United Way Worldwide and Subsidiary

Consolidated Financial Statements
Years Ended December 31, 2016 and 2015

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

United Way Worldwide
and Subsidiary

Consolidated Financial Statements
Years Ended December 31, 2016 and 2015

United Way Worldwide and Subsidiary

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Independent Auditor's Report

To the Board of Trustees
United Way Worldwide and Subsidiary
Alexandria, Virginia

We have audited the accompanying consolidated financial statements of **United Way Worldwide and Subsidiary** (collectively "the Organization"), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **United Way Worldwide and Subsidiary** as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

April 26, 2017

Consolidated
Financial Statements

United Way Worldwide and Subsidiary

Consolidated Statements of Financial Position

December 31,		**2016**		2015
Assets				
Current assets:				
Cash and cash equivalents	**$**	**11,287,979**	$	9,772,239
Short-term investments		**4,651,052**		115,326
Custodial funds		**3,954,273**		2,722,799
Member United Way receivables, net		**2,057,509**		1,200,687
Contributions receivable, net		**3,977,044**		2,202,205
Accounts receivable, net		**579,016**		492,482
Prepaid expenses and other current assets		**1,159,803**		635,256
Total current assets		**27,666,676**		17,140,994
Noncurrent assets:				
Custodial funds		**925,236**		915,299
Investments		**16,401,614**		32,935,732
Property and equipment, net		**28,784,301**		30,079,372
Contributions receivable, net		**1,768,946**		2,198,045
Other noncurrent assets		**1,123,677**		1,144,689
Total noncurrent assets		**49,003,774**		67,273,137
Total assets	**$**	**76,670,450**	$	84,414,131

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiary

Consolidated Statements of Financial Position

December 31,	**2016**	2015
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 6,184,756**	$ 7,803,234
Custodial funds	**3,954,273**	2,722,799
Current portion, liability for pension benefits	**930,082**	1,395,800
Current portion, postretirement benefits	**177,000**	144,000
Current portion, long term debt	**1,085,682**	1,044,118
Deferred revenue	**6,407,530**	4,349,286
Current portion of grants payable	**157,466**	164,795
Other current liabilities	**41,814**	26,273
Total current liabilities	**18,938,603**	17,650,305
Noncurrent liabilities:		
Custodial liability	**925,236**	915,299
Liability for pension benefits, net of current portion	**8,989,143**	10,402,364
Postretirement benefits, net of current portion	**1,739,550**	1,855,048
Long term debt, net of current portion	**5,144,224**	6,229,906
Grants payable, net of current portion	**-**	157,466
Deferred compensation	**249,353**	388,664
Total noncurrent liabilities	**17,047,506**	19,948,747
Total liabilities	**35,986,109**	37,599,052
Commitments and contingencies		
Net assets:		
Without donor restrictions	**26,804,556**	30,736,461
With donor restrictions	**13,879,785**	16,078,618
Total net assets	**40,684,341**	46,815,079
Total liabilities and net assets	**$ 76,670,450**	$ 84,414,131

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiary

Consolidated Statement of Activities

Year Ended December 31, 2016	Without Donor Restricitons	With Donor Restrictions	Total
Operating Revenues			
Public support:			
Membership support, net	$ 31,390,843	$ -	$ 31,390,843
Contributions	60,042,784	7,686,233	67,729,017
Total public support	91,433,627	7,686,233	99,119,860
Other revenue:			
Promotional material sales	489,234	-	489,234
Program service fees	5,041,147	280,000	5,321,147
Investment return, net	343,970	337,513	681,483
Conferences	2,501,726	-	2,501,726
Miscellaneous and other	1,413,046	-	1,413,046
Total other revenue	9,789,123	617,513	10,406,636
Net assets released from restrictions			
Satisfaction of program restrictions	10,502,579	(10,502,579)	-
Total net assets released from restrictions	10,502,579	(10,502,579)	-
Total revenues	111,725,329	(2,198,833)	109,526,496
Expenses			
Program services:			
Investor Relations	5,992,793	-	5,992,793
Donor Advised Giving	57,515,034	-	57,515,034
International Network	6,614,334	-	6,614,334
U.S. Network	10,551,739	-	10,551,739
Impact, Strategy and Innovation	14,199,278	-	14,199,278
Learning, Conferencing and Talent Management	4,766,151	-	4,766,151
Brand Strategy and Marketing	9,800,109	-	9,800,109
Campaign and Public Relations	164,679	-	164,679
Promotional Material Sales	686,755	-	686,755
Total program services	110,290,872	-	110,290,872
Supporting services:			
General and administrative	5,148,805	-	5,148,805
Fundraising	2,368,368	-	2,368,368
Total supporting services	7,517,173	-	7,517,173
Total expenses	117,808,045	-	117,808,045
Operating loss, before transfers	(6,082,716)	(2,198,833)	(8,281,549)
Board designation, appropriations and transfers to operations:			
Board designated for Center on Aging	7,645	-	7,645
Board designated for Donor Advised Giving	2,841,272	-	2,841,272
Board designated for Operating Reserve	2,007,000	-	2,007,000
Operating loss, after transfers	(1,226,799)	(2,198,833)	(3,425,632)
Non-operating item			
Pension-related changes other than net periodic pension cost	2,150,811	-	2,150,811
Board designation, appropriations and transfers to operations:			
Board designated for Center on Aging	(7,645)	-	(7,645)
Board designated for Donor Advised Giving	(2,841,272)	-	(2,841,272)
Board designated from Operating Reserve	(2,007,000)	-	(2,007,000)
Total non-operating item and Board designation	(2,705,106)	-	(2,705,106)
Changes in net assets	(3,931,905)	(2,198,833)	(6,130,738)
Net assets, beginning of year	30,736,461	16,078,618	46,815,079
Net assets, end of year	$ 26,804,556	$ 13,879,785	$ 40,684,341

