



Report of Independent Auditors and
Financial Statements



United Way of the Bay Area
June 30, 2015 and 2014

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
United Way of the Bay Area

Report on Financial Statements

We have audited the accompanying financial statements of United Way of the Bay Area ("UWBA"), which comprise the statements of financial position as of June 30, 2015 and 2014 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Bay Area as of June 30, 2015 and 2014 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



San Francisco, California
November 5, 2015

FINANCIAL STATEMENTS

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

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 1,333,333	\$ 842,095
Pledges receivable, net of provision for uncollectible pledges of \$ 555,000 and \$616,000, at June 30, 2015 and 2014, respectively	5,854,722	6,940,911
Grants receivable, net of discount	3,076,239	3,161,476
Investments	11,167,572	12,390,099
Prepays and other receivables	250,148	229,563
Furniture, equipment, and leasehold improvements, net	815,259	965,470
Total assets	<u>\$ 22,497,273</u>	<u>\$ 24,529,614</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Operating payables and accruals	\$ 1,326,483	\$ 1,575,281
Donor designations payable	2,748,193	3,404,251
Line of credit	2,753,932	1,000,000
Accrued vacation and related costs	335,685	472,243
Deferred rent	706,129	710,545
Accrued pension costs	3,218,236	2,204,618
Total liabilities	<u>11,088,658</u>	<u>9,366,938</u>
NET ASSETS		
Unrestricted		
Undesignated	9,802,489	8,191,378
Board designated	984,579	3,956,426
Pension liability in excess of intangible pension assets	<u>(6,097,625)</u>	<u>(4,488,110)</u>
Total unrestricted net assets	4,689,443	7,659,694
Temporarily restricted	2,826,797	3,612,007
Permanently restricted	<u>3,892,375</u>	<u>3,890,975</u>
Total net assets	<u>11,408,615</u>	<u>15,162,676</u>
Total liabilities and net assets	<u>\$ 22,497,273</u>	<u>\$ 24,529,614</u>

See accompanying notes.

UNITED WAY OF THE BAY AREA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Public Support:				
Gross campaign results	\$ 27,395,611	\$ 1,917,942	\$ 1,400	\$ 29,314,953
Less donor designations	(22,548,748)	-	-	(22,548,748)
Campaign revenue	4,846,863	1,917,942	1,400	6,766,205
Less provision for uncollectible pledges	(555,000)	-	-	(555,000)
Net campaign revenue	4,291,863	1,917,942	1,400	6,211,205
Grants	397,639	3,696,181	-	4,093,820
Miscellaneous contributions	1,785,554	134,837	-	1,920,391
Planned giving	54,122	2,604	-	56,726
Net assets released from restrictions and reclassifications	6,567,510	(6,567,510)	-	-
Total public support	13,096,688	(815,946)	1,400	12,282,142
Service fees and earned income	248,248	20,000	-	268,248
Investment income, net	129,070	81,553	-	210,623
Net realized and unrealized loss on investments	(160,256)	(120,990)	-	(281,246)
Other income	8,836	50,173	-	59,009
Total public support and revenue	13,322,586	(785,210)	1,400	12,538,776
ALLOCATIONS AND EXPENSES				
Program services:				
Gross funds awarded/allocated to agencies	18,843,061	-	-	18,843,061
2-1-1 initiative	946,533	-	-	946,533
Economic success	4,765,045	-	-	4,765,045
Other community services	3,902,892	-	-	3,902,892
Education	492,841	-	-	492,841
Jobs+	1,869,348	-	-	1,869,348
Donor designations	(22,548,748)	-	-	(22,548,748)
Total program services	8,270,972	-	-	8,270,972
Support services:				
Management and general	3,550,910	-	-	3,550,910
Fundraising	2,861,440	-	-	2,861,440
Total support services	6,412,350	-	-	6,412,350
Total allocations and expenses	14,683,322	-	-	14,683,322
CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES	(1,360,736)	(785,210)	1,400	(2,144,546)
PENSION RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	(1,609,515)	-	-	(1,609,515)
CHANGE IN NET ASSETS	(2,970,251)	(785,210)	1,400	(3,754,061)
NET ASSETS, beginning of year	7,659,694	3,612,007	3,890,975	15,162,676
NET ASSETS, end of year	\$ 4,689,443	\$ 2,826,797	\$ 3,892,375	\$ 11,408,615

See accompanying notes.

UNITED WAY OF THE BAY AREA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Public Support:				
Gross campaign results	\$ 28,259,107	\$ 3,191,985	\$ 1,000	\$ 31,452,092
Less donor designations	(21,884,446)	-	-	(21,884,446)
Campaign revenue	6,374,661	3,191,985	1,000	9,567,646
Less provision for uncollectible pledges	(616,000)	-	-	(616,000)
Net campaign revenue	5,758,661	3,191,985	1,000	8,951,646
Grants	493,509	3,834,664	-	4,328,173
Miscellaneous contributions	725,096	1,142,301	-	1,867,397
Planned giving	133,768	1,588	-	135,356
Net assets released from restrictions and reclassifications	7,500,223	(7,500,223)	-	-
Total public support	14,611,257	670,315	1,000	15,282,572
Service fees and earned income	261,846	29,900	-	291,746
Investment income, net	132,051	78,677	-	210,728
Net realized and unrealized gains on investments	637,102	740,718	-	1,377,820
Other (expense) income	(1,492)	773	-	(719)
Total public support and revenue	15,640,764	1,520,383	1,000	17,162,147
ALLOCATIONS AND EXPENSES				
Program services:				
Gross funds awarded/allocated to agencies	20,641,478	-	-	20,641,478
2-1-1 initiative	821,677	-	-	821,677
Economic success	5,013,858	-	-	5,013,858
Other community services	3,386,772	-	-	3,386,772
Education	667,523	-	-	667,523
Jobs+	1,764,386	-	-	1,764,386
Donor designations	(21,884,446)	-	-	(21,884,446)
Total program services	10,411,248	-	-	10,411,248
Support services:				
Management and general	3,348,800	-	-	3,348,800
Fundraising	2,666,374	-	-	2,666,374
Total support services	6,015,174	-	-	6,015,174
Total allocations and expenses	16,426,422	-	-	16,426,422
CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES	(785,658)	1,520,383	1,000	735,725
PENSION RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	146,908	-	-	146,908
CHANGE IN NET ASSETS	(638,750)	1,520,383	1,000	882,633
NET ASSETS, beginning of year	8,298,444	2,091,624	3,889,975	14,280,043
NET ASSETS, end of year	<u>\$ 7,659,694</u>	<u>\$ 3,612,007</u>	<u>\$ 3,890,975</u>	<u>\$ 15,162,676</u>

See accompanying notes.

