United Way of Central Oklahoma, Incorporated
United Way of Canadian County
United Way of Logan County

Independent Auditor's Report and Combined Financial Statements

December 31, 2015

United Way of Central Oklahoma, Incorporated
United Way of Canadian County
United Way of Logan County
December 31, 2015

Contents

BKD LLP
CPAs & Advisors

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Independent Auditor's Report

Board of Directors
United Way of Central Oklahoma, Incorporated
United Way of Canadian County
United Way of Logan County
Oklahoma City, Oklahoma

We have audited the accompanying combined financial statements of United Way of Central Oklahoma, Incorporated, United Way of Canadian County and United Way of Logan County (collectively, United Way), which comprise the combined statements of financial position as of December 31, 2015, and the related combined statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of United Way as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Combined Comparative Information

The 2014 combined financial statements were audited by other auditors and their report thereon, dated September 16, 2015, expressed an unmodified opinion. The summarized combined comparative information presented herein as of and for the year ended December 31, 2014, was derived from those audited financial statements, which were audited by other auditors. Accordingly, we express no opinion and provide no assurance on it.

BKD, LLP

Oklahoma City, Oklahoma
September 13, 2016

United Way of Central Oklahoma, Incorporated
United Way of Canadian County
United Way of Logan County
Combined Statements of Financial Position
December 31, 2015
(with Summarized Financial Information for December 31, 2014)

Assets

	Unrestricted	Temporarily Restricted	Total 2015	Total 2014
Cash and cash equivalents	$ 17,771,704	$ 6,068,772	$ 23,840,476	$ 25,341,063
Pledges receivables, net	10,854,169	41,116	10,895,285	12,741,295
Certificates of deposit	1,445,805	-	1,445,805	1,444,628
Property and equipment, net	3,563,126	-	3,563,126	3,896,537
Other assets	73,509	-	73,509	24,033
Total assets	$ 33,708,313	$ 6,109,888	$ 39,818,201	$ 43,447,556

Liabilities and Net Assets

	Unrestricted	Temporarily Restricted	Total 2015	Total 2014
Liabilities				
Accounts payable and accrued expenses	$ 452,620	$ -	$ 452,620	$ 384,507
Allocations and designations payable	6,768,635	-	6,768,635	6,837,829
Accrued postretirement benefits	211,742	-	211,742	400,640
Total liabilities	7,432,997	-	7,432,997	7,622,976
Net Assets	26,275,316	6,109,888	32,385,204	35,824,580
Total liabilities and net assets	$ 33,708,313	$ 6,109,888	$ 39,818,201	$ 43,447,556

United Way of Central Oklahoma, Incorporated
United Way of Canadian County
United Way of Logan County
Combined Statements of Activities
Year Ended December 31, 2015
(with Summarized Financial Information for the Year Ended December 31, 2014)

	Unrestricted	Temporarily Restricted	Total 2015	Total 2014
Support and Revenue				
Public support	$ 21,748,400	$ 38,837	$ 21,787,237	$ 27,678,639
Less designations	6,633,599	-	6,633,599	7,148,277
Net public support	15,114,801	38,837	15,153,638	20,530,362
Administrative fees	521,637	-	521,637	544,175
Less uncollectible pledges	1,849,063	-	1,849,063	1,138,489
Net support revenue	13,787,375	38,837	13,826,212	19,936,048
Interest income	11,801	-	11,801	12,070
Miscellaneous	87,991	-	87,991	69,245
Grants	13,000	-	13,000	170,436
Total other revenue	112,792	-	112,792	251,751
Net assets released from restriction	3,615,086	(3,615,086)	-	-
Total revenues and other support	17,515,253	(3,576,249)	13,939,004	20,187,799

United Way of Central Oklahoma, Incorporated
United Way of Canadian County
United Way of Logan County
Combined Statements of Activities, continued
Year Ended December 31, 2015
(with Summarized Financial Information for the Year Ended December 31, 2014)