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiary

Consolidated Statement of Activities

Year Ended December 31, 2015	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Public support:			
Membership support, net	$ 28,484,286	$ -	$ 28,484,286
Contributions	45,898,040	17,612,302	63,510,342
Total public support	74,382,326	17,612,302	91,994,628
Other revenue:			
Promotional material sales	607,850	-	607,850
Program service fees	1,853,593	220,000	2,073,593
Investment return, net	119,230	(9,295)	109,935
Conferences	3,009,096	-	3,009,096
Miscellaneous and other	1,123,604	-	1,123,604
Total other revenue	6,713,373	210,705	6,924,078
Net assets released from restrictions			
Satisfaction of program restrictions	10,604,531	(10,604,531)	-
Satisfaction of purpose restriction - building renovation	5,268,890	(5,268,890)	-
Release of restriction by donor	409,000	(409,000)	-
Total net assets released from restrictions	16,282,421	(16,282,421)	-
Total revenues	97,378,120	1,540,586	98,918,706
Expenses			
Program services:			
Investor Relations	6,132,779	-	6,132,779
Donor Advised Giving	36,147,157	-	36,147,157
International Network	5,007,597	-	5,007,597
U.S. Network	11,114,048	-	11,114,048
Impact, Strategy and Innovation	10,701,849	-	10,701,849
Learning, Conferencing and Talent Management	4,756,680	-	4,756,680
Brand Strategy and Marketing	7,164,041	-	7,164,041
Campaign and Public Relations	316,366	-	316,366
Promotional Material Sales	635,822	-	635,822
Total program services	81,976,339	-	81,976,339
Supporting services:			
General and administrative	4,287,031	-	4,287,031
Fundraising	3,264,614	-	3,264,614
Total supporting services	7,551,645	-	7,551,645
Total expenses	89,527,984	-	89,527,984
Operating excess, before transfers	7,850,136	1,540,586	9,390,722
Board designation, appropriations and transfers to (from) operations:			
Board designated for Center on Aging	(401,429)	-	(401,429)
Board designated for Donor Advised Giving	(4,208,540)	-	(4,208,540)
Board designated from Operating Reserve	4,265,000	-	4,265,000
Operating excess, after transfers	7,505,167	1,540,586	9,045,753
Non-operating item			
Pension-related changes other than net periodic pension cost	(1,299,407)	-	(1,299,407)
Board designation, appropriations and transfers (to) from operations:			
Board designated for Center on Aging	401,429	-	401,429
Board designated for Donor Advised Giving	4,208,540	-	4,208,540
Board designated from Operating Reserve	(4,265,000)	-	(4,265,000)
Total non-operating item and Board designation	(954,438)	-	(954,438)
Changes in net assets	6,550,729	1,540,586	8,091,315
Net assets, beginning of year	24,185,732	14,538,032	38,723,764
Net assets, end of year	$ 30,736,461	$ 16,078,618	$ 46,815,079

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended December 31, 2016	Program Services										Supporting Services			
	Investor Relations	Donor Advised Giving	International Network	U.S. Network	Impact, Strategy and Innovation	Learning, Conferencing and Talent Management	Brand Strategy and Marketing	Campaign and Public Relations	Promotional Material Sales	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 2,954,057	$ 493,844	$ 1,254,933	$ 4,537,282	$ 4,176,840	$ 1,649,265	$ 2,940,090	$ -	$ 398,755	$ 18,405,066	$ 2,382,413	$ 1,313,987	$ 3,696,400	$ 22,101,466
Employee benefits and taxes	964,656	108,094	271,051	1,381,258	1,225,538	464,956	856,497	31,013	116,841	5,419,904	751,738	297,892	1,049,630	6,469,534
Professional fees and contract services	448,722	100,676	2,213,635	2,011,743	5,341,250	1,005,150	4,955,843	40,772	2,772	16,120,563	740,845	260,866	1,001,711	17,122,274
Conferences and travel	590,981	44,942	457,172	614,102	544,246	1,086,383	285,216	8,616	9,324	3,640,982	119,709	241,166	360,875	4,001,857
Subscriptions, dues, and staff development	30,973	17,128	16,447	74,012	50,497	120,229	35,661	659	1,977	347,583	68,216	19,308	87,524	435,107
Scholarships, grants, and awards	473,506	56,656,714	1,941,517	922,281	1,516,634	29,690	159,120	313	938	61,700,713	19,025	3,336	22,361	61,723,074
Supplies	38,034	8,296	36,411	112,327	134,165	47,835	123,891	1,360	103,012	605,331	38,308	18,180	56,488	661,819
Telephone	124,768	14,868	85,142	374,213	205,869	91,410	79,957	7,683	8,389	992,299	56,708	51,643	108,351	1,100,650
Postage and shipping	6,226	964	4,655	12,072	7,299	8,427	9,880	203	-	49,726	8,382	2,818	11,200	60,926
Occupancy	90,277	17,381	87,259	111,993	119,352	95,014	88,507	56,136	11,189	677,108	65,705	39,815	105,520	782,628
Depreciation and amortization	270,593	52,127	246,095	335,585	357,957	167,792	265,447	11,186	33,558	1,740,340	190,165	119,357	309,522	2,049,862
Other expenses	-	-	17	64,871	519,631	-	-	6,738	-	591,257	707,591	-	707,591	1,298,848
Total expenses	$ 5,992,793	$ 57,515,034	$ 6,614,334	$ 10,551,739	$ 14,199,278	$ 4,766,151	$ 9,800,109	$ 164,679	$ 686,755	$ 110,290,872	$ 5,148,805	$ 2,368,368	$ 7,517,173	$ 117,808,045