UNITED WAY OF THE BAY AREA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

	Program Services							Support Services				Total
	Funds Awarded/ Allocated to Agencies	2-1-1 Initiative	Economic Success	Education	Jobs+	Other Community Services	Donor Designations	Total Program Services	Management and General	Fundraising	Total Support Services	
ALLOCATIONS AND EXPENSES												
Salaries	\$ -	\$ 307,318	\$ 829,772	\$ 89,792	\$ 438,588	\$ 1,862,836	\$ -	\$ 3,528,306	\$ 1,884,823	\$ 1,435,079	\$ 3,319,902	\$ 6,848,208
Payroll taxes and employee benefits	-	67,604	300,035	25,515	119,728	576,066	-	1,088,948	561,510	351,208	912,718	2,001,666
Subtotal	-	374,922	1,129,807	115,307	558,316	2,438,902	-	4,617,254	2,446,333	1,786,287	4,232,620	8,849,874
Professional services	-	369,725	205,019	25,771	427,875	365,465	-	1,393,855	297,826	246,151	543,977	1,937,832
Supplies	-	2,269	21,375	1,353	4,545	18,340	-	47,882	23,221	18,411	41,632	89,514
Telephone	-	5,297	31,600	2,113	11,151	31,302	-	81,463	34,101	33,516	67,617	149,080
Postage, warehouse, and delivery	-	1,044	9,516	445	1,355	4,984	-	17,344	9,120	11,907	21,027	38,371
Occupancy	-	46,252	185,185	21,724	80,470	187,323	-	520,954	355,751	326,835	682,586	1,203,540
Furniture, equipment, and leasehold improvemen	-	5,692	43,467	2,302	19,228	26,932	-	97,621	43,474	34,602	78,076	175,697
Media and printing	-	7,073	106,977	21,237	21,352	450,653	-	607,292	45,855	116,577	162,432	769,724
Travel	-	2,504	21,402	2,145	16,553	37,291	-	79,895	28,690	31,649	60,339	140,234
Conference, training, and meetings	-	9,886	43,875	3,887	31,677	73,916	-	163,241	55,209	106,273	161,482	324,723
Bank, interest, merchant, and other fees	-	1,041	5,078	507	3,057	5,489	-	15,172	60,563	11,118	71,681	86,853
Miscellaneous	-	105	2,637	111	371	1,824	-	5,048	6,226	1,555	7,781	12,829
United Way Worldwide dues	-	11,325	44,380	5,509	19,893	56,928	-	138,035	87,229	80,801	168,030	306,065
Moving costs	-	-	-	-	275,000	-	-	-	-	-	-	-
Uncollectible pledge expense	-	-	-	-	-	-	-	275,000	-	-	-	275,000
Depreciation and amortization expense, loss on sale/abandonment of furniture, equipment, and leasehold improvements, net	-	9,398	73,159	4,873	18,705	52,038	-	158,173	72,443	67,958	140,401	298,574
Cost recovery reimbursements	-	-	-	-	-	-	-	-	(15,131)	(12,200)	(27,331)	(27,331)
Total	-	846,533	1,923,477	207,284	1,489,548	3,751,387	-	8,218,229	3,550,910	2,861,440	6,412,350	14,630,579
Allocations/awards/designations	18,843,061	100,000	2,841,568	285,557	379,800	151,505	(22,548,748)	52,743	-	-	-	52,743
TOTAL ALLOCATIONS AND EXPENSES	\$ 18,843,061	\$ 946,533	\$ 4,765,045	\$ 492,841	\$ 1,869,348	\$ 3,902,892	\$ (22,548,748)	\$ 8,270,972	\$ 3,550,910	\$ 2,861,440	\$ 6,412,350	\$ 14,683,322

See accompanying notes.

UNITED WAY OF THE BAY AREA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2014

	Program Services							Support Services				Total
	Funds Awarded/ Allocated to Agencies	2-1-1 Initiative	Economic Success	Education	Jobs+	Other Community Services	Donor Designations	Total Program Services	Management and General	Fundraising	Total Support Services	
ALLOCATIONS AND EXPENSES												
Salaries	\$ -	\$ 211,031	\$ 966,383	\$ 23,350	\$ 484,481	\$ 1,879,391	\$ -	\$ 3,564,636	\$ 1,732,197	\$ 1,344,097	\$ 3,076,294	\$ 6,640,930
Payroll taxes and employee benefits	-	55,994	334,765	7,954	135,902	576,940	-	1,111,555	542,076	338,732	880,808	1,992,363
Subtotal	-	267,025	1,301,148	31,304	620,383	2,456,331	-	4,676,191	2,274,273	1,682,829	3,957,102	8,633,293
Professional services	-	335,285	264,312	7,391	459,399	305,884	-	1,372,271	284,520	177,824	462,344	1,834,615
Supplies	-	2,462	32,161	1,759	6,504	23,585	-	66,471	25,449	23,769	49,218	115,689
Telephone	-	4,534	28,628	1,943	11,755	27,814	-	74,674	31,045	31,297	62,342	137,016
Postage, warehouse, and delivery	-	543	5,007	233	1,076	3,465	-	10,324	6,866	8,912	15,778	26,102
Occupancy	-	41,341	188,641	26,339	79,451	165,910	-	501,682	351,097	351,929	703,026	1,204,708
Furniture, equipment, and leasehold improvements	-	3,816	53,145	2,798	10,987	21,463	-	92,209	36,087	32,005	68,092	160,301
Media and printing	-	25,054	149,675	3,181	74,503	50,398	-	302,811	56,434	59,105	115,539	418,350
Travel	-	4,842	33,826	1,015	9,301	54,807	-	103,791	32,821	31,812	64,633	168,424
Conference, training, and meetings	-	17,132	60,333	1,671	64,929	112,855	-	256,920	41,700	115,187	156,887	413,807
Bank, interest, merchant, and other fees	-	956	4,349	238	2,531	2,883	-	10,957	64,894	5,474	70,368	81,325
Miscellaneous	-	291	1,150	56	436	1,345	-	3,278	2,691	4,166	6,857	10,135
United Way Worldwide dues	-	9,949	44,319	6,331	18,994	53,062	-	132,655	84,417	84,417	168,834	301,489
Moving costs	-	31	136	19	58	163	-	407	260	260	520	927
Uncollectible pledge expense	-	-	-	-	40,000	-	-	40,000	5,341	-	5,341	45,341
Depreciation and amortization expense, loss on sale/abandonment of furniture, equipment, and leasehold improvements, net	-	8,416	78,234	5,845	16,179	46,674	-	155,348	71,088	71,088	142,176	297,524
Cost recovery reimbursements	-	-	-	-	-	-	-	-	(20,183)	(13,700)	(33,883)	(33,883)
Total	-	721,677	2,245,064	90,123	1,416,486	3,326,639	-	7,799,989	3,348,800	2,666,374	6,015,174	13,815,163
Allocations/awards/designations	20,641,478	100,000	2,768,794	577,400	347,900	60,133	(21,884,446)	2,611,259	-	-	-	2,611,259
TOTAL ALLOCATIONS AND EXPENSES	\$ 20,641,478	\$ 821,677	\$ 5,013,858	\$ 667,523	\$ 1,764,386	\$ 3,386,772	\$ (21,884,446)	\$ 10,411,248	\$ 3,348,800	\$ 2,666,374	\$ 6,015,174	\$ 16,426,422

