

**UNITED WAY CALIFORNIA
CAPITAL REGION**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
JUNE 30, 2015 AND 2014**

UNITED WAY CALIFORNIA CAPITAL REGION

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
United Way California Capital Region
Sacramento, California**

Report on the Financial Statements

We have audited the accompanying financial statements of United Way California Capital Region (Organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way California Capital Region 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

September 17, 2015

UNITED WAY CALIFORNIA CAPITAL REGION

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 2,428,190 | \$ 2,056,544 |
| Campaign pledges receivable, net of allowance for uncollectible pledges of \$682,972 in 2015 and \$681,455 in 2014 | 3,336,623 | 3,733,509 |
| Current portion of grant receivable | 100,000 | |
| Accounts receivable | 91,580 | 91,538 |
| Prepaid expenses and other assets | <u>99,810</u> | <u>67,442</u> |
| Total current assets | 6,056,203 | 5,949,033 |
| NONCURRENT ASSETS: | | |
| Grant receivable | 100,000 | |
| Board designated investments | 2,570 | 9,677 |
| Property and equipment, net | 11,015 | 29,417 |
| Leasehold interest in property, net | <u>1,822,752</u> | <u>1,841,939</u> |
| TOTAL ASSETS | <u>\$ 7,992,540</u> | <u>\$ 7,830,066</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES: | | |
| Designation distributions payable to agencies | \$ 2,478,075 | \$ 2,325,265 |
| Grant distributions payable to agencies | 297,955 | 153,629 |
| Accounts payable and accrued liabilities | 178,559 | 148,005 |
| Funds held on behalf of other United Way agencies | <u>243,460</u> | <u>74,652</u> |
| Total current liabilities | 3,198,049 | 2,701,551 |
| NET ASSETS: | | |
| Unrestricted | 2,667,808 | 3,239,887 |
| Temporarily restricted | <u>2,126,683</u> | <u>1,888,628</u> |
| Total net assets | 4,794,491 | 5,128,515 |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 7,992,540</u> | <u>\$ 7,830,066</u> |

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

UNITED WAY CALIFORNIA CAPITAL REGION

STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2015 AND 2014

| UNRESTRICTED NET ASSETS: | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| REVENUES: | | |
| Campaign results | \$ 9,213,064 | \$ 9,280,492 |
| Third party processors | 1,833,877 | 1,708,627 |
| Campaign fees and expense reimbursement | 486,285 | 454,473 |
| Sponsorships | 88,900 | 62,500 |
| Total campaign results | <u>11,622,126</u> | <u>11,506,092</u> |
| Less provision for uncollectible pledges | (597,786) | (541,560) |
| Less funds designated to agencies by donors | <u>(7,121,781)</u> | <u>(6,766,877)</u> |
| Net campaign contributions designated to Community | | |
| Impact Fund | 3,902,559 | 4,197,655 |
| Investment income | 2,847 | 3,541 |
| Healthy Meals Program | 394,883 | |
| In-kind donations | 19,430 | 232,380 |
| Other revenue | 407,836 | 418,559 |
| Net assets released from restrictions | <u>65,876</u> | <u>51,287</u> |
| Total revenues | <u>4,793,431</u> | <u>4,903,422</u> |
| EXPENSES: | | |
| Agency and community support: | | |
| Cash contributions and other community support | 2,498,298 | 2,680,341 |
| Healthy Meals Program | 394,883 | |
| Supporting services: | | |
| Campaign | 1,253,740 | 1,109,652 |
| Marketing and communications | 633,212 | 623,369 |
| Management and general | 493,014 | 469,780 |
| United Way Worldwide dues | <u>92,363</u> | <u>101,380</u> |
| Total expenses | <u>5,365,510</u> | <u>4,984,522</u> |
| CHANGE IN UNRESTRICTED NET ASSETS | <u>(572,079)</u> | <u>(81,100)</u> |
| TEMPORARILY RESTRICTED NET ASSETS: | | |
| Grants and contributions | 303,931 | 46,689 |
| Net assets released from restrictions | <u>(65,876)</u> | <u>(51,287)</u> |
| CHANGE IN TEMPORARILY RESTRICTED NET ASSETS | <u>238,055</u> | <u>(4,598)</u> |
| CHANGE IN NET ASSETS | (334,024) | (85,698) |
| NET ASSETS, Beginning of year | <u>5,128,515</u> | <u>5,214,213</u> |
| NET ASSETS, End of year | <u>\$ 4,794,491</u> | <u>\$ 5,128,515</u> |