	Unrestricted	Temporarily Restricted	Total 2015	Total 2014
Allocations and Expenses				
Program services				
Allocations to agencies	10,457,694	-	10,457,694	10,766,518
Community investments and services	706,861	-	706,861	503,323
Disaster relief	3,365,803	-	3,365,803	5,317,555
Leadership	116,235	-	116,235	78,100
Volunteer services	298,401	-	298,401	232,681
ReMerge	-	-	-	533,660
Turning Point	-	-	-	78
Total allocation and expenses	14,944,994	-	14,944,994	17,431,915
Support services				
Resource development	$ 1,477,315	$ -	$ 1,477,315	$ 1,665,163
Organization administration	1,090,085	-	1,090,085	1,052,501
Total support services	2,567,400	-	2,567,400	2,717,664
Total expenses	17,512,394	-	17,512,394	20,149,579
Postretirement related changes other than net periodic pension cost	(134,014)	-	(134,014)	333,691
Change in Net Assets	136,873	(3,576,249)	(3,439,376)	(295,471)
Net Assets, Beginning of Year	26,138,443	9,686,137	35,824,580	36,120,051
Net Assets, End of Year	$ 26,275,316	$ 6,109,888	$ 32,385,204	$ 35,824,580

United Way of Central Oklahoma, Incorporated
United Way of Canadian County
United Way of Logan County
Combined Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Operating Activities		
Change in net assets	$ (3,439,376)	$ (295,471)
Adjustments to reconcile net cash used in operating activities		
Depreciation	335,732	268,289
Provision for uncollectible accounts	1,849,063	1,138,489
Loss on disposal of property	1,632	789
Change in operating assets and liabilities		
Pledges receivable	(3,053)	(4,235,117)
Other assets	(49,476)	12,850
Accounts payable and accrued liabilities	68,113	(139,210)
Allocations and designations payable	(69,194)	(387,779)
Accrued postretirement benefits	(188,898)	157,381
Net cash used in operating activities	(1,495,457)	(3,479,779)
Investing Activities		
Reinvestment of certificate of deposit interest	(1,177)	(410)
Purchase of property and equipment	(3,953)	(369,851)
Net cash used in investing activities	(5,130)	(370,261)
Financing Activities		
Principal payments on note payable	-	(638,261)
Net cash used in financing activities	-	(638,261)
Change in cash and cash equivalents	(1,500,587)	(4,488,301)
Cash and Cash Equivalents, Beginning of Year	25,341,063	29,829,364
Cash and Cash Equivalents, End of Year	$ 23,840,476	$ 25,341,063
Supplemental Cash Flow Information		
Interest paid	$ -	$ 8,559

United Way of Central Oklahoma, Incorporated
United Way of Canadian County
United Way of Logan County
Combined Statement of Functional Expenses
Year Ended December 31, 2015

	Allocation to Agencies	Community Investments and Services	Disaster Relief	Leadership	Volunteer Services	Resource Development	Oranizational Administration	Total
Salaries – employees	$ -	$ 357,233	$ 8,375	$ 36,343	$ 127,565	$ 623,867	$ 477,749	$ 1,631,132
Employee benefits	-	20,953	491	2,132	7,482	36,592	28,022	95,672
Payroll taxes	-	96,631	2,266	9,831	34,506	168,755	129,230	441,219
Total salaries and related expenses	-	474,817	11,132	48,306	169,553	829,214	635,001	2,168,023
Professional fees	-	15,523	364	6,580	5,543	35,699	22,742	86,451
Supplies	-	4,126	61	1,514	4,749	10,719	13,364	34,533
Telephone	-	4,673	109	472	1,657	8,219	6,734	21,864
Postage and shipping	-	2,088	39	1,916	900	7,135	8,765	20,843
Occupancy	-	24,718	580	2,514	8,827	47,049	36,155	119,843
Campaign expense, printing and awards	-	11,698	33	13,910	2,032	65,639	2,292	95,604
Local travel	-	2,952	333	201	1,454	14,170	5,709	24,819
Training and development	-	2,995	6	26	90	2,053	6,805	11,975
Membership dues	-	63,739	878	4,250	21,905	75,583	84,548	250,903
Equipment maintenance	-	14,493	262	1,139	10,497	21,030	21,900	69,321
Miscellaneous	-	15,602	378	28,343	46,398	80,164	31,538	202,423
CFC campaign expense	-	-	-	-	-	98,618	75,387	174,005
State campaign expense	-	-	-	-	-	26,476	20,239	46,715
City campaign expense	-	-	-	-	-	32,535	24,871	57,406
Support provided to partner agencies	10,457,694	-	-	-	-	-	-	10,457,694
Support provided to other beneficiaries	-	-	3,350,000	-	-	-	-	3,350,000
Total before depreciation	10,457,694	637,424	3,364,175	109,171	273,605	1,354,303	996,050	17,192,422
Depreciation – United Way (a)	-	69,437	1,628	7,064	24,796	123,012	94,035	319,972
Total expenses	$ 10,457,694	$ 706,861	$ 3,365,803	$ 116,235	$ 298,401	$ 1,477,315	$ 1,090,085	$ 17,512,394