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiary

Consolidated Statement of Functional Expenses

	Program Services										Supporting Services			
Year Ended December 31, 2015	**Investor Relations**	**Donor Advised Giving**	**International Network**	**U.S. Network**	**Impact, Strategy and Innovation**	**Learning, Conferencing and Talent Management**	**Brand Strategy and Marketing**	**Campaign and Public Relations**	**Promotional Material Sales**	**Total Program Services**	**General and Administrative**	**Fundraising**	**Total Supporting Services**	**Total Expenses**
Salaries	$ 3,032,705	$ 325,053	$ 1,402,144	$ 5,005,926	$ 3,312,357	$ 1,547,843	$ 2,606,657	$ 161,185	$ 371,137	$ 17,765,007	$ 2,180,136	$ 1,657,648	$ 3,837,784	$ 21,602,791
Employee benefits and taxes	589,164	51,466	177,186	1,112,799	755,091	321,626	541,992	19,847	81,063	3,650,234	507,308	279,081	786,389	4,436,623
Professional fees and contract services	735,018	87,357	1,989,265	1,258,063	4,180,536	1,058,656	1,989,413	6,979	8,651	11,313,938	715,754	374,773	1,090,527	12,404,465
Conferences and travel	722,528	25,259	575,473	745,398	485,202	1,450,138	345,943	17,104	7,043	4,374,088	104,057	302,075	406,132	4,780,220
Subscriptions, dues, and staff development	35,903	3,340	9,159	68,404	62,246	39,312	17,340	-	1,644	237,348	127,475	32,541	160,016	397,364
Scholarships, grants, and awards	365,227	35,557,544	557,604	1,704,122	1,134,726	2,427	1,178,216	-	331	40,500,197	2,067	7,925	9,992	40,510,189
Supplies	74,026	12,794	39,534	105,757	62,563	52,430	82,002	285	119,468	548,859	51,180	71,560	122,740	671,599
Telephone	144,447	11,042	54,957	335,092	117,191	51,856	53,587	6,445	6,199	780,816	42,271	94,357	136,628	917,444
Postage and shipping	12,275	1,318	5,741	17,580	7,716	6,293	6,883	1,058	771	59,635	8,098	9,998	18,096	77,731
Occupancy	125,319	19,581	63,677	160,564	86,306	67,924	82,240	8,319	11,749	625,679	70,491	129,234	199,725	825,404
Depreciation and amortization	296,167	46,276	129,573	379,463	203,615	138,828	194,359	-	27,766	1,416,047	166,594	305,422	472,016	1,888,063
Other expenses	-	6,127	3,284	220,880	294,300	19,347	65,409	95,144	-	704,491	311,600	-	311,600	1,016,091
Total expenses	$ 6,132,779	$ 36,147,157	$ 5,007,597	$11,114,048	$10,701,849	$ 4,756,680	$ 7,164,041	$ 316,366	$ 635,822	$ 81,976,339	$ 4,287,031	$ 3,264,614	$ 7,551,645	$ 89,527,984

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31,	**2016**	2015
Cash flows from operating activities		
Changes in net assets	**$ (6,130,738)**	$ 8,091,315
Adjustments to reconcile changes in net assets to		
net cash flows (used in) provided by operating activities:		
Depreciation and amortization	**2,049,862**	1,888,063
Provision for (reversal of) allowance for doubtful accounts	**67,983**	(16,497)
Bad debt expense	**98,535**	79,153
Loss on disposal of assets	**-**	95,664
Realized and unrealized (gain) loss on investments	**(336,744)**	227,186
Contribution received with permanent donor restriction	**6,249**	4,394
Donated stocks	**(1,102,232)**	(1,227,958)
Proceeds from sale of donated stocks	**1,091,775**	1,033,011
Realized loss on sale of donated stocks	**10,457**	9,864
Changes in assets and liabilities:		
Custodial funds	**-**	2,860,964
Member United Way receivables	**(884,106)**	(87,485)
Contributions receivable	**(1,482,000)**	(1,043,189)
Accounts receivable	**(89,508)**	(59,530)
Prepaid expenses and other current assets	**(524,547)**	665,949
Due from affiliates	**-**	203,066
Other noncurrent assets	**21,012**	(19,070)
Accounts payable and accrued liabilities	**(1,984,645)**	1,412,251
Distributions payable to local United Ways	**-**	(2,860,964)
Liability for pension benefits	**(1,878,939)**	(77,688)
Postretirement benefits	**(82,498)**	(91,394)
Deferred revenue	**2,058,244**	1,569,932
Grants payable	**(164,795)**	(111,750)
Other liabilities	**(123,770)**	44,387
Net cash flows (used in) provided by operating activities	**(9,380,405)**	12,589,674
Cash flows from investing activities		
Purchase of property and equipment	**(388,624)**	(10,603,928)
Proceeds from sale of investments	**30,641,683**	27,465,242
Purchase of investments	**(18,306,547)**	(32,262,958)
Proceeds from sales of donated stocks	**-**	185,083
Net cash flows provided by (used in) investing activities	**11,946,512**	(15,216,561)
Cash flows from financing activities		
Principal payments on long term debt	**(1,044,118)**	(736,497)
Proceeds from long term debt	**-**	8,010,521
Contribution received with permanent donor restriction	**(6,249)**	(4,394)
Net cash flows (used in) provided by financing activities	**(1,050,367)**	7,269,630
Net increase in cash and cash equivalents	**1,515,740**	4,642,743
Cash and cash equivalents:		
Beginning of year	**9,772,239**	5,129,496
End of year	**$ 11,287,979**	$ 9,772,239

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

Organizational Operating Structure

United Way Worldwide (UWW) is an international organization supported primarily by member United Ways through membership dues. UWW serves the worldwide United Way movement by being a leader in philanthropy and a mobilizer of resources, helping to shape the world's health and human services agenda and create a better quality of life for all.

United Way Worldwide (Asia) Limited (UWW Asia) is a wholly owned subsidiary of UWW incorporated in Hong Kong on January 19, 2010. UWW Asia obtained tax exempt status on March 21, 2011. UWW Asia's mission is to support UWW in its work in the Asia Pacific Region of the world. On November 12, 2013, UWW Asia commenced its operations.

Organizational Mission and Core Values

The mission of UWW is to improve lives by mobilizing the caring power of communities around the world to advance the common good.

This critical role requires that all personnel involved in UWW, who foster such an essential public good, must assume the responsibility of earning public trust.

Accordingly, UWW plays a unique role both as a leader in the health and human services sector and as a major resource to member United Way organizations to build trust through all that UWW does. This bond of trust goes far beyond legal or regulatory requirements to include our transparency, core values, and ethics.

To fulfill this special obligation, UWW's core values provide the foundation on which it bases its actions and decisions:

1. **Impact and commitment to community success** - UWW makes a positive difference and has a measurable impact of enduring consequence.

2. **Volunteerism** - UWW is made relevant and impactful through the spirit of volunteerism.

3. **Inclusiveness** – UWW is strong only when the organization is inclusive.

4. **Integrity and accountability** – UWW acts with integrity that justifies trust.

5. **Innovation** - UWW values innovation in community building to effect positive change.

Consolidation Policy

The consolidated financial statements include the accounts of UWW and UWW Asia (collectively referred to as "the Organization"). Significant transactions between the organizations, including all intercompany balances, have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents

Cash and cash equivalents are liquid investments with original maturities at the date of purchase of three months or less and consist primarily of money market funds.

