not become effective for not-for-profit entities until their fiscal years began after December 15, 2021, United Way NCA adopted ASC 842 for its fiscal year beginning July 1, 2021, one year earlier than required.

**New Operating Lease in the District of Columbia**

**General Lease Description**

Effective April 29, 2022, United Way NCA entered into a noncancellable operating lease agreement with terms that include an initial 12 year lease term expiring December 31, 2034; initial monthly fixed rent commencing January 1, 2023 escalating 2.5% per lease year thereafter; prorated share of annual increases in operating costs and taxes; full rent abatement for the first 12 months; a tenant improvement and furniture allowance of \$1,672,397; an option to renew the lease for an additional five years at fair market rent; and an option to terminate the lease after the eighth lease year. The original tenant improvement and furniture allowance as of June 30, 2022 was \$1,764,000, which was subsequently amended to \$1,672,397 as of January 1, 2023. Related right-of-use asset and lease liability were subsequently remeasured following the amendment in the tenant improvement and furniture allowance.

**Lease Term and Discount Rate**

The lease term and discount rate for this lease for the year ended June 30, 2025 is as follows:

- The effective date of the lease is April 29, 2022
- The lease commencement date is April 29, 2022 (date of possession)
- The rent commencement date is January 1, 2023
- The lease term is 12 years
- The discount rate is 4.75% which represents United Way NCA's incremental borrowing rate

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**NOTE 13 – OPERATING LEASE OBLIGATIONS (CONTINUED)**

**New Operating Lease in the District of Columbia (Continued)**

**Lease Term and Discount Rate (Continued)**

The following table represents future fixed rent payments due under the lease agreement in the next five years and thereafter, and the present value of those future fixed rent payments, net of rent abatements and tenant allowances. This calculation is used to determine the right-of-use asset and lease liability. United Way NCA's right to renew the lease or terminate the lease early were not factors that impacted the initial calculation of the right-of-use asset and lease liability because it is currently uncertain as to whether either of those tenant rights will be exercised in the future.

<b><u>Future Fixed Rent Payments, Net of Future Lease Incentives</u></b>	<b>Amount</b>
Future fixed rent payments in FY 2026	\$ 549,054
Future fixed rent payments in FY 2027	562,780
Future fixed rent payments in FY 2028	576,850
Future fixed rent payments in FY 2029	591,271
Future fixed rent payments in FY 2030	606,053
Future fixed rent payments thereafter	<u>2,918,173</u>
Total undiscounted cash outflows before tenant allowance	5,804,181
Total future cash outflows representing interest	<u>(1,162,644)</u>
Total discounted cash outflows before tenant allowance	<u><u>\$ 4,641,537</u></u>

**Right-of-Use Asset and Lease Liability**

The value of the right-of-use asset and lease liability as of June 30, 2025 is as follows:

- The value of the right-of-use asset is \$2,462,208
- The present value of the lease liability is \$4,641,537

**Lease Expense**

Straight-line lease expense for this particular lease for the fiscal year ended June 30, 2025 was \$381,563.

**New Operating Lease in Vienna, Virginia**

**General Lease Description**

Effective April 29, 2022, United Way NCA entered into a noncancellable operating lease agreement with terms that include an initial 11 year and 5 month lease term expiring August 31, 2034; initial monthly fixed rent commencing April 1, 2023 escalating 2.5% per lease year thereafter; prorated share of annual increases in operating costs and taxes; full rent abatement for the first 17 months; a tenant improvement allowance of \$522,804; an option to renew the lease for an additional five years at fair market rent; and an option to terminate the lease after the eighth lease year.

**UNITED WAY OF THE NATIONAL CAPITAL AREA  
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**NOTE 13 – OPERATING LEASE OBLIGATIONS (CONTINUED)**

**New Operating Lease in Vienna, Virginia (Continued)**

**Lease Term and Discount Rate**

The different types of lease terms and the discount rate for this lease as of the year ended June 30, 2025 is as follows:

- The effective date of the lease is April 29, 2022
- The lease commencement date is March 16, 2023
- The rent commencement date is April 1, 2023
- The lease term is 11 years and 5 months
- The discount rate is 6.25% which represents United Way NCA's incremental borrowing rate

The following table represents future fixed rent payments due under the lease agreement in the next five years and thereafter, net of rent abatements. This calculation is used to determine the right-of-use asset and lease liability. Furthermore, in recognition that the tenant allowance of \$522,804 is payable before the lease commencement date (defined as the date tenant can possess the lease premises, which was March 16, 2023), it is included in determining the value of the right-of-use asset.