(a) Excludes $15,760 of depreciation expenses allocated to CFC campaign.

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

United Way of Central Oklahoma, Incorporated (United Way of Central Oklahoma) is a charitable organization that provides funding to 61 nonprofit organizations located in seven counties in Central Oklahoma. These organizations, called Partner Agencies, provide programming and services in United Way of Central Oklahoma's five focus areas, which include strong families, successful kids, healthy citizens, independent living and community preparedness. United Way of Central Oklahoma also serves as a community convener, bringing together business and community leaders, nonprofit organizations, representatives of government and stakeholders to address health and social service issues.

In addition to its annual fundraising campaign, United Way of Central Oklahoma manages the annual campaigns for United Way of Canadian County and United Way of Logan County (both separate and independent charitable organizations), as well as the Combined Federal Campaign, the Oklahoma State Employees Charitable Contribution Campaign and the Oklahoma City Municipal Employee Charitable Contribution Campaign.

A summary of significant accounting polices applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements have been prepared in conformity with GAAP for not-for-profit entities. The accompanying combined financial statements include the accounts of United Way of Central Oklahoma Inc., United Way of Logan County and United Way of Canadian County (collectively, United Way).

All significant intercompany accounts and transactions have been eliminated in the accompanying combined financial statements. Under the accrual method of accounting, support and revenue are recognized when a promise is made and expenses are recorded as liabilities when incurred, without regard to the time of receipt or payment of cash.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily restricted support that increases the net asset classification. Contributions are recorded as received at their net realizable value.

When a donor-imposed time restriction ends or a purpose restriction is accomplished, the temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

The combined financial statements include certain prior year summarized comparative information. Such information does not include complete information required by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, such as activity by net asset classification. Accordingly, such information should be read in conjunction with United Way's combined financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Cash and Cash Equivalents

United Way considers all certificates of deposit purchased with a maturity of three months or less and money market funds to be cash equivalents.

At December 31, 2015, United Way's cash accounts held at their banks cumulatively exceeded federally insured limits by approximately $23,858,000. United Way has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments and Investment Return

United Way holds certificates of deposit issued by various financial institutions. Certificates of deposit are recorded at cost, which approximates fair value. The certificates of deposit bear interest at rates ranging from 0.20% to 0.70% and have remaining maturity dates ranging from one month to nine months as of December 31, 2015. Investment return is reflected in the statements of activities as unrestricted and temporarily restricted based upon the existence and nature of any donor or legally imposed restrictions.

Pledges Receivable

Pledges receivable are derived from an annual campaign, a CFC Campaign, a State Campaign, a City Campaign and a Capital Campaign, and represent amounts from donor pledge cards received by United Way through the end of a calendar year. As a result, annual public support revenue may not align with total amounts ultimately raised during each annual campaign since annual campaigns are not based on the calendar year. Pledges received in 2015 related to the 2014 campaign were approximately $1,485,000 and pledges received in 2014 related to the 2013 campaign were approximately $6,014,000. Pledges receivable include one-time as well as recurring pledges. Pledges may be remitted through cash, check, credit card, publicly traded stock or payroll deduction.

United Way estimates that a significant portion of the pledges receivable will be collected within a 15-month period. Therefore, United Way has not discounted its pledges receivable because the carrying value approximates fair value. United Way's pledges receivable, which are not restricted as to purpose by the donor, are reported in unrestricted net assets.