See accompanying notes.

UNITED WAY OF THE BAY AREA
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS USED IN OPERATING ACTIVITIES		
Change in net assets	\$ (3,754,061)	\$ 882,633
Adjustments to reconcile change in net assets to net cash (used in) operating activities		
Provision for uncollectible pledges	519,190	616,000
Change in discount on grants receivable	7,287	(1,862)
Depreciation and amortization	298,574	297,524
Net realized and unrealized loss (gains) on investments	281,246	(1,377,820)
Pension related changes other than net periodic pension costs	1,609,515	(146,908)
Changes in assets and liabilities		
Pledges receivable	566,999	(1,992,874)
Grants receivable	77,950	915,142
Prepays and other receivables	(20,585)	427,544
Donor designations and allocations payable	(656,058)	282,706
Operating payables and accruals	(248,798)	(2,420,131)
Accrued vacation and related costs	(136,558)	93,381
Deferred rent	(4,416)	311,618
Accrued pension costs	(595,897)	(807,204)
Contributions restricted for investment in endowment	(1,400)	(1,000)
Net cash used in operating activities	<u>(2,057,012)</u>	<u>(2,921,251)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,284,820)	(1,259,927)
Proceeds from sale of investments	2,226,101	1,878,537
Purchases of furniture, equipment, and leasehold improvements	<u>(148,363)</u>	<u>(154,319)</u>
Net cash from investing activities	<u>792,918</u>	<u>464,291</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing on the line of credit	2,253,932	1,500,000
Repayment of the line of credit	(500,000)	(500,000)
Contributions restricted for investment in endowment	<u>1,400</u>	<u>1,000</u>
Net cash from financing activities	<u>1,755,332</u>	<u>1,001,000</u>
CHANGE IN CASH AND CASH EQUIVALENTS	491,238	(1,455,960)
CASH AND CASH EQUIVALENTS, beginning of year	<u>842,095</u>	<u>2,298,055</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,333,333</u>	<u>\$ 842,095</u>

See accompanying notes.

NOTE 1 – ORGANIZATION AND PURPOSE

United Way of the Bay Area (“UWBA”), incorporated in California in 1955, is an independent, locally managed nonprofit organization. It has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. UWBA has also made the 501(h) election under the IRS code. Accordingly, no provision for income taxes is included in the financial statements.

As UWBA approaches its centennial, it is proud to be continuing a long tradition of leadership in the local nonprofit community by encouraging philanthropy and investing those dollars in programs to serve the health and human services needs of Bay Area residents. UWBA currently serves Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Solano Counties.

The Bay Area Community Fund (“BACF”) is comprised of the unrestricted funds donated to UWBA to support the achievement of its Community Impact goals. UWBA is committed to creating community change by positioning itself as an inclusive community leader in the seven Bay Area counties served, while honoring donors’ philanthropic interests.

In response to the needs of the community, UWBA focuses its goals and its use of resources. In doing so, it may, from time to time, discontinue the management of specific programs. Discontinuance may include closing, merging, or establishing the independence of programs. When such transitions take place, the purpose has been and will continue to be enhancing the ability of the UWBA to concentrate its efforts on helping to cut the number of families living in poverty. The organization pursues a selected, targeted set of programs that help people survive the struggles of poverty and move toward economic success. Each of these programs also has a role in helping to evolve the public and private systems around them to better serve people in poverty. UWBA’s programs may take the form of providing direct service to clients, issuing grants to organizations to provide services, and/or engaging in collaborative partnerships. Grant proposals are evaluated on the basis of their alignment with UWBA’s strategic plan as well as the agency’s ability to demonstrate high standards in fiscal and programmatic operations, and overall organizational strength. Grants and the focus of grant-making activities are reported to and approved by UWBA’s Board of Directors.

The following are specific programs and strategies managed by United Way of the Bay Area:

211 Initiative

211 is a free, easy-to-remember phone number and web resource that anyone can call for information and referral to resources. Last year, UWBA and its partner call centers in ten Bay Area counties responded to approximately 183,500 calls. More than half of these requests came from those requesting help with poverty/basic needs issues such as food, jobs and shelter. In FY15, the resource database was updated with 10,000-plus records (agencies, programs and sites) which were reviewed, edited and simplified.

In addition to daily information and referral, 211 is a critical resource for disasters. In recent years, 211 has been available for responses to an earthquake, a tsunami, and major fires. Looking ahead UWBA plans to update 211’s technology platform to make sure it is accessible to as many people in need as possible. Innovations under consideration are a “just-in-time” application for service providers to inform the public about open child-care slots, open beds at shelters, etc.