<b><u>Future Fixed Rent Payments, Net of Future Lease Incentives</u></b>	<b><u>Amount</u></b>
Future fixed rent payments in FY 2026	\$ 190,414
Future fixed rent payments in FY 2027	195,174
Future fixed rent payments in FY 2028	200,054
Future fixed rent payments in FY 2029	205,055
Future fixed rent payments in FY 2030	210,181
Future fixed rent payments thereafter	<u>933,988</u>
Total undiscounted cash outflows before tenant allowance	1,934,866
Total future cash outflows representing interest	<u>(473,011)</u>
Total discounted cash outflows before tenant allowance	<u><u>\$ 1,461,855</u></u>

**Right-of-Use Asset and Lease Liability**

The value of the right-of-use asset and lease liability as of June 30, 2025 is as follows:

- The value of the right-of-use asset is \$834,825
- The present value of the lease liability is \$1,461,855

**Lease Expense**

Straight-line lease expense for this lease for the fiscal year ended June 30, 2025 was \$142,651.

**UNITED WAY OF THE NATIONAL CAPITAL AREA  
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**NOTE 13 – OPERATING LEASE OBLIGATIONS (CONTINUED)**

**Weighted-Average Lease Disclosures**

ASC 842 requires United Way NCA, as lessee, to calculate and disclose the weighted-average remaining lease term based on the remaining lease term and the lease liability balance for each lease as of the reporting date. Pursuant to this requirement, the weighted-average remaining lease term for United Way NCA’s operating leases subject to ASC 842 as of June 30, 2025 and 2024 is 112 and 124 months, respectively.

ASC 842 also requires United Way NCA, as lessee, to calculate the weighted-average discount rate based on the discount rate used to calculate the lease liability balance and the remaining balance of the lease payments for each lease as of the reporting date. Pursuant to this requirement, the weighted-average discount rate for United Way NCA’s operating leases subject to ASC 842 as of June 30, 2025 and 2024 is 5.13%.

**Total Lease Expense and Cash Flow**

In accordance with FASB Accounting Standards Codification 842, United Way NCA records rent expense on a straight-line basis over the term of the lease. Total straight-line lease expense for all operating leases for the fiscal year ended June 30 is as follows:

	2025	2024
Total Lease Expense	\$ 576,704	\$ 565,619

Total operating cash flows from operating leases for the fiscal year ended June 30 is as follows:

	2025	2024
Operating Cash Flows from Operating Leases	\$ 712,197	\$ 147,647

**NOTE 14 – 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 participate by contributing a percentage or dollar amount—up to the limits established by the Internal Revenue Service (IRS)—on a pre-tax basis, referred to as elective deferrals. This contribution allows plan participants to defer federal income taxes until retirement by setting aside a portion of their current salary.

United Way NCA makes a uniform matching contribution equal to 200% of a plan participant’s elective deferrals not to exceed 2% of the participant’s compensation. United Way NCA also applies a basic Safe Harbor provision during the plan year equal to 4% of a plan participant’s compensation. There are no tenure requirements in order for a plan participant to receive the Safe Harbor Contribution. United Way NCA made a Safe Harbor contribution in each of the last two years and has declared a Safe Harbor contribution for 2024 which was paid on September 30, 2025.

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**NOTE 14 – RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)**

**403(b) Plan (Continued)**

Employees are always fully vested in their elective deferrals, including any catch-up contributions, rollover contributions or discretionary non-elective Safe Harbor contributions. However, employer contributions are subject to the following vesting schedule: 0% for less than two years of service; 40% for two years of service; 60% for three years of service; 80% for four years of service; and 100% for five years of service.

Total defined contribution plan contributions reported in the statements of activities for the years ended June 30, 2025 and 2024 were \$241,005 and \$249,690, 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. There were no discretionary contributions recognized in the Statements of Activities for the years ended June 30, 2025 and 2024. As of June 30, 2025 and 2024, the deferred compensation plan assets and employer contribution liability amounted to \$212,015 and \$216,077, respectively.