Allowance for Uncollectible Pledges

United Way's allowance for uncollectible pledges is based on historical losses incurred from uncollectible pledges adjusted, if necessary, for unusual circumstances which may affect the ultimate collection of pledges and specific accounts identified as collectible or uncollectible by management. When United Way becomes aware a pledge is uncollectible, it immediately charges the pledge off.

Property and Equipment

Property and equipment are recorded at cost while donated equipment and art are recorded at fair value at the date of receipt. Depreciation is charged to expense using the straight line method over the estimated useful life of each asset. Donated art is not depreciated.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and improvements	30 years
Furniture and equipment	3–7 years
Computer software	1–3 years

Contributions

Revenues include contributions from the annual fundraising campaign conducted each fall. Direct contributions are considered available for unrestricted use unless they are specifically restricted by the donor. Contributions received are recorded in the year the related commitments are received as either unrestricted, temporarily restricted or permanently restricted revenue. As restrictions on temporarily restricted net assets are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restriction in the accompanying statements of activities. Allocations to agencies are recognized in the year when the related commitments are made.

Certain contributions/pledges received in fundraising campaigns are designated by individuals for specific agencies. Accounting standards require that organizations who received contributions/pledges that are designated by donors for other organizations exclude such designated contributions/pledges from the amount recognized as contributions received and made. United Way classifies and reports such designations in its statements of activities as a reduction of public support.

Relationship with United Way Worldwide

United Way is a member of United Way Worldwide. As a member of United Way Worldwide, United Way has access to utilize the United Way Worldwide brand, including logo, merchandise, name recognition and credibility as a reputable non-profit organization. With membership, United Way must adhere to required standards of reporting to United Way Worldwide. Dues paid represent approximately 1% of the amount raised in the prior year annual campaign. Approximately $223,000 was expensed in 2015, which will be paid to United Way Worldwide in 2016 and is included in accounts payable and accrued expenses.

Contributed Services

During the 2015 annual campaign, contributed services in the amount of approximately $176,000 (determined by the number of weeks of service multiplied by the person's estimated weekly salary) were received in connection with the loaned executive program, a program whereby various businesses in the community loan their executives to United Way to perform various administrative and fundraising duties in connection with the annual campaign. In addition to contributed services related to the loaned executive program, United Way received approximately $1,918,000 of contributed advertising services related to various campaign efforts during 2015. The services contributed to United Way, which demonstrate a broad level of community support, have not been recognized in the accompanying financial statements as they represent services of a nonprofessional nature or because United Way would not have purchased such services if they were not contributed. In addition, a substantial number of volunteers contributed significant amounts of their time to United Way's fundraising campaigns; however, there is no objective basis available to measure the value of these services.

Income Taxes

The Internal Revenue Service has determined United Way is exempt from federal income taxes under section 501(a) of the Internal Revenue Code as organizations described in section 501(c)(3). Taxes may be assessed at the normal corporate rates on income derived from unrelated business activities not substantially related to United Way's exempt function. There was no unrelated business taxable income in 2015 or 2014.

Management has reviewed United Way's tax positions and concluded that there are no uncertain tax positions that require adjustments in order for the financial statements to be in compliance with authoritative guidance. Any penalties or interest expense, if incurred, would be charged to miscellaneous expense in the statement of functional expenses. Generally, United Way is not subject to income tax examination by federal, state or local tax authorities for years before 2012.

Designated Pledges Held for Other Agencies

United Way provides campaign donors with the option to designate pledges to participating United Way member agencies. The CFC Campaign, the State Campaign and the City Campaign (each managed by United Way) require donors to designate their pledges. United Way does not have title or ownership of these designated assets, nor does it have the right of variance and, as such, these gifts constitute agency transactions. Designated pledges are paid out equally over 12 months.

In accordance with United Way Worldwide membership standards, these designations are included in gross public support on the statements of activities, but are then deducted to arrive at United Way's net support revenue.