Economic Success

SparkPoint has served more than 18,000 individuals since launching SparkPoint Oakland in 2009, and approximately 2,470 clients in the last year alone. Highlights include:

- The regional network has an average hourly wage of over \$19.00 per hour. This is a significant increase over last year’s rate of \$15.79.
- Approximately 940 people increased their income and approximately 260 people achieved a self-sufficient income.
- Over 600 people have achieved an element of financial prosperity: a self-sufficient income, 3 months savings, a 700 credit score, and no revolving debt.

UNITED WAY OF THE BAY AREA NOTES TO FINANCIAL STATEMENTS

SparkPoint Centers offer an array of services in one convenient location for a person or family trying to move out of poverty, including financial coaching on budgeting and savings, credit and debt management, career or education counseling, screening for public benefits, and others. SparkPoint aims to have clients move from poverty to economic success by (1) increasing income; (2) reducing debt; (3) increasing credit scores; and (4) increasing savings. The SparkPoint regional network includes more than 75 outstanding partner organizations across the Bay Area. In 2013, SparkPoint also began opening up satellite locations at public schools and community colleges. See more on this strategy under "Education."

Earn It! Keep It! Save It! (EKS) is a UWBA-led coalition of partners that prepares tax returns for free, ensuring low- to moderate-income families get the refunds and credits for which they are eligible. During the 2015 tax season, 3,000-plus volunteers prepared more than 74,000 returns and brought back over \$80 million in refunds, with 80% of these refunds spent locally. Additionally, \$13.6 million was returned back to the community in Child Tax Credit and \$26 million of those refunds was in Earned Income Tax Credit (EITC). EITC goes to the poorest, most vulnerable Bay Area households and has been identified by poverty-fighting experts as one of the most effective programs nationally, lifting millions of people above the federal poverty level every year. Families use their refunds primarily to pay bills, rent, and to buy food or clothes. Through its tax preparation efforts, EKS provides resources to meet basic needs, which is critical to ending the cycle of poverty in the Bay Area. EKS has 218 locations in seven counties, 10 of which are located at SparkPoint Centers. In addition to preparing tax returns, EKS uses the program visit as a moment to offer low-income families the opportunity to increase their savings, complete the federal college financial aid application (FAFSA), and enroll in health coverage.

Education

United Way promotes the community schools model, which places services for children and families at the public schools they attend. Community schools are proven to increase attendance, academic achievement, parent engagement and health. Last year, UWBA offered planning and operational grants and technical assistance to school districts interested in adopting the community schools model. As a result, approximately 23,000 individuals were supported at community schools across the Bay Area. Since 2013, UWBA has also taken a two-generation approach through our SparkPoint Community Schools, which couples the community school's social and academic supports for children with services for parents to help students achieve academic success. This innovative approach includes the same services as United Way's SparkPoints and also refers families to their local SparkPoint center. As of July 1, 2015, UWBA has four SparkPoint Community Schools centers in operation. In the coming years, UWBA will expand this model throughout the region.

Jobs+

United Way's MatchBridge program helps prepare low-income youth and young adults (age 16-24) to become the 21st century workforce for employers in San Francisco and across the Bay Area. Connecting business, government, schools, nonprofits and youth, MatchBridge helps young people get job training and work experience, plan career paths, and become motivated to finish high school and go on to college or postsecondary training. MatchBridge's primary focus is Youth Jobs+, a partnership with San Francisco Mayor Ed Lee, community partners and employers. Since its inception as Summer Jobs+ in 2012, the initiative has served over 19,000 youth in San Francisco and last year continued to expand services in Oakland. Last year, San Francisco Youth Jobs+ partners included 50 city departments, 120 employers, 85 youth-serving organizations, and the San Francisco Unified School District. Also in 2014, the program expanded from offering summer to year-round job opportunities and services. Within the next several years, MatchBridge expects to expand into all seven counties served by United Way of the Bay Area.

Other Programs

Like United Ways around the country, UWBA manages the local activities of the federal **Emergency Food and Shelter Program (EFSP)**, which distributes federal funds to local programs that feed and provide shelter to people in need. In FY15 UWBA distributed a total allocation of \$1.8 million in seven counties. The EFSP-funded food and shelter providers served more than 270,000 unduplicated individuals, providing them with 2 million meals, 100,000 bed nights, and 500+ rent bills paid.

UWBA operates the **Labor Community Services** program in partnership with the labor councils in the counties of Alameda, Contra Costa, San Mateo and San Francisco. Staff called labor liaisons improve the lives of struggling union workers and their families, as well as other community members in need, through direct services and information/referral. In FY15, the program helped more than 600 families a month, typically with food, cash assistance, job search for displaced workers, and/or individual case management for other needs. Where possible the liaisons refer people in need to other UWBA programs like 211, EKS, and SparkPoint.

In addition to the services it provides, UWBA advocates for **Public Policy** changes that will help people in poverty survive and move to economic success. The agenda includes issues like health coverage and care, access to the safety net and public benefits, education, jobs and wages, funding for key services, and more. This work is primarily focused at the local level with cities, counties, school districts, etc. UWBA's policy advocacy is overseen by the board of directors and complies in all respects with all legal requirements governing policy activity by nonprofit organizations.

Finally, UWBA has formed a coalition called **Rise Together**, comprising more than 160 leading institutions that have come together to cut poverty in half in the Bay Area. Launched by UWBA in 2012, Rise Together continues to stand out as a pivotal regional strategy through a collective impact approach. In the last three years, Rise Together has: given grants to local leaders and partnerships who are fighting poverty; selectively engaged on key policy issues; hosted major events to showcase the issues and solutions of poverty; and won an award from the National Association of Counties. UWBA acts as the backbone to **Rise Together** and helps the partners select and implement key initiatives. Partners include political and faith leaders, businesses, nonprofits, government, academia, media and others.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and with the financial statement standards of United Way Worldwide. United Way Worldwide standards are required for membership and comply with FASB Accounting Standard Codification for not-for-profit organizations.

Use of estimates – Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management’s estimates. Significant estimates include the provision for uncollectible pledges, useful lives of furniture, equipment, and leasehold improvements, fair value of investment, allocation of functional expenses, and the unfunded pension liabilities. The fair value of investments and pension assets are subject to material volatility based on market conditions. This could have a significant effect on these financial statements.