**457(f) Plan**

Effective December 2022, upon Board approval, United Way NCA established a second non-qualified deferred compensation plan, a 457(f) plan for the Chief Executive Officer. Payments to this plan for the years ended June 30, 2024 and 2023 were \$50,000 and \$600,000. The full vesting occurs on January 1, 2025. United Way NCA elected to use equal annual accrual method to accrue related liabilities monthly leading up to the full vesting date. As of June 30, 2025 and 2024, the employer contribution liability amounted to \$851,828 and \$520,000, respectively. Deferred compensation plan assets of \$851,828 and \$771,036 for the years ended June 30, 2025 and 2024, respectively, have been earmarked by United Way NCA to fund the deferred compensation liabilities and are included Investments held for deferred compensation plan in the accompanying statements of financial position. The plan liabilities are included in deferred compensation liabilities in the accompanying statements of financial position.

**NOTE 15 – EMPLOYMENT AGREEMENT**

United Way NCA has an agreement with an officer of the organization. In the event of termination other than for cause, the agreement provides for severance payments for a period of up to 12 months. Furthermore, the agreement provides for the full payment of any accrued but unused paid time-off (PTO) upon termination of employment for any reason and the full payment amount shall be subject to a cap according to the employment agreement. The value of any accrued but unused PTO is approximately \$201,578 and \$172,000 as of June 30, 2025 and 2024, respectively.

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**NOTE 16 – PRINCE GEORGE’S COUNTY PUBLIC SCHOOLS COMMUNITY SCHOOLS INITIATIVE**

Effective June 2024, United Way NCA renewed its professional services agreement (the Agreement) with the Board of Education for Prince George’s County for a one-year term to provide technical assistance in support of the County’s Community Schools initiative, including (i) vetting of quality partners, vendors and providers to deliver requisite programming; (ii) creating a foundational framework for partner and stakeholder capacity building to promote quality and effective programming; (iii) creating a foundational framework for monitoring and evaluating programmatic impact; and (iv) establishing a structured data management plan that will ensure informed decision-making and quality programming. Pursuant to the Agreement, United Way NCA is eligible to be reimbursed for qualifying costs and expenses actually incurred. As of June 30, 2025 and 2024, United Way NCA incurred qualifying costs and expenses of approximately \$257,643 and \$427,009, respectively, and recognized corresponding fee revenue in an equivalent amount in each corresponding fiscal year.

**NOTE 17 – CHANGES IN NET ASSETS**

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions represent net assets that are not restricted by donor or grantor-imposed stipulations of time or purpose. The following outlines undesignated assets as well as those assets United Way NCA’s Board of Directors has designated for specific purposes:

	2025	2024
<b>Without Donor Restrictions</b>		
Undesignated	<u>\$ 10,770,830</u>	<u>\$ 10,465,051</u>
Subtotal: Undesignated	10,770,830	10,465,051
Board-Designated for Strategic Reserve	5,235,335	8,226,879
Board-Designated for Operating Expense Reserve	13,000,000	12,000,000
Board-Designated for Contingency Reserve	2,000,000	2,000,000
Board-Designated for Donor Cultivation Reserve	483,541	533,541
Board-Designated for Crisis Relief Reserve	<u>45,000</u>	<u>45,000</u>
Subtotal: Board-Designated	<u>20,763,876</u>	<u>22,805,420</u>
<b>Total Without Donor Restrictions</b>	<u><u>\$ 31,534,706</u></u>	<u><u>\$ 33,270,471</u></u>

Board-designated net assets represent net assets without donor restrictions that can only be used for purposes approved by the Board of Directors.

As of June 30, 2025, Board-designated assets included five reserves, including a strategic reserve, an operating expense reserve, a contingency reserve, a donor cultivation reserve, and a crisis relief reserve.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
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**NOTE 17 – CHANGES IN NET ASSETS (CONTINUED)**

**Net Assets Without Donor Restrictions (Continued)**

The strategic reserve was initially funded from a \$20 million with donor restriction transformational grant received from novelist and venture philanthropist, MacKenzie Scott in December 2020. The Strategic Reserve will provide funding for annual program grants and expenses not funded from net assets with donor or grantor restrictions; expenditures that promote the organization's efficiency, effectiveness, and sustainability that were also not funded by net assets with donor or grantor restrictions; and other expenditures that promote the organization's long-term financial viability and operational effectiveness.