Allocations and Commitments to Agency Programs

In June 2015, United Way made awards to partner agency programs to allocate funds raised in the 2014 campaign to be paid for the period beginning July 1, 2015 through June 30, 2016. Accordingly, as of December 31, 2015, a liability was recorded for the unfunded balance of the awards payable as of that date.

In addition, allocation amounts to be paid to agency programs for the 2015 campaign are conditional until approved by the Board of Directors. Accordingly, no allocations payable related to the 2015 campaign have been recorded in the accompanying financial statements because a binding commitment had not been made at December 31, 2015.

In June 2016, United Way approved allocations and designations of approximately $13,337,000 for the 2015 campaign funds, for which payouts were set to begin on July 1, 2016.

Functional Allocation of Expenses

Except for certain expenses that are directly allocable, all expenses have been apportioned to program and supporting functions based upon the estimated time spent by each employee for each function.

Joint Costs

The costs of joint activities (involving fundraising) that are identifiable with a particular function are charged to that function and then joint costs are allocated between fundraising and the appropriate program or supporting function if the purpose, audience and content criteria are met. If the purpose, audience and content criteria are not met, all costs of the activity are charged to fundraising.

Resource Development Expenses

United Way engages in certain fundraising activities for the purpose of generating funds to support associated programs and operations of United Way. Expenses associated with these activities totaled $1,477,315 for the year ended December 31, 2015.

Note 2: Pledges Receivable

Amounts included in unrestricted pledges receivable are as follows:

2015 Campaign	$ 11,353,975
2014 Campaign	1,685,528
Total pledges receivable	13,039,503
Less allowance for uncollectible pledges	2,185,334
Net pledges receivable	$ 10,854,169

See *Notes 3* and *10* for disclosure of any temporarily restricted pledges receivable.

Note 3: Capital Campaign

During fiscal year 2007, United Way began a capital campaign to fund construction and pay down debts incurred in connection with the construction of a new corporate headquarters located at 1444 N.W. 28th Street in Oklahoma City, Oklahoma. The public pledge period began in the fall of 2007. Construction was completed and the new facility placed in service during 2009.

The following summarizes cumulative amounts incurred under the capital campaign and the funding thereof through December 31, 2015:

Building and fundraising costs incurred	
Land, buildings and equipment	$ 4,698,839
Funding sources	
Contributions received	4,408,715
Promises to give, at fair value	20,000
Total funding	4,428,715
Costs incurred in excess of funding	$ 270,124

The scheduled payment amounts at December 31, 2015, for promises to give related to the capital campaign are as follows:

Fiscal year	
2016	$ 10,000
2017	10,000
	$ 20,000

Note 4: Property and Equipment

Property and equipment are summarized as follows at December 31, 2015:

Land, buildings and improvements	$	4,325,986
Furniture and equipment		643,373
Computer software		347,462
Art		26,400
		5,343,221
Less accumulated depreciation		1,780,095
Net fixed asset	$	3,563,126

Note 5: Funds Held in Trust By Others

United Way of Central Oklahoma has received donations of funds in a trust account with the Oklahoma City Community Foundation, Inc. (the Foundation). The funds are invested by the Foundation. The investment income received by United Way of Central Oklahoma from the account is recorded as interest income. Donors to the Foundation may designate their contributions to United Way of Central Oklahoma's trust account. The trust had a balance of approximately $295,000 as of December 31, 2015.

The assets of this trust are not included in the accompanying financial statements as the trustees of the Foundation state they retain the right of variance.

Note 6: Net Assets

Unrestricted Net Assets

Unrestricted net assets represent funds over which United Way retains full control to use in achieving any of the organization's objectives. Funds which have been designated by the Board of Directors for certain purposes have been included in unrestricted net assets in the accompanying financial statements.