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

UNITED WAY CALIFORNIA CAPITAL REGION

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2015

| | Program Services | | Supporting Services | | | United Way Worldwide Dues | Total |
|--|----------------------------|-----------------------|---------------------|---------------|-----------------|---------------------------|--------------|
| | Agency & Community Support | Healthy Meals Program | Campaign | Mktg. & Comm. | Mgmt. & General | | |
| Salaries, benefits, and payroll taxes | \$ 1,035,844 | \$ 16,564 | \$ 797,182 | \$ 297,713 | \$ 329,699 | | \$ 2,477,002 |
| Printing and other materials | 7,896 | | 150,075 | 237,269 | | | 395,240 |
| Cost of meals | | 371,356 | | | | | 371,356 |
| Professional services | 38,322 | 5,752 | 42,289 | 49,245 | 109,068 | | 244,676 |
| Meetings and events | 51,906 | 15 | 138,432 | 2,018 | 2,235 | | 194,606 |
| Facilities and rent | 40,148 | | 30,898 | 11,539 | 12,779 | | 95,364 |
| Travel, transportation, and training | 24,811 | 883 | 19,095 | 7,131 | 7,897 | | 59,817 |
| Equipment rental and maintenance | 24,995 | 157 | 19,236 | 7,184 | 7,956 | | 59,528 |
| Telecommunications | 14,253 | 156 | 10,969 | 4,096 | 4,537 | | 34,011 |
| Postage and shipping | 13,767 | | 10,595 | 3,957 | 4,382 | | 32,701 |
| Depreciation | 7,747 | | 5,962 | 2,227 | 2,466 | | 18,402 |
| Business insurance | 6,838 | | 5,262 | 1,965 | 2,176 | | 16,241 |
| Dues and subscriptions | 5,211 | | 4,011 | 1,498 | 1,658 | | 12,378 |
| Supplies | 3,824 | | 2,083 | 778 | 861 | | 7,546 |
| Miscellaneous | 22,932 | | 17,651 | 6,592 | 7,300 | | 54,475 |
| Subtotal | 1,298,494 | 394,883 | 1,253,740 | 633,212 | 493,014 | | 4,073,343 |
| Cash contributions to agencies | 1,199,804 | | | | | | 1,199,804 |
| United Way Worldwide dues | | | | | | \$ 92,363 | 92,363 |
| Total expenses included in the expense section of the statement of activities | 2,498,298 | 394,883 | 1,253,740 | 633,212 | 493,014 | 92,363 | 5,365,510 |
| Provision for uncollectible pledges, included as an offset against revenues on the statement of activities | 597,786 | | | | | | 597,786 |
| Total expenses | \$ 3,096,084 | \$ 394,883 | \$ 1,253,740 | \$ 633,212 | \$ 493,014 | \$ 92,363 | \$ 5,963,296 |