An operating expense reserve was established in recognition of the organization's critical role in serving the region's most vulnerable residents both directly and through its extensive network of nonprofit partners along with its ongoing exposure to a variety of risk factors that can impact ongoing operations and its ability to deliver quality and timely programming and other products and services. The amount of the operating reserve approximates twelve months of operating expenses and is available to help ensure the organization can continuously conduct its mission without interruption in the face of a variety of risk factors that can impact program delivery, fundraising, and operations.

A contingency reserve was established primarily to fund the costs associated with the early termination of the organization's office leases should the organization make the decision to terminate one or both office leases at the end of the eighth lease year. The reserve can also be used at the Board's discretion to help response to the realization of any known and unknown risks that come to fruition.

A donor cultivation reserve was established to help new and existing donors achieve higher levels of giving through a variety of matching, challenge, and step-up programs and incentives; and a crisis relief reserve was established to respond to and encourage outside donations in support of natural disasters and other emergencies.

All conditional contributions that become unconditional and for which donor intent is satisfied simultaneously are considered without donor restriction.

**Net Assets With Donor Restrictions**

Net assets with donor restrictions are either restricted by donor or grantor-imposed stipulations, purpose, or time or are perpetually restricted. Net assets are released from donor or grantor-imposed restrictions by incurring expenses that satisfy the restricted purpose or by the passage of time or other events specified by the donor or grantor.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 and 2024**

**NOTE 17 – CHANGES IN NET ASSETS (CONTINUED)**

**Net Assets With Donor Restrictions (Continued)**

Net assets with donor or grantor-imposed restrictions are as follows for the year ended June 30, 2025:

	Balance - June 30, 2024	Additions	Releases	Balance - June 30, 2025
Purpose Restricted:				
Education	\$ 76,007	\$ 37,284	\$ (83,565)	\$ 29,726
Economic Opportunities	447,083	1,569,845	(695,666)	1,321,262
Health	267,708	6,356	(274,064)	-
Community Impact Fund	612,381	652,882	(924,118)	341,145
Veterans Fund	53,202	11,707	(64,907)	2
Multii Year Pledge	-	213,713	-	213,713
Endowment Earnings	3,584	6,736	-	10,320
Total Purpose and Time Restricted	<u>1,459,965</u>	<u>2,498,523</u>	<u>(2,042,320)</u>	<u>1,916,168</u>
Perpetual in Nature	<u>175,000</u>	<u>-</u>	<u>-</u>	<u>175,000</u>
Total	<u>\$ 1,634,965</u>	<u>\$ 2,498,523</u>	<u>\$ (2,042,320)</u>	<u>\$ 2,091,168</u>

Net assets with donor or grantor-imposed restrictions are as follows for the year ended June 30, 2024:

	Balance - June 30, 2023	Additions	Releases	Balance - June 30, 2024
Purpose Restricted:				
Education	\$ 143,220	\$ 31,710	\$ (98,923)	\$ 76,007
Economic Opportunities	586,799	256,354	(396,070)	447,083
Health	613,604	83,961	(429,857)	267,708
Community Impact Fund	398,066	747,966	(533,651)	612,381
Veterans Fund	121,997	13,705	(82,500)	53,202
Endowment Earnings	303	3,281	-	3,584
Total Purpose Restricted	<u>1,863,989</u>	<u>1,136,977</u>	<u>(1,541,001)</u>	<u>1,459,965</u>
Perpetual in Nature	<u>175,000</u>	<u>-</u>	<u>-</u>	<u>175,000</u>
Total	<u>\$ 2,038,989</u>	<u>\$ 1,136,977</u>	<u>\$ (1,541,001)</u>	<u>\$ 1,634,965</u>

Net assets are released from donor or grantor-imposed restrictions by incurring expenses that satisfy the restricted purpose or by the passage of time or other events specified by the donor or grantor.

**UNITED WAY OF THE NATIONAL CAPITAL AREA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 and 2024**

**NOTE 17 – CHANGES IN NET ASSETS (CONTINUED)**

**Donor Restrictions Perpetual in Nature**

United Way NCA’s endowments represent two charitable bequests in the amount of \$100,000 and \$75,000. Both charitable bequests have restrictions that are perpetual in nature and therefore must be invested in perpetuity. Interest earned on the first charitable bequest is designated to support community impact grants and activities, while interest on the second charitable bequest is designated to support general operations. Endowments perpetually restricted as of June 30, 2025 and 2024 were \$175,000.