Unrestricted net assets are as follows as of December 31, 2015:

Undesignated	$	23,560,771
Board designated		
Community impact funding		1,428,488
Emergency relief		569,237
Defined benefit plan		716,820
Total unrestricted net assets	$	26,275,316

Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2015, are available for the following purposes or periods:

Capital campaign	$	20,000
Tornado relief		6,089,888
Total temporarily restricted net assets	$	6,109,888

Net Assets Released from Restrictions

Purpose restrictions on temporarily restricted net assets are generally satisfied when expenses are incurred on the donor-restricted program or function. Temporarily restricted net assets released from restrictions during the year ended December 31, 2015, were related to the following:

Capital campaign	$	277,334
Tornado relief		3,337,752
Total net assets released from restrictions	$	3,615,086

Note 7: Combined Federal Campaign, State Campaign and City Campaign

In addition to conducting the annual United Way campaign, United Way of Central Oklahoma serves, under contractual arrangement, as the Principal Combined Fundraising Organization (PCFO) for the CFC Campaign, the Central Oklahoma fundraising campaign for all federal employees selected by the Local Federal Coordinating Committee. United Way of Central Oklahoma also serves as the PCFO for the State and City Employee Campaigns. These campaign donors are required to designate their gifts to eligible charitable organizations (including United Way) throughout the country. A list of the eligible charitable organizations is provided to the donors by their employer. Many of these organizations are not partner agencies directly supported by United Way. In accordance with its contractual obligation, United Way of Central Oklahoma distributes these donations in accordance with the donor's designation. Because United Way of Central Oklahoma acts as an agent for these campaigns, contribution revenue and allocation expense on the statement of activities are reduced by these amounts. (See designated pledges policy in *Note 1*).

United Way of Central Oklahoma retains an administrative fee for the cost of the PCFO campaigns, which totaled approximately $200,000 for the CFC Campaign, $47,000 for the State Campaign and $57,000 for the City Campaign in 2015. United Way and its partner agencies are also eligible participants in the CFC, State and City Campaigns and receive donor-designated pledges from the CFC, State and City Campaigns. These pledges totaled approximately $285,000 for the CFC Campaign, $182,000 for the State Campaign and $222,000 for the City Campaign.

As of December 31, 2015, cash balances held on behalf of governmental campaigns are maintained in separate bank accounts totaling approximately $1,283,000. Donor designations payable related to governmental campaigns are approximately $669,000 as of December 31, 2015.

Note 8: Pension and Other Postretirement Benefit Plans

Defined Benefit Plan

United Way of Central Oklahoma provides a defined benefit retirement plan, administered by Mutual of America, covering all full-time employees employed on or before January 31, 2008, with one year of service who are at least 21 years of age, and part-time employees working at least 1,000 hours per year who are at least 21 years of age. Benefits are based on years of service and application of a benefit ratio to an employee's average compensation during three consecutive calendar years of service that yield the highest average compensation. United Way of Central Oklahoma's funding policy is to meet the minimum funding under the *Employee Retirement Income Security Act of 1974* (ERISA), although additional contributions can be made at the discretion of United Way of Central Oklahoma.

United Way of Central Oklahoma accounts for its postretirement benefits under FASB ASC Topic 715, *Compensation – Retirement Benefits*, which requires the funded status of its defined benefit pension and other postretirement plans be fully recognized in the statement of financial position and requires that plan assets and obligations be measured at the year-end statement of financial position date.

On January 31, 2008, United Way of Central Oklahoma froze benefit accruals under the Defined Benefit Retirement Plan (the Plan), a "curtailment" as defined in ASC Topic 715. As a result of the curtailment, participants will not receive benefits based on salaries projected to retirement. Instead, benefits will be based on participants' final average salaries as of January 31, 2008.

The following relates to the Plan which has a measurement date of December 31, 2015:

Accumulated postretirement benefit obligations	
Benefit obligation	$ (2,616,693)
Fair value of plan assets	2,404,951
Liability for pension benefits (funded status)	$ (211,742)

This liability is recognized in the accompanying statements of financial position as accounts payable and accrued expenses. The accumulated benefit liability noted above is the same amount as the estimated benefit obligation.

Items not yet recognized in net periodic pension cost	
Unrecognized transitional asset	$ 226
Unrecognized actuarial loss	(987,708)
	$ (987,482)

The change in accrued postretirement benefit cost for the year ended December 31, 2015, is as follows:

Liability for pension benefits – January 1, 2015	$ 400,640
Net benefit cost	55,698
Contributions	(165,806)
Gain not yet recognized in net periodic pension cost	(134,014)
Settlement loss	55,224
Liability for pension benefits – December 31, 2015	$ 211,742

The estimated transitional asset of ($226) and unrecognized net loss for the Plan of $51,419 will be amortized from changes in unrestricted net assets into net periodic benefit cost over the next fiscal year.