Classes of net assets – The accompanying financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted net assets – Unrestricted net assets include resources available to support UWBA operations and temporarily restricted resources which become available for use by UWBA in accordance with the intentions of the donors. Unrestricted net assets are designated by UWBA’s Board of Directors for specified purposes as follows:

	2015	2014
Future grants and programs	\$ 295,000	\$ 3,295,000
General use	689,579	661,426
	\$ 984,579	\$ 3,956,426

Temporarily restricted net assets – Temporarily restricted net assets include resources with donor-imposed restrictions that will be fulfilled by actions of UWBA and/or become unrestricted by the passage of time. UWBA's temporarily restricted net assets include multi-year pledges as well as grants restricted for specific UWBA community projects. When the donor or time restriction is fulfilled, temporarily restricted net assets are released to unrestricted net assets and are reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

Permanently restricted net assets – Permanently restricted net assets are comprised of the historical dollar value of contributions that were received with donor restrictions requiring the assets be maintained in perpetuity and that only the income generated from these assets is made available for grants, programs, or support services in accordance with the donor restrictions.

Cash and cash equivalents – All highly liquid investments, with an original maturity of three months or less when purchased and not held through the investment account, are considered to be cash equivalents. Substantially all of the cash equivalent balances held in financial institutions at June 30, 2015 and June 30, 2014, exceeded federal depository insurance coverage. UWBA has not experienced any losses in such accounts.

UNITED WAY OF THE BAY AREA NOTES TO FINANCIAL STATEMENTS

Pledges receivable – Pledges receivable consist of unconditional promises to give by donors and are recorded at net realizable value. Pledges receivable are net of provisions for uncollectible pledges. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable in the years in which those promises are received. The discount rates range from .11% to .28%. Pledges receivable are net of discounts of \$4,103 and \$3,298 at June 30, 2015 and June 30, 2014 respectively.

Provisions for uncollectible pledges – The provision for uncollectible pledges is computed based upon historical averages and management's consideration of current economic factors that could affect pledge collections. Using these criteria, the provision as of June 30, 2015 and 2014, was determined to be 6% of gross campaign pledges, respectively. For years ended June 30, 2015 and 2014, there was a bad debt recovery of \$ 39,810 and \$0, respectively.

Grants receivable – Grants receivable consist of unconditional promises to give by granting organizations. Unconditional promises to give that are expected to be collected during the following fiscal year are recorded at the amount contributed. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable in the years in which those promises are received. The discount rates range from .11% to .28%. Grants receivable are net of discounts of \$8,045 and \$758 at June 30, 2015 and June 30, 2014 respectively.

Investments – UWBA's investments are stated at fair value based on quoted market prices at the fiscal year end. Investments include money market funds and marketable securities held principally for investment purposes. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur in the accompanying statements of activities and changes in net assets. Realized gains and losses that result from sales or maturities of securities during the year are calculated on an adjusted cost basis and are reflected in the accompanying statements of activities and changes in net assets. Marketable securities received as donations are recorded at fair value at the date of the donation, and are generally sold as soon as practical after receipt.

Fair value of assets and liabilities – UWBA determines fair value 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. Fair value reporting standards establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of input that may be used to measure fair value:

- Level 1:** Quoted prices in active markets for identical assets or liabilities.
- Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents, fixed income securities, and exchange traded equities. Level 2 securities include investments held in pooled income funds and are valued at market price as provided by the custodian of the funds.

Furniture, equipment, and leasehold improvements – Furniture, equipment, and leasehold improvements are stated at cost, if purchased, or if donated, at fair value at the date of the donation for items exceeding \$5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, ranging from three to ten years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease. Total depreciation and amortization expense amounted to \$298,574 and \$297,524 for the years ended June 30, 2015 and June 30, 2014, respectively.

Deferred rent – Certain leases of UWBA contain lease incentives and fixed escalations. UWBA recognizes the related rent expense on a straight-line basis over the life of the lease and records the difference between the expense included in the accompanying statements of activities and changes in net assets and the amount recorded as deferred rent. For the year ended June 30, 2015 deferred rent related to three UWBA locations: 550 Kearny St., San Francisco; 1970 Broadway, Suite 400, Oakland; and 8200 Bancroft, Oakland.

Gross campaign results – Gross campaign results consist of cash and unconditional promises to give to UWBA during the annual fundraising campaigns and include contributions processed by third-party processors. Donor designations and the provision for uncollectible pledges are deducted from gross campaign results to arrive at campaign revenue.

Donor designations and service fee revenue – Donor designations, contributions that are designated by the donor to nonprofit organizations other than UWBA including contributions processed by third-party processors, are deducted from gross campaign results to arrive at net campaign revenue. External donor designations are paid to the designated organizations on a monthly basis, by electronic funds transfer (“EFT”) as information allows and on a quarterly basis by check for all others, as pledges are collected. Proportionate shares of the receipts are distributed out to the agencies net of service fees. Service fee revenue is reported in the accompanying statements of activities and changes in net assets. This designation processing is inclusive of pledges and payments processed as part of UWBA’s role as a federation for the Combined Federal Campaign as well as other state and local government-sponsored fundraising campaigns. Additionally, there are donor designations that are contributions designated by the donor to support UWBA’s internal programs.

Planned gifts – Planned gifts that are irrevocable are recognized as a receivable when amounts due to UWBA can be reasonably estimated. As of June 30, 2015 and 2014, UWBA has only one type of planned gift – pooled income funds. Assets associated with these gifts totaled \$160,449 and \$162,476 as of June 30, 2015 and 2014, respectively, at fair value and are included in investments in the accompanying statements of financial position. Liabilities associated with these gifts totaled \$24,370 and \$26,975 as of June 30, 2015 and 2014 respectively, at fair value and are included in operating payables and accruals in the accompanying statements of financial position.

Donated goods and services – UWBA recognizes the value of donated equipment, supplies, and advertising services at the fair value for similar items. Donated goods and services for the years ended June 30, 2015 and 2014 of \$711,451 and \$312,007, respectively, were reflected in miscellaneous contributions in the accompanying statements of activities and changes in net assets. UWBA will recognize the fair value of donated services if the services meet the recognition criteria which include: a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated. Although UWBA receives a significant amount of contributed time from volunteers, this time does not meet the recognition criteria. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

Gross funds awarded/allocated to agencies – The amount shown on the accompanying statements of activities and changes in net assets includes grants to UWBA initiatives and programs. These grants have been recommended by staff working with a subcommittee of the Board of Directors and have been approved by the Board. However, to comply with financial statement presentation requirements, these grants are shown net of an offset amount to prevent revenue duplication between unrestricted and temporarily restricted accounts.