	<u>2025</u>	<u>2024</u>
Community Impact Endowment	\$ 100,000	\$ 100,000
Seymour Alpert Trust	75,000	75,000
Total	<u>\$ 175,000</u>	<u>\$ 175,000</u>

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 net assets with donor restrictions (a) the original value of gifts donated to the fund with restrictions perpetual in nature, (b) the original value of subsequent gifts to the fund with restrictions perpetual in nature, and (c) the accumulation to the fund with restrictions perpetual in nature 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 fund that is not classified as perpetual in nature is classified as net assets with donor restrictions, until those amounts are appropriated by United Way NCA for expenditure.

In accordance with UPMIFA, United Way NCA considers the following factors in deciding to appropriate or accumulate funds with restrictions perpetual in nature:

- 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

**UNITED WAY OF THE NATIONAL CAPITAL AREA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 and 2024**

**NOTE 17 – CHANGES IN 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.

**Underwater Endowment Funds**

United Way NCA considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. United Way NCA complies with the District of Columbia-enacted version of UPMIFA and has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. United Way NCA had no underwater endowment funds on June 30, 2025 and 2024.

**Spending Policy**

Management will consider the intent of the donor as expressed in the gift instrument, UPMIFA factors as listed above, and United Way NCA resource requirements in deciding as to when to use the amount in excess of the perpetually restricted principal balance to fund qualifying expenditures.

Consistent with the goal to preserve principal and generate predictable returns, the fund with restrictions perpetual in nature shall distribute the amount in excess of the 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 (interest income and gains) from the \$175,000 in endowments are reflected as net assets with donor restrictions until appropriated for expenditure. The accumulated earnings and appropriations are as follows for the endowments whose restrictions are perpetual in nature as of June 30, 2025:

	2025		
	Subject to Spending Policy and Appropriation	Perpetual in Nature	Total
Endowment Net Assets - Beginning of Year	\$ 3,584	\$ 175,000	\$ 178,584
Investment Return, Net	6,736	-	6,736
Endowment Net Assets - End of Year	<u>\$ 10,320</u>	<u>\$ 175,000</u>	<u>\$ 185,320</u>

**UNITED WAY OF THE NATIONAL CAPITAL AREA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 17 – CHANGES IN NET ASSETS (CONTINUED)**

The accumulated earnings and appropriations are as follows for the endowments whose restrictions are perpetual in nature as of June 30, 2024:

	2024		
	Subject to Spending Policy and Appropriation	Perpetual in Nature	Total
Endowment Net Assets - Beginning of Year	\$ 303	\$ 175,000	\$ 175,303
Investment Return, Net	5,742	-	5,742
Appropriations	(2,461)	-	(2,461)
Endowment Net Assets - End of Year	\$ 3,584	\$ 175,000	\$ 178,584

**NOTE 18 – COMMITMENTS AND CONTINGENCIES**

In the ordinary course of business, United Way NCA may become a party to claims and litigation. As of the date of the Auditor’s opinion, Management remains unaware of any current, pending, or threatening litigation.

**NOTE 19 – RELATED-PARTY TRANSACTIONS**

Board members and employees make annual pledges and contributions in support of United Way NCA’s mission. Pledges and contributions for the years ended June 30, 2025 and 2024 were approximately \$346,922 and \$106,607, respectively, and were recorded as Amounts raised and processed by United Way NCA and Promises to give. Pledges outstanding as of June 30, 2025 and 2024 were approximately \$226,693 and \$24,391, respectively, and are recorded in Promises to give, net.

**NOTE 20 – CONDITIONAL CONTRIBUTIONS**

United Way NCA had \$7,787 and 62,286 in conditional grant and contribution revenue for which the condition had not been met as of June 30, 2025 and 2024, respectively.

**UNITED WAY OF THE NATIONAL CAPITAL AREA**  
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**Note 21 – ALLOWANCE FOR CREDIT LOSSES**

United Way NCA establishes a provision for credit loss to present the net amount of accounts receivable expected to be collected. The provision represents the estimate of expected credit losses based on historical experience, current economic conditions, and certain forward looking information. The provision for credit losses were \$0 as of June 30, 2025 and 2024.

	2025	2024
Accounts Receivable	\$ 228,102	\$ 259,828
Allowance for Credit Losses	-	-
	\$ 175,000	\$ 175,000



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