The following assumptions were used in accounting for the Plan as of December 31, 2015:

Weighted-average assumption used to determine benefit obligations at December 31, 2015	
Discount rate	3.90%
Expected return on plan assets	4.50%
Rate of compensation increase	0.00%
Weighted-average assumption used to determine benefit costs at December 31, 2015	
Discount rate	3.75%
Expected return on plan assets	4.50%
Rate of compensation increase	0.00%

The fair value of plan assets consists entirely of fixed income securities as of December 31, 2015.

Fair values of plan assets are based on the net asset value of shares held by the Plan, which are in proprietary mutual funds and other investments which are not publically traded and are categorized as level 2 in the fair value hierarchy as defined in *Note 9*.

The Plan's policies provide for investments in equity securities, fixed income securities and cash and cash equivalents with the goal of maximizing returns subject to risk management policies. All investments are readily marketable and can be sold to fund benefit payment obligations as they become payable.

The expected long-term rate of return on plan assets assumption of 4.50% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 – *Selection of Economic Assumptions for Measuring Pension Obligations*. Based on United Way of Central Oklahoma's investment policy for the Plan in effect as of the beginning of the fiscal year, being invested in funds holding a diverse portfolio of equity securities, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical 30-year period rolling averages.

Benefits paid during 2015 were $146,337. The following benefit payments are expected to be paid as of December 31, 2015:

2016	$ 717,000
2017	39,000
2018	40,000
2019	138,000
2020	41,000
2021–2025	610,000
Total	$ 1,585,000

Estimated contributions to the Plan for 2016 are $190,845. At December 31, 2015, United Way of Central Oklahoma had $716,820 in cash and certificates of deposit included in unrestricted net assets which are board-designated for Defined Benefit Plan funding.

Defined Contribution Plan

United Way of Central Oklahoma allows any employee who is 21 years and older with a minimum one year of service to participate in its 403(b) Thrift Plan. United Way of Central Oklahoma will contribute a 3% base contribution of an employee's salary per plan year whether or not that employee has elected to make voluntary salary reduction contributions to the plan. If an employee chooses to make salary reduction contributions, United Way of Central Oklahoma will match those contributions equal to the lesser of 50% of the salary reduction contributions or 1.5% of that employee's salary during the plan year. Total United Way of Central Oklahoma contributions to the 403(b) plan were $46,933 in 2015.

Note 9: Disclosures About Fair Value of Assets and Liabilities

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. ASC 820 defines 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 and establishes a three level hierarchy for measuring fair value. The statement requires fair value measurements be classified and disclosed in one of three categories.

ASC Topic 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

As noted in *Note 8*, investments held by United Way of Central Oklahoma's postretirement plan are the only financial instruments reported at fair value and are considered Level 2 in the fair value hierarchy.

Following is a description of the valuation methodologies and inputs used for assets 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 assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2015.

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include money market mutual funds, fixed income mutual funds and equity mutual funds. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. Level 2 investments include fixed income mutual funds. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. United Way does not have any Level 3 assets or liabilities.

Note 10: Tornado Relief

During 2013, United Way sponsored a tornado relief effort to raise funds to support individuals and communities affected by the May 2013 tornadoes and flooding in central Oklahoma. United Way was also the beneficiary of a number of independent tornado relief events that raised additional funds to support the tornado victims. Tornado relief efforts raised $18,311,000 in 2013. Substantially all tornado relief donations were cash payments and are reported as temporarily restricted amounts in the financial statements. Tornado relief donations totaled approximately $39,000 in 2015. United Way made payments of approximately $3,350,000 of these funds to relief agencies supporting tornado victims during 2015 and anticipates significant additional payments in 2016 and subsequent years to help meet the intermediate and long-term needs of those impacted by the storms.

Note 11: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued, for potential recognition or disclosure in the financial statements and it has been determined there are no other material or significant events to be reported.