Functional allocation of expenses – The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated among program and supporting services classification based on the average number of full-time employees, the time study allocation method, and on a direct cost basis. This is consistent with the standards for allocation of functional expenses in accordance with GAAP and United Way Worldwide.

Concentrations of risk – UWBA receives approximately 47% and 44% as of June 30, 2015 and 2014, respectively of its gross campaign revenue from five employers. All five of these employers are nationally aligned through United Way Worldwide; therefore, the risk of loss of these employers by UWBA is remote. UWBA received 42% and 26% as of June 30, 2015 and 2014, respectively of its gross grant revenue from two employers. UWBA has a history of collectability with these employers and therefore believes that the risk of loss of these employers as donors is remote.

Income taxes – UWBA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701d of the Revenue and Taxation Code except to the extent of unrelated business taxable income as defined under IRC sections 511 through 515. Since UWBA has no unrelated business taxable income, no provision for income taxes has been provided in these financial statements. UWBA has no unrecognized tax benefits or uncertain tax positions as of June 30, 2015. With few exceptions, UWBA is no longer subject to United States federal or state/local income tax examinations by tax authorities for fiscal years before 2010.

UNITED WAY OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. UWBA recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements. UWBA’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

UWBA has evaluated subsequent events through November 5, 2015, which is the date the financial statements were available to be issued. On July 1, 2015, UWBA commenced subleasing 2,405 rentable square feet of its 550 Kearny office space to a third party, under the terms of a noncancelable operating sublease made on June 9, 2015.

Future minimum revenue under this noncancelable operating leases having expiration terms of five years as of July 1, 2015 are as follows:

<u>Years Ending June 30,</u>	
2016	\$ 104,618
2017	107,023
2018	109,428
2019	111,833
Thereafter	<u>114,238</u>
Total	<u>\$ 547,140</u>

NOTE 3 – PLEDGES AND GRANTS RECEIVABLE

UWBA expected to receive grants receivable at June 30, 2015 and June 30, 2014, respectively, as follows:

	<u>2015</u>	<u>2014</u>
Amount due:		
In the next year	\$ 2,227,617	\$ 2,767,234
Between two and five years	<u>856,667</u>	<u>395,000</u>
	3,084,284	3,162,234
Discount	<u>(8,045)</u>	<u>(758)</u>
Grants receivable, net	<u>\$ 3,076,239</u>	<u>\$ 3,161,476</u>

UWBA expected to receive pledges receivable at June 30, 2015 and June 30, 2014, respectively, as follows:

	<u>2015</u>	<u>2014</u>
Amount due:		
In the next year	\$ 5,713,825	\$ 6,760,204
Between two and five years	<u>700,000</u>	<u>800,000</u>
	6,413,825	7,560,204
Discount	(4,103)	(3,293)
Provision for uncollectible pledges	<u>(555,000)</u>	<u>(616,000)</u>
Pledges receivable, net	<u>\$ 5,854,722</u>	<u>\$ 6,940,911</u>

**UNITED WAY OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - INVESTMENTS

The following tables present the investments carried at fair value on the accompanying statements of financial position as of June 30, 2015 and June 30, 2014, by valuation hierarchy:

	2015	2014
Equities		
Domestic	\$ 2,845,422	\$ 2,990,329
International	2,217,829	2,432,187
Balanced fund	362,444	421,903
Small cap funds	805,088	787,896
Commodities/natural resources fund	287,092	443,852
Bonds		
Low duration and intermediate	3,561,662	4,231,428
International global	811,932	852,692
Cash and cash equivalents (held for investment)	115,654	67,336
Pooled income funds	160,449	162,476
Total	\$ 11,167,572	\$ 12,390,099

Fair Value Measurement Inputs	2015		
	Level 1	Level 2	Total
Equity			
Domestic	\$ 2,845,422	\$ -	\$ 2,845,422
International	2,217,829	-	2,217,829
Balanced fund	362,444	-	362,444
Small cap funds	805,088	-	805,088
Commodities/natural resources fund	287,092	-	287,092
Bonds			
Low duration and intermediate	3,561,662	-	3,561,662
International global	811,932	-	811,932
Cash and cash equivalents (held for investment)	115,654	-	115,654
Pooled income funds	-	160,449	160,449
Total	\$ 11,007,123	\$ 160,449	\$ 11,167,572

Fair Value Measurement Inputs	2014		
	Level 1	Level 2	Total
Equity			
Domestic	\$ 2,990,329	\$ -	\$ 2,990,329
International	2,432,187	-	2,432,187
Balanced fund	421,903	-	421,903
Small cap funds	787,896	-	787,896
Commodities/natural resources fund	443,852	-	443,852
Bonds			
Low duration and intermediate	4,231,428	-	4,231,428
International global	852,692	-	852,692
Cash and cash equivalents (held for investment)	67,336	-	67,336
Pooled income funds	-	162,476	162,476
Total	\$ 12,227,623	\$ 162,476	\$ 12,390,099

UNITED WAY OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS

Net unrealized and realized gains are as follows for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 275,171	\$ 266,236
Less investment management fees	<u>(64,548)</u>	<u>(55,508)</u>
Total investment income, net	<u>\$ 210,623</u>	<u>\$ 210,728</u>

Investment income is as follows for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Unrealized (losses) / gains	\$ (524,499)	\$ 798,644
Realized gains	<u>243,253</u>	<u>579,176</u>
Net realized and unrealized (losses) / gains on investments	<u>\$ (281,246)</u>	<u>\$ 1,377,820</u>

UWBA's long term asset allocation policy was developed by staff and approved by the Board to manage market fluctuations over time. UWBA is aware there are challenges in the current financial markets and continues to monitor related volatility.