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

UNITED WAY CALIFORNIA CAPITAL REGION

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2014

| | Program Services | Supporting Services | | | United Way Worldwide Dues | Total |
|--|----------------------------------|---------------------|---------------------|--------------------|---------------------------------|---------------------|
| | Agency & Community Support | Campaign | Mktg. & Comm. | Mgmt. & General | | |
| Salaries, benefits, and payroll taxes | \$ 908,791 | \$ 710,125 | \$ 192,326 | \$ 302,226 | | \$ 2,113,468 |
| Printing and other materials | 77,452 | 166,944 | 316,727 | | | 561,123 |
| Professional services | 48,277 | | 79,173 | 117,499 | | 244,949 |
| Meetings and events | 13,956 | 135,859 | 2,786 | 4,377 | | 156,978 |
| Facilities and rent | 65,376 | 14,858 | 8,915 | 9,905 | | 99,054 |
| Travel, transportation, and training | 15,920 | 12,440 | 3,369 | 5,295 | | 37,024 |
| Equipment rental and maintenance | 19,242 | 15,035 | 4,072 | 6,399 | | 44,748 |
| Telecommunications | 22,741 | 17,770 | 4,812 | 7,563 | | 52,886 |
| Postage and shipping | 9,416 | 7,358 | 1,993 | 3,131 | | 21,898 |
| Depreciation | 16,982 | 3,860 | 2,316 | 2,573 | | 25,731 |
| Business insurance | 7,071 | 5,525 | 1,496 | 2,352 | | 16,444 |
| Dues and subscriptions | 3,770 | 2,946 | 798 | 1,254 | | 8,768 |
| Supplies | 2,727 | 2,131 | 577 | 907 | | 6,342 |
| Miscellaneous | 19,254 | 14,801 | 4,009 | 6,299 | | 44,050 |
| Subtotal | <u>1,230,975</u> | <u>1,109,652</u> | <u>623,369</u> | <u>469,780</u> | | <u>3,433,463</u> |
| Cash contributions to agencies | 1,449,366 | | | | | 1,449,366 |
| United Way Worldwide dues | | | | | <u>\$ 101,380</u> | <u>101,380</u> |
| Total expenses included in the expense section of the statement of activities | 2,680,341 | 1,109,652 | 623,369 | 469,780 | 101,380 | 4,984,522 |
| Provision for uncollectible pledges, included as an offset against revenues on the statement of activities | <u>541,560</u> | | | | | <u>541,560</u> |
| Total expenses | <u>\$ 3,221,901</u> | <u>\$ 1,109,652</u> | <u>\$ 623,369</u> | <u>\$ 469,780</u> | <u>\$ 101,380</u> | <u>\$ 5,526,082</u> |

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

UNITED WAY CALIFORNIA CAPITAL REGION

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (334,024) | \$ (85,698) |
| Reconciliation to net cash provided (used) by operating activities: | | |
| Net loss on investments | | 10 |
| Depreciation | 18,402 | 25,731 |
| Amortization of leasehold interest in property | 19,187 | 19,187 |
| Changes in: | | |
| Campaign pledges receivable, net | 396,886 | (74,076) |
| Grant receivable | (200,000) | |
| Accounts receivable | (42) | (43,454) |
| Prepaid expenses and other assets | (32,368) | (20,198) |
| Campaign distributions payable to agencies | 297,136 | (439,473) |
| Accounts payable and accrued liabilities | 30,554 | (73,858) |
| Funds held on behalf of other United Way agencies | 168,808 | (176,715) |
| Net cash provided (used) by operating activities | <u>364,539</u> | <u>(868,544)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | | (396) |
| Proceeds from sale of investments | 7,107 | |
| Purchases of property and equipment | | (19,063) |
| Net cash provided (used) by investing activities | <u>7,107</u> | <u>(19,459)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 371,646 | (888,003) |
| CASH AND CASH EQUIVALENTS, Beginning of year | <u>2,056,544</u> | <u>2,944,547</u> |
| CASH AND CASH EQUIVALENTS, End of year | <u>\$ 2,428,190</u> | <u>\$ 2,056,544</u> |

UNITED WAY CALIFORNIA CAPITAL REGION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

For more than 90 years, United Way California Capital Region (Organization) has brought together nonprofits, businesses, donors, volunteers, community leaders and more to meet the community's greatest needs, give immediate aid and find lasting solutions for future generations. The Organization mobilizes members of the community to be first responders in repairing the education level, financial stability and health of everyone in Amador, El Dorado, Placer, Sacramento and Yolo counties through donation and volunteer opportunities. The Organization raises funds throughout the year in workplace campaigns and also receives support from individual donors. Most contributions are received in the form of pledges scheduled to be fulfilled through payroll deductions over the subsequent calendar year.

Basis of accounting and financial statement presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Organization has no permanently restricted net assets.

Revenue recognition – Contributions, pledges, and bequests are recognized in full when received or unconditionally promised, in accordance with professional accounting standards. If a contribution is restricted by the donor for use in a future period or for a specific purpose, the amount is initially reported as an increase in temporarily restricted net assets. When the restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports as unrestricted revenues those contributions restricted by the donor for use in the broad service areas that are pervasive to the Organization's beneficiary agencies. Such contributions are distributed to agencies based on the Organization's assessment of their qualifications to achieve the goals of those service areas. Contributions designated by donors for specific agencies are reported as a deduction from gross campaign results in calculating net contribution revenue. Designations not yet distributed are recorded as a current liability.