Custodial Funds – UWW

Since 1983, U.S. Congress has allocated $4.20 billion to the Department of Homeland Security's Federal Emergency Management Agency (FEMA) to provide emergency food and shelter to needy individuals throughout the country. In 1983, a national board was convened to distribute these funds through the Emergency Food and Shelter Program (EFSP), a separate congressionally authorized program of FEMA, which is not consolidated into the Organization's financial statements. UWW was appointed fiscal agent for EFSP. In addition to UWW, other members of the national board include the American Red Cross; Catholic Charities USA; the Jewish Federations of North America; the National Council of Churches of Christ in the U.S.A.; the Salvation Army; and FEMA. As fiscal agent, UWW is the custodian of the funds and is responsible for the administration and disbursement of grants as directed by the national board. UWW charged certain administrative expenses to EFSP totaling $304,000 and $293,000 for the years ended December 31, 2016 and 2015, respectively.

In 2016 and 2015 approximately $70,751,400 and $112,842,300, respectively, were distributed in the form of grants to other charitable organizations. As of December 31, 2016 and 2015, undistributed balances of $3,833,242 and $2,722,799, respectively, were included in short-term custodial funds, with a corresponding liability in the accompanying consolidated statements of financial position.

UWW acts as trustee for a planned giving investment program, called a Pooled Income Fund (PIF), where participants are entitled to income distributions. The PIF is currently held for residents of Florida, New Jersey and Pennsylvania. The value of the PIF pool is $125,526 and $128,206 at December 31, 2016 and 2015, respectively.

In addition, UWW acts as the trustee for a planned giving investment program called the Charitable Gift Annuity Program (CGA), where annuity payments are made to the named annuitant(s) for life and any residual value is restricted by the donor to benefit a member United Way. The CGA is currently held for residents of California, Connecticut, Florida, Massachusetts, Maryland, Missouri, New York, North Carolina, New Mexico, Ohio, Pennsylvania, South Carolina, Texas, Virginia and Wisconsin. The value of the CGA pool is $799,710 and $787,093, including $59,877 and $23,000 of loss reserve (required by the state of New York), at December 31, 2016 and 2015, respectively. The net present value of the liability for future annuity payments is $606,308 and $681,810 at December 31, 2016 and 2015, respectively. UWW accrues no liability beyond the assets of the funds.

For the years ended December 31, 2016 and 2015, $925,236 and $915,299, respectively, is included as noncurrent custodial assets and noncurrent custodial liabilities for both planned giving programs combined.

UWW also maintains a fiscal agent agreement with a third party on behalf of its members to provide donation processing services related to certain employee giving campaigns (federated raising campaigns). Because these campaigns are considered "fundraising activity" of UWW's members, UWW records no revenue from the transactions but does record collected funds, not yet distributed by the third party processor, as a custodial asset and custodial liability. For the years ended December 31, 2016 and 2015, $121,031 and $0, respectively, is included in short-term custodial assets and current custodial liabilities.

As of December 31, 2016 and 2015, UWW's custodial funds totaled $4,879,509 and $3,638,098, respectively. Short term custodial funds consist of cash and cash equivalents. Long term custodial funds consist of U.S. Government agency notes, U.S. Treasury notes, common collective trusts and equity securities.

Member United Way Receivables

Member United Way receivables consist of amounts due from its members for the use of the name and service marks owned by UWW, registration fees for conferences and other miscellaneous charges. An allowance for uncollectible member United Way receivables is provided based on management's judgment, including such factors as prior collection history. Member United Way receivables are written off if reasonable collection efforts prove unsuccessful.

Contributions Receivable

Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of the estimated future cash flows was 3.91% for pledges received in 2016 and 2015. The discount will be recognized as contributions revenue in future fiscal years as the discount is amortized over the duration of the contributions. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Conditional promises to give are not included as revenue until the conditions are substantially met.

Accounts Receivable

Accounts receivable consist primarily of amounts due from the sale of services or goods. The allowance method is used to determine the uncollectible amounts. An allowance for uncollectible accounts receivable is provided based on management's judgment, including such factors as prior collection history. Accounts receivable are written off if reasonable collection efforts prove unsuccessful.

Investments

Investments are reported at fair value based on quoted market prices. Investments classified as short-term are available for operations in the next fiscal year. Unrealized and realized gains and losses are included in the accompanying consolidated statements of activities. Investment expenses, such as custodial, commission, and investment advisory fees, are netted against investment return in the consolidated statements of activities.

Property and Equipment

Property and equipment are recorded at cost. The Organization capitalizes expenditures for property and equipment in excess of the threshold specified below. Depreciation and amortization are calculated using the straight-line method over the following useful lives:

Building	25 – 35 years
Building improvements	5 – 15 years
Furniture, equipment, auto, and software	3 – 15 years
Capitalization threshold	$ 2,500

When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred. Costs associated with construction in progress are held until the asset is placed in service, at which point the asset is transferred out of construction in progress and depreciated over its estimated useful life.

UWW has art work valued at $256,450 that is not considered to be a collection. The art work is included in property and equipment in the consolidated statements of financial position. The art work was appraised in 1994 and is recorded at the appraisal value. The art work is not depreciated in accordance with GAAP.

Noncurrent Assets

Noncurrent assets include the “Born Learning” and “Mission United” trademarks. The “Born Learning” and “Mission United” trademarks were initially measured based on their fair values, when they were purchased in 2008 and 2016, respectively. The “Born Learning” campaign strives to help parents, care-givers and communities to create quality early learning opportunities for young children. The trademark allows UWW to brand certain products and apparel with the “Born Learning” brand. The “Mission United” is a program that uses the UWW network to provide community service referrals needed for veterans. The trademarks are not amortized as they had indefinite useful lives due to the fact that both campaigns will continue until an undeterminable date in the future.

Also included in noncurrent assets are the cash surrender value of life insurance contracts and the plan assets of UWW’s deferred compensation plan which are stated at net asset value, which approximates the fair market value.

Impairment of Long-Lived Assets

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the consolidated statements of activities, to its current fair value.

Deferred Revenue

Deferred revenue consists of registration and underwriting fees for training programs and conferences as well as deferred service revenue. The Organization recognizes training programs and conference revenues upon the program/conference's completion. Unexpended training program, conference, and service revenues at year end, are deferred and recognized when the related expenditures occur.