NOTE 5 - FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Furniture, equipment, and leasehold improvements consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Computer software and equipment	\$ 876,869	\$ 880,835
Office furniture	447,267	489,197
Equipment	225,206	205,537
Leasehold improvements	480,892	434,995
Vehicles	<u>24,240</u>	<u>24,240</u>
Total	2,054,474	2,034,804
Less accumulated depreciation and amortization	<u>(1,239,215)</u>	<u>(1,069,334)</u>
Total furniture, equipment, and leasehold improvements, net	<u>\$ 815,259</u>	<u>\$ 965,470</u>

**UNITED WAY OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – MISCELLANEOUS CONTRIBUTIONS

Miscellaneous contributions are comprised of the following as of June 30:

	2015	2014
Unrestricted		
Donated goods and services	\$ 604,498	\$ 138,777
Non-campaign donations	753,390	218,659
Prior year campaign revenue	35,295	15,882
Revenue - other United Ways	70,391	91,817
Special events income	13,921	15,711
Sponsorship fees	308,059	244,250
	1,785,554	725,096
Temporarily restricted		
Donated goods and services	106,953	173,230
Non-campaign donations and miscellaneous (expense) income	(193,948)	805,000
Special events income	232	24,371
Sponsorship fees	221,600	139,700
	134,837	1,142,301
Total miscellaneous contributions	\$ 1,920,391	\$ 1,867,397

NOTE 7 – COMMITMENTS

UWBA leases office space under noncancelable operating leases expiring at various dates through March 31, 2023. Lease agreements generally provide for both renewal options and escalation clauses for increased operating expenses and real estate taxes. UWBA is also committed under noncancelable operating leases for various office equipment.

Future minimum commitments under noncancelable operating leases having lease terms in excess of one year as of June 30, 2015 are as follows:

<u>Years Ending June 30,</u>	
2016	\$ 1,196,555
2017	1,223,680
2018	1,168,863
2019	1,167,304
2020	1,165,007
Thereafter	3,153,122
Total	\$ 9,074,531

Rent expense for the years ended June 30, 2015 and June 30, 2014, was \$1,203,540 and \$1,204,708, respectively.

NOTE 8 – PENSION PLAN

The Pension Plan of United Way of the Bay Area (the “Plan”) is a single employer defined benefit pension plan with UWBA as plan sponsor.

The Plan was amended to freeze participation and benefit accruals under the Plan effective December 31, 2006. Accordingly, no employees will become participants after the December 1, 2006 entry date, and participants’ Plan benefits will not increase after December 31, 2006. In no event will the accrued benefit of any participant be less than that calculated as of December 31, 2006.

UNITED WAY OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS

Accrued pension costs consist of the following at June 30:

	2015	2014
Defined benefit pension plan liabilities	\$ 3,078,656	\$ 2,062,606
Defined early retirement medical and long term care benefit plans	139,580	142,012
Total accrued pension costs	<u>\$ 3,218,236</u>	<u>\$ 2,204,618</u>

The following information sets forth the Plan's projected benefit obligation, fair value of plan assets, unfunded status, and accumulated benefit obligation as of June 30:

	2015	2014
Projected benefit obligation		
Beginning of year	\$ 16,440,202	\$ 15,416,556
Service cost	175,440	165,110
Interest costs	642,388	676,584
Actuarial loss	1,168,653	1,060,874
Benefits paid	(1,029,456)	(707,402)
Administrative expenses paid	(170,521)	(171,520)
End of year	<u>\$ 17,226,706</u>	<u>\$ 16,440,202</u>
Fair value of plan assets		
Beginning of year	\$ 14,429,722	\$ 12,402,433
Actual return on plan assets	503,836	2,006,211
Employer contributions	500,000	900,000
Benefits paid	(1,029,456)	(707,402)
Administrative expenses paid	(170,521)	(171,520)
End of year	<u>\$ 14,233,581</u>	<u>\$ 14,429,722</u>
Funded status of the Plan at year-end (underfunded)	<u>\$ (2,993,125)</u>	<u>\$ (2,010,480)</u>

Amounts recognized for the defined pension plan only in the accompanying statements of financial position are as follows as of June 30:

	2015	2014
Prepaid benefit cost	\$ 3,104,500	\$ 2,477,630
Additional accrued pension liability for pension plans with a benefit obligation in excess of plan assets	<u>(6,097,625)</u>	<u>(4,488,110)</u>
Defined benefit pension liabilities	<u>\$ (2,993,125)</u>	<u>\$ (2,010,480)</u>
Unrestricted net assets, pension liability in excess of intangible pension assets	<u>\$ 6,097,625</u>	<u>\$ 4,635,018</u>

Amounts reflected in the accompanying statements of activities and changes in net assets are as follows for the years ended June 30:

	2015	2014
Service cost	\$ 175,440	\$ 165,110
Interest cost	642,388	676,584
Expected return on assets	(1,145,057)	(1,000,751)
Amortization loss	200,359	202,322
Net periodic pension cost	<u>\$ (126,870)</u>	<u>\$ 43,265</u>

**UNITED WAY OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS**

The projected unit credit cost method was utilized for measuring net periodic pension cost over the employee's estimated service life. The following table summarizes the assumptions used in computing the present value of projected benefit obligations and net periodic cost as of June 30:

	2015	2014
Assumptions used in computing benefit obligation		
Discount rate	4.25%	4.00%
Rate of compensation increase	N/A	N/A
Assumptions used in computing the net periodic pension costs		
Discount rate	4.00%	4.50%
Expected return on assets	8.00%	8.00%
Rate of compensation increase	N/A	N/A

The investment objective for the Plan is to maximize total return within reasonable and prudent levels of risk. The Plan's weighted-average asset allocations are as follows as of June 30:

	2015	2014
Asset category		
Common and collective trusts		
Equity	60.7%	60.6%
Debt	37.6%	36.8%
Cash and cash equivalents	1.7%	2.6%
Total	<u>100.0%</u>	<u>100.0%</u>

The fair values of the UWBA's defined benefit plan assets at June 30, 2015, by asset category, are as follows:

Fair Value Measurement Inputs	Level 1	Level 2	Total
Cash and cash equivalents	\$ 246,576	\$ -	\$ 246,576
Large cap equities fund	4,648,834	-	4,648,834
Small cap equities fund	717,582	-	717,582
Mid cap fund	1,191,260	-	1,191,260
International equities fund	2,079,759	-	2,079,759
Fixed income securities	5,349,570	-	5,349,570
Total	<u>\$ 14,233,581</u>	<u>\$ -</u>	<u>\$ 14,233,581</u>