The Organization participates in campaigns with other federated fundraising organizations, but recognizes as revenue only the contributions earmarked for the Organization and its list of certified agencies.

Campaign fees and expense reimbursement revenue are recognized as the related campaign contributions and pledges are recognized.

The Organization launched the Healthy Meals Program in September 2014 funded by a grant from the California Department of Education. Revenue from this grant is recognized when earned, which is based on the number of meals served.

In-kind donations are recognized as revenue when received and are likewise included as an offsetting expense or asset.

Cash and cash equivalents – For financial statement purposes, the Organization considers all investments with a maturity at purchase of three months or less to be cash equivalents, unless held for long-term purposes.

UNITED WAY CALIFORNIA CAPITAL REGION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

The Organization minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

Investments are stated at fair value. As of June 30, 2015 and 2014, investments consisted entirely of cash equivalents.

Campaign pledges receivable are stated at the amount management expects to collect from outstanding pledges. Collection of these amounts is not assured, and management has estimated the uncollectible amounts as of June 30, 2015 and 2014. A reasonable possibility exists that amounts ultimately uncollectible may differ materially from the amounts estimated. However, the difference cannot be reasonably determined.

Grant receivable consists of an unconditional promise to give from United Way of Central Ohio acting on behalf of the Siemer Institute for Family Stability. \$100,000 of the grant receivable is expected to be collected during the year ended June 30, 2016 and \$100,000 is expected to be collected during the year ended June 30, 2017. No discount was applied to the long-term grant receivable as it was considered immaterial.

Property and equipment are stated at cost or, if donated, at estimated fair value on the date of donation. Assets are depreciated using the straight-line method over estimated useful lives of 2 to 7 years.

Leasehold interest in property – The Organization rents its office space from its affiliate, the Sacramento Foundation (Foundation) under a 99 year lease at \$1 per year, expiring in 2110. The terms of the lease represent a contribution from the Foundation, which was recognized as a leasehold interest in property at fair value at the lease inception in 2012. The leasehold interest is being amortized on a straight-line basis over the 99 year life of the lease.

Income taxes – The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements. With some exceptions, the Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2011.

Functional allocation of expenses – The costs of providing the Organization's activities have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated to activities based on weighted averages of the proportions of employees' time incurred.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates included in these financial statements are management's estimate of the collectability of pledges receivable and useful lives of assets.

Reclassification – Certain 2014 amounts have been reclassified to conform to the 2015 financial statement presentation

UNITED WAY CALIFORNIA CAPITAL REGION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

Subsequent events have been evaluated for recognition and disclosure through September 17, 2015, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2015 that require recognition or disclosure in the financial statements.

2. COMMUNITY IMPACT FUNDING

Community Impact Fund is the Organization's terminology for its grant-making process. The Organization makes grants to some, but not all, of its Certified Partner Agencies for the purpose of achieving specific, positive, measurable impacts on important community issues such as high school graduation rates, household financial stability and obesity reduction. Actual Community Impact expenditures approved by the Board of Directors totaled \$1,199,804 for 2015 and \$1,449,366 for 2014 and are included in cash contributions and other community support expense in the statements of activities.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| | <u>2015</u> | <u>2014</u> |
|------------------------------------|------------------|------------------|
| Equipment, furniture, and fixtures | \$ 414,715 | \$ 414,715 |
| Software under license | <u>141,531</u> | <u>141,531</u> |
| Total | 556,246 | 556,246 |
| Less accumulated depreciation | <u>(545,231)</u> | <u>(526,829)</u> |
| Property and equipment, net | <u>\$ 11,015</u> | <u>\$ 29,417</u> |

4. EMPLOYEE BENEFIT PLANS

The Organization sponsors a defined contribution pension plan, under Internal Revenue Code Section 403(b), covering substantially all employees age 21 and over who have completed at least one year of service. The Organization makes monthly contributions equal to 5% of each employee's compensation. Such contributions vest over a five-year period and totaled \$69,158 for 2015 and \$61,035 for 2014.

The Organization also sponsors a defined benefit post-retirement plan that provides medical, dental, vision, and life insurance benefits to qualifying retired employees. To qualify, employees must be of age 55 or more and retire as an employee of the Organization with ten years of credited service. Medical benefits cover the period from retirement until qualified retirees reach age 65, the age of eligibility for Medicare. Life insurance will remain in effect until time of death. The cost of such benefits is estimated as a level percentage of their payroll costs, discounted to present value, and recognized after employees accumulate ten years of service and reach age 55. The postretirement plan is funded as benefits are paid. As of June 30, 2015, the plan covered only 1 employee.