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Organization's long-term financial viability.

See Note 12 for more information on the composition of net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

See Notes 13 and 14 for more information on the composition of net assets with donor restrictions and the release of restrictions, respectively.

Revenue Recognition

UWW Membership Revenue

Membership revenue is recorded ratably over the calendar year membership term. Membership of UWW allows member United Ways to use the name and trademarks owned by UWW, during the period of membership. Membership support is based on a formula tied to certain types of the member's annual revenue streams. If any member does not remit its annual membership support, the member's ability to utilize the United Way name and trademarks can be revoked. Membership revenue is recognized net of training credits provided to the members.

These training credits are recorded as deferred revenue until the credit expires or is used by the member, at which time the related training revenue is recognized. As of December 31, 2016 and 2015, the amount of the deferred training credit was $2,392,948 and $2,083,068, respectively.

Contribution Revenue

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions in the same year. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

As of December 31, 2016 and 2015, UWW had received conditional promises to give totaling $0 and $500,000, respectively, for the Underwareness program.

Expenses

Expenses are recognized by the Organization on an accrual basis. Expenses paid in advance and not yet incurred are recorded as prepaid until the applicable period.

Functional Allocation of Expenses

The costs of providing various program and supporting activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on the full time employee equivalent method of allocation outlined in "The Black Book: Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations".

Donated Services and Materials

A substantial number of volunteers have donated significant amounts of time to the Organization's program services and to its fund-raising campaigns. No amounts have been recognized in the consolidated statements of activities since time contributed by Organization volunteers do not fall into the criteria established by GAAP. The Organization records donated professional services, which meet criteria established by GAAP, at the fair market value of the services received.

Donated materials, including postage, are recorded at fair value at the date of donation.

Intermediate Measure of Operations

The Organization has presented the consolidated statements of activities based on an intermediate measure of operations. The Operating Excess (Loss), After Transfers in the consolidated statements of activities includes all revenues and expenses that are an integral part of the Organization's programs and supporting activities, net assets released from restrictions to support operating expenditures, and transfers from Board-designated and other non-operating funds to support current operating activities. The measure of operations includes support for operating activities from both net assets with donor restrictions and net assets without donor restrictions designated for long-term investment (e.g. the donor-restricted and quasi-endowments) according to the Organization's spending policy. The measure excludes pension-related changes other than net periodic pension cost.

Endowment

The Organization's donor restricted endowment consists of two funds, one established for the purpose of providing home care and assisted living to the elderly poor, with specific reference to assisting older people to remain in their own homes, and the other established for the purpose of providing general operational support for the Organization. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees has determined that the New York Prudent Management of Institutional Funds Act (NY-PMIFA), an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), applies to the Organization's endowment fund. UPMIFA provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organizations, and UPMIFA imposes additional duties on those who manage and invest charitable funds. These duties provide additional protections for charities and also protect the interests of donors who want to see their contributions used wisely.

The Organization classifies as net assets with donor restrictions (a time restriction in perpetuity) the original value of the gifts donated to the donor restricted endowment and the original value of subsequent gifts to the donor restricted endowment. Investment income from the donor restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Organization in a manner consistent with the donor stipulated purpose within the standard of prudence prescribed by UPMIFA.

Investment Policy Statement

The fundamental investment objectives for investments are to ensure safety and preservation of principal, meet liquidity needs, apply diversification and risk limits appropriate to the investment pools and achieve optimal net investment returns subject to the risk tolerance, investment pool objectives and policy constraints. The asset pools in which the endowment funds are invested require current income which is the minimum needed for expenses and prudent liquidity, growth of income for planning and execution of distributions, and capital growth for long term growth and sustainability.

Spending Policy Statement

In making expenditures from endowment funds, the Board of Trustees complies first with any restrictions or requirements in the gift instrument as to purpose and amount. Except as otherwise provided by the gift instrument, in making expenditures from endowment funds, the Board takes into account all relevant considerations including, but not limited to, the long and short term needs of the Organization in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. The Board conducts an annual analysis of the historic dollar value of the endowment funds plus an inflation factor of three percent (3%) and spends any amount in excess of inflation-adjusted historic dollar value so long as such amount is attributable to net realized gains from any property or unrealized gains attributable to marketable securities.

Underwater Endowment Funds

The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization complies with the NY-PMIFA, an enacted version of UPMIFA, and has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Organization has no underwater endowment funds at December 31, 2016 and 2015.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments and Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, custodial funds and investments held at creditworthy financial institutions. The majority of financial investments are held in trust in the name of UWW which protects against credit risk of the financial institution holding the investments. There is also limited credit risk associated with member United Way, contribution and general accounts receivable. The credit risk with respect to receivables is limited because the Organization deals with a large number of members, donors and customers in a wide geographic area.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "*Revenue from Contracts with Customers*," which establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-4, "*Revenue from Contracts with Customers (Topic 606) – Deferral of Effective Date,*" which deferred the effective date for one year. Accordingly, this ASU will be effective for the Organization for the year ending December 31, 2019. The Organization is currently evaluating the effect the provisions of ASU 2014-09 will have on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842)*". The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for the Organization for the year ending December 31, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the effect the provisions of ASU 2016-02 will have on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *"Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments"* which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. In November 2016, the FASB issued ASU 2016-18, *"Statement of Cash Flows (Topic 230) – Restricted Cash"* which requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amount generally described as restricted cash or restricted cash equivalents. Both of these ASUs are effective for the Organization for the year ending December 31, 2019, with early adoption permitted. The Organization is currently evaluating the effect the provisions of both of these ASUs will have on the consolidated financial statements.

Accounting Pronouncements Adopted

In August 2014, the FASB issued ASU 2014-15, *"Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern"*. The update provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern. The update also provides related disclosures. The new standard applies prospectively to annual periods ending after December 15, 2016. The Organization has adopted this ASU but did not have any material effect on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *"Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958)*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Organization has chosen to early-adopt this ASU as of and for the year ended December 31, 2016 with retrospective application for the 2015 consolidated financial statements. The Organization opted to not disclose liquidity and availability information for 2015 as permitted under the ASU in the year of adoption. As a result, the investment expenses are netted against investment return in the consolidated statements of activities. In addition, the Organization changed its presentation of its net assets classes and expanded the footnote disclosures as required by the ASU.