The fair values of the UWBA's defined benefit plan assets at June 30, 2014, by asset class are as follows:

Fair Value Measurement Inputs	Level 1	Level 2	Total
Cash and cash equivalents	\$ 373,141	\$ -	\$ 373,141
Large cap equities fund	4,637,672	-	4,637,672
Small cap equities fund	697,236	-	697,236
Mid cap fund	1,240,896	-	1,240,896
International equities fund	2,165,105	-	2,165,105
Fixed income securities	5,315,672	-	5,315,672
Total	<u>\$ 14,429,722</u>	<u>\$ -</u>	<u>\$ 14,429,722</u>

UNITED WAY OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS

The estimated minimum benefit payments which reflect expected future service, as appropriate, to be paid by UWBA are as follows:

<u>Year Ending June 30,</u>		
2016	\$	775,449
2017		800,971
2018		831,020
2019		879,396
2020		923,214
2020-2025		5,092,618
	<u>\$</u>	<u>9,302,668</u>

UWBA contributed \$500,000 and \$900,000 to the Plan during the years ended June 30, 2015 and June 30, 2014, respectively.

UWBA established the UWBA 401(k) Plan. Employees that are eligible can participate in the 401(k) Plan on the first day of the calendar quarter following their date of hire. UWBA matches 100% of participants' salary deferral contribution, up to a maximum of 2% of compensation. In addition, UWBA makes an employer "nonelective" contribution according to a formula that is based on a participant's age plus service. For employees hired before January 1, 2010, matching and employer nonelective contributions will be 100% vested after two years of service (or age 65, if earlier). Effective January 1, 2014, employees hired after January 1, 2010 will be 25% vested after 1 year of service, 50% after 2 years of service, 75% vested after 3 years of service and 100% vested after 4 years of service. UWBA contributed \$386,426 and \$364,244 to the plan for the years ended June 30, 2015 and 2014, respectively.

UWBA instituted a voluntary long term care insurance program in fiscal year 2013. As a part of that program, it made arrangements to pay 83% of the cost of the long term premiums for the CEO from March 2013 until her death. The estimated cost of future premiums as of June 30, 2015 and 2014, is \$56,082 and \$56,958 respectively.

UWBA had a defined benefit early retirement medical benefits plan that covered certain full-time employees who retired as of June 30, 1993. UWBA does not contribute to this plan except to reimburse certain medical and other costs submitted by the Plan's retirees as defined within the agreement. The estimated cost of future medical and other payments as of June 30, 2015 and June 30, 2014 is \$83,498 and \$85,055, respectively, and is included in accrued pension costs.

In the fiscal year ended 2014, UWBA established an eligible deferred compensation plan for a select group of highly compensated employees under Section 457(b) of the Internal Revenue Code. The plan allows pre-tax contributions of the maximum amount allowed by law per year through payroll deduction. At June 30, 2015, three employees, respectively, had elected to participate in the plan. The investments in this plan remain as assets of the organization until the employees retire. The balance in the plan as of June 30, 2015 and 2014 is \$61,161 and \$25,152 respectively.

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes as of June 30, 2015 and June 30, 2014 respectively:

	<u>2015</u>	<u>2014</u>
UWBA community programs	\$ 1,096,287	\$ 1,448,336
Time restricted multi-year gifts	600,000	800,000
Endowment activity	1,130,510	1,363,671
Total	<u>\$ 2,826,797</u>	<u>\$ 3,612,007</u>

NOTE 10 – ENDOWMENT DISCLOSURES

Interpretation of relevant law – The Board of Directors of UWBA has interpreted the California Prudent Management of Institutional Funds Act (“CPMIFA”) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, UWBA classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the UWBA Board of Directors in a manner consistent with the standard prudence prescribed by CPMIFA. In accordance with CPMIFA, UWBA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of UWBA and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of UWBA
- g. The investment policies of UWBA

Spending policy and how the investment objectives relate to spending policy – The endowment fund has a spending policy of appropriating all of the net income earned on the investment of these funds for distribution according to the instructions of the donor at the time the gift is made. The original value of the gifts donated to the permanent endowment is to be classified as permanently restricted and any earnings are classified as temporarily restricted until appropriated for expenditure.

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CPMIFA requires UWBA to retain as a fund of perpetual duration. As of June 30, 2015 and June 30, 2014, there were no deficiencies.

The composition and changes in the endowment net assets as of June 30, 2015 and 2014, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Endowment net assets, June 30, 2013	\$ 176,071	\$ 728,655	\$ 3,889,975	\$ 4,794,701
Contribution	-	-	1,000	1,000
Investment income	-	411,171	-	411,171
Net appreciation	-	408,308	-	408,308
Amounts appropriated for expenditure	(176,071)	(184,463)	-	(360,534)
Endowment net assets, June 30, 2014	-	1,363,671	3,890,975	5,254,646
Contribution	-	-	1,400	1,400
Investment income	-	178,303	-	178,303
Net depreciation	-	(216,712)	-	(216,712)
Amounts appropriated for expenditure	-	(194,752)	-	(194,752)
Endowment net assets, June 30, 2015	\$ -	\$ 1,130,510	\$ 3,892,375	\$ 5,022,885

UNITED WAY OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - RELATED PARTY TRANSACTIONS

UWBA's volunteer members of the Board of Directors participate in fundraising events, activities and by making private contributions. UWBA may also have Board members that have other direct transactions with the organization. All related parties of UWBA are annually required to read and sign a conflict of interest policy which covers any relationship with board members, volunteers, and staff.

NOTE 12 - LINE OF CREDIT

UWBA transferred its revolving line of credit from one financial institution to another effective June 16, 2015 and expanded the line from \$3,500,000 to \$4,900,000. The terms of this agreement call for the pledging of securities and other investments maintained in the financial institution for any and all obligations taken by UWBA under this agreement. The agreement provides for a credit limit of up to \$4,900,000 based on the fair value of the pledged collateral less outstanding loan balances and letters of credit with interest charged at a rate determined by the lender on a periodic basis. As of June 30, 2015, there was \$2,753,932 outstanding debt for the line of credit. The existing letter of credit issued to the landlord for \$230,000 was also transferred to the new financial institution under the same credit limit.