UNITED WAY CALIFORNIA CAPITAL REGION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

5. RELATED PARTIES

The Organization is affiliated with the Sacramento Foundation, sharing one common member of the Board of Directors and providing management services to the Foundation under a contractual arrangement. The Foundation has been established for the purpose of developing resources, funding and community support for the benefit of the Organization or its successor and related charitable purposes.

The Organization received cash contributions from the Foundation totaling \$34,458 for 2015. These contributions were the result of a pledge by the Foundation to match certain 2015 donations made by individuals outside of a workplace giving campaign. No contributions were made by the Foundation to the Organization in 2014.

The Organization made cash contributions to the Foundation totaling \$7,107 for 2015 and \$313 for 2014.

The Organization leases its office space from the Foundation under a 99 year lease at \$1 per year expiring in 2110. The leasehold interest is recognized as an asset in the Organization's statements of financial position.

For services provided in accordance with the management service agreement between the Organization and Foundation, the Foundation paid \$60,000 in 2015 and 2014. The agreement was automatically renewed in May 2015 and automatically renews for a three-year term every third year thereafter, unless terminated by either party in accordance with the agreement. Future service fees will remain at \$60,000 per year unless modified at renewal.

The Organization has accounts receivable due from the Foundation totaling \$24,476 and \$85,728, as of June 30, 2015 and 2014, respectively.

In the routine course of business, the Organization sometimes purchases goods and services from companies that have officers serving on the Organization's Board of Directors. Significant related party balances and transactions are as follows:

| | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|
| Total cash balances held at Bank of America | \$ 2,427,591 | \$ 2,055,944 |

6. OTHER REVENUE

Total other revenue consists of the following:

| | <u>2015</u> | <u>2014</u> |
|---------------------|-------------------|-------------------|
| State collaborative | \$ 259,948 | \$ 212,249 |
| Management fees | 60,000 | 60,000 |
| Miscellaneous | <u>87,888</u> | <u>146,310</u> |
| Total | <u>\$ 407,836</u> | <u>\$ 418,559</u> |

UNITED WAY CALIFORNIA CAPITAL REGION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Leasehold interest in property | \$ 1,822,752 | \$ 1,841,939 |
| Family Stability Program | 300,000 | |
| Contributions restricted for the following year | <u>3,931</u> | <u>46,689</u> |
| Total | <u>\$ 2,126,683</u> | <u>\$ 1,888,628</u> |

UNITED WAY CALIFORNIA CAPITAL REGION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

| | <u>CFDA Number</u> | <u>Federal Expenditures</u> |
|--|-------------------------------|--|
| U.S. Department of Agriculture: | | |
| Passed through California Department of Education: | | |
| Child and Adult Care Food Program | 10.558 | \$ 394,883 |
| Summer Food Services Program for Children | 10.559 | <u>2,791</u> |
| Total expenditures of federal awards | | <u>\$ 397,674</u> |

UNITED WAY CALIFORNIA CAPITAL REGION
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards of United Way California Capital Region is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

**Board of Directors
United Way California Capital Region
Sacramento, California**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way California Capital Region (Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

September 17, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Independent Auditor's Report

**Board of Directors
United Way California Capital Region
Sacramento, California**

Report on Compliance for Each Major Federal Program

We have audited United Way California Capital Region's (Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2015. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

September 17, 2015

UNITED WAY CALIFORNIA CAPITAL REGION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs:

Name of Federal Program or Cluster

CFDA Number

Child and Adult Care Food Program 10.558

Dollar threshold used to identify Type A programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

UNITED WAY CALIFORNIA CAPITAL REGION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2015

B. FINDINGS – AUDIT OF FINANCIAL STATEMENTS

None noted.

C. FINDINGS AND QUESTIONED COSTS – AUDIT OF MAJOR FEDERAL AWARDS PROGRAMS

None noted.

D. FOLLOW-UP ON PRIOR YEAR FINDINGS AND QUESTIONED COSTS – AUDIT OF MAJOR FEDERAL AWARDS PROGRAMS

None noted.