Reclassifications

Certain accounts in the 2015 consolidated financial statements have been reclassified to conform with the current year financial statement presentation.

1. Uninsured Cash and Cash Equivalents

The Organization maintains its cash balances at several financial institutions which, at times, may exceed federally insured limits. At December 31, 2016 and 2015, the Organization held $11,269,310 and $9,327,792, respectively, in uninsured cash and cash equivalents. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents.

2. Investments

Investments, at fair value, consist of the following at:

December 31,	**2016**	2015
Corporate bonds	**$ 10,354,150**	$ 14,288,832
U.S. Government agency notes	**4,957,633**	10,931,188
Equity securities	**3,486,845**	3,151,251
Bond funds	**2,058,354**	1,970,243
U.S. Treasury notes	**100,004**	2,694,206
Corporate stocks	**95,680**	15,338
	21,052,666	33,051,058
Less: short-term investments	**4,651,052**	115,326
	$ 16,401,614	$ 32,935,732

Net investment return consists of the following:

December 31,	**2016**	2015
Interest income	**$ 428,997**	$ 417,333
Realized and unrealized gain (loss)	**336,744**	(227,186)
Investment expenses	**(84,258)**	(80,212)
	$ 681,483	$ 109,935

3. Custodial Funds

Custodial funds, at fair value, consist of the following at:

December 31,	**2016**	2015
Cash and cash equivalents	**$ 3,954,273**	$ 2,722,799
Equity securities	**97,519**	94,270
U.S. Government agency notes	**24,976**	28,096
U.S. Treasury notes	**44,796**	50,148
Common collective trusts	**757,945**	742,785
	4,879,509	3,638,098
Less: short-term custodial funds	**3,954,273**	2,722,799
	$ 925,236	$ 915,299

4. Fair Value Measurements

The following methods and assumptions were used by the Organization in estimating the fair value of other financial instruments, which consist of investments and custodial funds. As defined in FASB ASC Topic 820, *Fair Value Measurements*, fair value is 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 (exit price). The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Organization primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information.

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). UWW held no financial instruments that were valued using Level 3 measurements as of December 31, 2016 or 2015. The Level 1 and 2 of fair value hierarchy are as follows:

Level 1 Inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

A summary of investments and custodial fund investments summarized by input level as of December 31, 2016 is as follows:

December 31	Level 1	Level 2	Total
Investments:			
Corporate bonds			
Large cap	$ 10,354,150	$ -	$ 10,354,150
Equity securities			
Large cap	2,037,081	-	2,037,081
Mid cap	297,612	-	297,612
Small cap	316,296	-	316,296
International	563,115	-	563,115
Emerging markets	272,741	-	272,741
U.S. Government agency notes	4,957,633	-	4,957,633
U.S. Treasury notes	100,004	-	100,004
Bond funds	2,058,354	-	2,058,354
Corporate stocks	95,680	-	95,680
Total investments	$ 21,052,666	$ -	$ 21,052,666
Custodial funds:			
Current:			
Cash and cash equivalents	$ 3,954,273	$ -	$ 3,954,273
Noncurrent:			
Equity securities			
Large cap	97,519	-	97,519
U.S. Government agency notes	24,976	-	24,976
U.S. Treasury notes	44,796	-	44,796
Common collective trusts	-	757,945	757,945
Noncurrent custodial funds	167,291	757,945	925,236
Total custodial funds	$ 4,121,564	$ 757,945	$ 4,879,509

A summary of investments and custodial fund investments summarized by input level as of December 31, 2015 is as follows:

December 31	Level 1	Level 2	Total
Investments:			
Corporate bonds			
Large cap	$ 14,288,832	$ -	$ 14,288,832
Equity securities			
Large cap	1,877,019	-	1,877,019
Mid cap	257,324	-	257,324
Small cap	261,952	-	261,952
International	513,456	-	513,456
Emerging markets	241,500	-	241,500
U.S. Government agency notes	10,931,188	-	10,931,188
U.S. Treasury notes	2,694,206	-	2,694,206
Bond funds	1,970,243	-	1,970,243
Corporate stocks	15,338	-	15,338
Total investments	$ 33,051,058	$ -	$ 33,051,058
Custodial funds:			
Current:			
Cash and cash equivalents	$ 2,722,799	$ -	$ 2,722,799
Noncurrent:			
Equity securities			
Large cap	94,270	-	94,270
U.S. Government agency notes	28,096	-	28,096
U.S. Treasury notes	50,148	-	50,148
Common collective trusts	-	742,785	742,785
Noncurrent custodial funds	172,514	742,785	915,299
Total custodial funds	$ 2,895,313	$ 742,785	$ 3,638,098

The fair market value of a financial instrument is defined in GAAP, as "the amount at which the instrument could be exchanged in a current transaction between willing parties." The carrying amounts reported in the accompanying consolidated statements of financial position for member United Way receivables, campaign receivables, contributions receivable, accounts receivable, notes receivable and debt, approximate fair value given the short-term nature of the financial instruments or conversely are based on a non-recurring assessment of fair value.

Level 2 Valuation Process

Common Collective Trusts

The fund seeks to achieve its investment objective by investing substantially all of its assets in the portfolio, the "master fund" that has the same investment objective as, and investment policies that are substantially similar to those of, the fund. This is commonly referred to as a "master/feeder" complex, with the fund serving as the "feeder" fund and the portfolio serving as the "master" fund. The portfolio uses a passive management strategy designed to track the performance of the S&P 500.

The portfolio is not managed according to traditional methods of "active" investment management, which involve the buying and selling of securities based upon economic, financial and market analysis and investment judgment. Instead, the portfolio utilizes a "passive" or "indexing" investment approach, attempting to replicate the investment performance of the S&P 500 Index, before expenses.

The value of individual instruments held by the fund generally are valued at:

- Market value (generally determined at the closing time of the market on which they are traded);
- Fair value (when market quotations are not readily available or subsequent events suggest the market quotation no longer is reliable); and
- Amortized cost (for debt securities maturing within 60 days).

Additionally, the Organization's investment advisor performs on-going due diligence of the funds which includes benchmarking and comparing the results of the fund to certain indexes. The Organization's investment advisor meets periodically with the Organization's Investment and Pension Committee and reports the performance of the fund.

There were no changes in valuation techniques noted for the common collective trusts for 2016 and 2015.

5. Member United Way Receivables

Member United Way receivables consist of the following at:

December 31,	**2016**	2015
Member United Way receivables	**$ 2,119,244**	$ 1,235,138
Allowance for doubtful accounts	**(61,735)**	(34,451)
Member United Way receivables, net	**$ 2,057,509**	$ 1,200,687

Bad debt expense is determined based on management's judgment, including such factors as prior collection history. Bad debt expense (reversal) related to member United Way receivables totaled $27,284 and ($3,169) for the years ended December 31, 2016 and 2015, respectively.

6. Contributions Receivable

Contributions receivable consist of the following unconditional promises to give at:

December 31,	**2016**	2015
Amounts due in:		
Less than one year	**$ 4,096,953**	$ 2,270,314
One to five years	**1,900,000**	2,361,284
Total contributions receivable	**5,996,953**	4,631,598
Less: discount	**(74,290)**	(92,401)
Less: allowance for doubtful accounts	**(176,673)**	(138,947)
	5,745,990	4,400,250
Less: contributions receivable current	**3,977,044**	2,202,205
Contributions receivable – noncurrent	**$ 1,768,946**	$ 2,198,045

Bad debt expense (reversal) related to contributions receivable totaled $37,725 and ($3,803) for the years ended December 31, 2016 and 2015, respectively. In addition, UWW also wrote off a certain receivable that amounted to $98,535 and $79,153 in 2016 and 2015, respectively.

7. Accounts Receivable

Accounts receivable consist of the following at:

December 31,	**2016**	2015
Accounts receivable	**$ 594,456**	$ 504,948
Allowance for doubtful accounts	**(15,440)**	(12,466)
Total	**$ 579,016**	$ 492,482

Bad debt expense (reversal) related to accounts receivable totaled $2,974 and ($9,525) for the years ended December 31, 2016 and 2015, respectively.

8. Property and Equipment

Property and equipment consists of the following at:

December 31,	**2016**	2015
Land	**$ 2,102,080**	$ 2,102,080
Building and building improvements	**40,646,407**	40,481,046
Furniture, artwork, equipment, auto, and software	**11,661,914**	11,072,484
	54,410,401	53,655,610
Less: accumulated depreciation and amortization	**(25,626,100)**	(23,576,238)
	$ 28,784,301	$ 30,079,372

Depreciation and amortization expense totaled $2,049,862 and $1,888,063 for the years ended December 31, 2016 and 2015, respectively.

9. Debt

In August 2015, UWW's line-of-credit was amended and renewed through August 2016. In August 2016, the expiration date on the line-of-credit was extended until August 2017. Borrowing limits on the line-of-credit are a maximum of $2,000,000. The interest rate on the line-of-credit did not change from LIBOR plus 1.6%, the rate that became effective August 31, 2015. There were no borrowings under the line-of-credit as of December 31, 2016 and 2015. UWW incurred no interest expense on this line of credit for the years ended December 31, 2016 and 2015.

The following is a summary of the notes payable as of December 31, 2016 and 2015.

	Equipment Notes Payable			
	No. 001	**No. 002**	**No. 003**	**Total**
Original Value	$ 3,000,000	$ 4,010,521	$ 1,000,000	$ 8,010,521
Issuance Date	January 5, 2015	April 2, 2015	June 11, 2015	
Maturity Date	January 8, 2022	April 8, 2022	July 8, 2022	
Purpose	Partially fund the cost of new furniture and equipment related to the renovation of the Organization's office building in Alexandria, Virginia			
Repayment terms	84 monthly installment payments commencing February 8, 2015	84 monthly installment payments commencing May 8, 2015	84 monthly installment payments commencing August 8, 2015	

	Equipment Notes Payable			
	No. 001	No. 002	No. 003	Total
Amount outstanding, December 31, 2016				
Current	**$ 409,576**	**$ 542,220**	**$ 133,886**	**$ 1,085,682**
Noncurrent	**1,848,718**	**2,610,337**	**685,169**	**5,144,224**
Total	**$ 2,258,294**	**$ 3,152,557**	**$ 819,055**	**$ 6,229,906**
Amount outstanding, December 31, 2015				
Current	$ 393,896	$ 521,462	$ 128,761	$ 1,044,118
Noncurrent	2,258,294	3,152,557	819,054	6,229,906
Total	$ 2,652,190	$ 3,674,019	$ 947,815	$ 7,274,024
Interest basis	3.91% fixed	3.91% fixed	3.91% fixed	
Interest paid:				
2016	**$ 96,691**	**$ 134,375**	**$ 34,768**	**$ 265,834**
2015	$ 101,895	$ 100,722	$ 15,953	$ 218,570

Interest incurred on all of the above loans was $265,834 and $218,570 for the years ended December 31, 2016 and 2015, respectively. Capitalized interest payments for construction projects amounted to $0 and $88,083 for the years ended December 31, 2016 and 2015, respectively.

UWW was in compliance with all debt covenants as of December 31, 2016 and 2015.

The aggregate amount of maturities for all long-term borrowings for each of the next five fiscal years and thereafter, is as follows:

Year ending December 31,	
2017	$ 1,085,682
2018	1,128,902
2019	1,173,841
2020	1,220,570
2021	1,309,776
Thereafter	311,135
Total	$ 6,229,906

10. Pension and Other Postretirement Benefits

The Organization sponsors the Pension Plan of the United Way Worldwide (UWW Plan), several Non-Qualified Plans (Non-Qualified Plans), and two Postretirement Benefit Plans (Postretirement Plans). The Non-Qualified Plans include the United Way of America Senior Vice President's Plan (Senior VP Plan), United Way of America 415 Replacement Plan (415 Replacement Plan), and the United Way of America Supplemental Employee Retirement Plan (SERP). The Postretirement Plans include health care and life insurance benefits and other life insurance benefits.

Reconciliation of Defined Benefit Plan Liabilities and Expenses to the Consolidated Financial Statements:

The following table presents a reconciliation of the liabilities recognized for pension benefits to the presentation in the consolidated financial statements at:

December 31,	**2016**	2015
UWW Plan	**$ 7,890,699**	$ 9,409,920
Non-Qualified Plans	**1,725,746**	2,082,499
UWW Make-up Plan	**302,780**	305,745
Total recognized liability	**$ 9,919,225**	$ 11,798,164
Current portion, liability for pension benefits	**$ 930,082**	$ 1,395,800
Noncurrent portion, liability for pension benefits	**8,989,143**	10,402,364
Total liability for pension benefits	**$ 9,919,225**	$ 11,798,164

The following table presents a reconciliation of the components of the postretirement benefit plans to the presentation in the consolidated financial statements at:

December 31,	**2016**	2015
Postretirement benefit plans	**$ 1,916,550**	$ 1,999,048
Current portion, postretirement benefits	**$ 177,000**	$ 144,000
Noncurrent portion, postretirement benefits	**1,739,550**	1,855,048
Total postretirement benefits	**$ 1,916,550**	$ 1,999,048

The following table presents a reconciliation of the change in unrecognized gain (loss) recognized apart from expenses in the consolidated financial statements:

Years ended December 31,	**2016**	2015
UWW Plan	**$ 2,030,368**	$ (1,512,032)
Non-Qualified Plans	**20,742**	155,169
Postretirement Plans	**99,701**	57,456
Total change in unrecognized gain (loss) recognized apart from expenses	**$ 2,150,811**	$ (1,299,407)

Pension Plan of United Way Worldwide

The UWW Plan (UWW Plan) is a qualified, noncontributory defined benefit pension plan, which includes UW Store and eWay, and covers employees who have reached the age of 21 and completed one year of employment. An employee's interest becomes fully vested upon the completion of three years or five years of service, depending on the date of hire, and is generally payable upon attainment of early retirement age. Contributions to the plan are based on actuarially determined amounts.

At December 31, 2016 and 2015, the benefit levels of participants in the UWW Plan are frozen and new employees are precluded from participating in the UWW Plan.

In August 2016, the Organization initiated a plan "de-risking" strategy in which terminated and vested participants with pension values of less than $50,000 were offered an opportunity to withdraw the value of their pension in a lump sum distribution. A total of 60 participants exercised the option and were removed from the UWW Plan at a cost to the UWW Plan assets of $1,695,718.

In November 2016, the Organization initiated a plan as part of the "de-risking" strategy to purchase annuity contracts to replace plan benefits for retired plan participants whose monthly benefit is less than $500. A total of 64 annuity contracts were purchased for participants who were removed from the UWW Plan at a cost to the UWW Plan assets of $2,516,012. There were additional participants who left the Organization that received lump sum distributions totaling $1,193,277 during 2016.

The following is a summary of the funded status of the UWW Plan as of December 31, 2016 and 2015 and the key assumptions used by the UWW Plan's actuary. The calculations are performed based on measurement dates of December 31, 2016 and 2015 for the years ended December 31, 2016 and 2015, respectively.

Obligations and Funded Status

December 31,	**2016**	2015
Accumulated benefit obligation	**$ 41,430,591**	$ 46,072,090
Projected benefit obligation	**$ 41,430,591**	$ 46,072,090
Fair value of plan assets	**33,539,892**	36,662,170
Funded status – under funded	**(7,890,699)**	(9,409,920)
Underfunded pension liability	**$ 7,890,699**	$ 9,409,920

Items not yet recognized as a component of net periodic pension cost during the year are as follows:

Years ended December 31,	**2016**	2015
Gain (loss) due to assets	**$ 452,500**	$ (3,167,378)
(Loss) gain due to change in discount rate and other assumptions	**(837,499)**	1,862,563
Gain (loss) due to participant experience	**674,594**	(207,217)
Effect of settlements	**1,740,773**	-
Total	**$ 2,030,368**	$ (1,512,032)

In October 2015, the Retirement Plan Experience Committee (RPEC) released an updated scale MP-2015 and updated model RPEC_2014_v2011, reflecting two additional years of data that became available since the MP-2014 creation. The emerging mortality improvements were significantly lower than predicted by MP-2014, resulting in a typical plan's liability reduction of 1.4% to 1.8% due to working in the new data and utilizing the full SOA "committee-selected" assumption set.

Based on UWW's actuary's research and analysis in late 2014 and early 2015, Principal and UWW, like many others, had documented concerns with the scale MP-2014. Accordingly, Principal created the Principal Mortality Improvement scales, by utilizing assumption sets that put less emphasis on recent years' experience. The adjustments to the tables significantly reduce volatility due to emerging data updates. As anticipated, updating the Principal scales for two additional years of data results in minor changes to accounting liabilities of a typical pension plan (0-0.3%).

Contributions and benefit payments made were as follows:

Years ended December 31,	**2016**	2015
Employer contributions	**$ 900,000**	$ 900,000
Benefits paid	**$ 1,360,903**	$ 1,395,151

Net Periodic Benefit Cost

Components of net periodic benefit cost recognized as expenses in the accompanying consolidated statements of activities for the years ended December 31, 2016 and 2015 were:

Years ended December 31,	**2016**	2015
Interest cost	**$ 1,961,506**	$ 1,810,087
Expected return on assets	**(2,291,132)**	(2,397,971)
Effect of settlement	**1,740,773**	-
Amortization of loss	**1,525,082**	1,323,737
Net periodic benefit cost	**$ 2,936,229**	$ 735,853

Assumptions

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

Years ended December 31,	**2016**	2015
Benefit Obligation:		
Discount rate	**4.05%**	4.35%
Rate of compensation increase	**n/a**	n/a
Net Periodic Benefit Cost:		
Discount rate	**4.35%**	3.90%
Rate of compensation increase	**n/a**	n/a
Expected return on plan assets	**7.00%**	7.00%

The expected long-term rate of return on assets assumption was 7.00% as of December 31, 2016 and 2015. This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined to reflect expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The expected long-term rate of return was determined by multiplying the historical rate of return for an asset class by the percentage of plan assets invested in that class and then adding the result for all classes. In general, it was based on returns for the Plans' target asset allocations.

Plan Assets

The fair value of plan assets by asset class as of December 31, 2016 and 2015 were:

December 31,	**2016**	2015
Pooled separate accounts - bond funds	**$ 17,743,782**	$ 20,139,313
Pooled separate accounts - equity securities	**15,796,110**	16,522,857
Total	**$ 33,539,892**	$ 36,662,170

The fair market value of plan assets, consisting of pooled separate accounts, qualified as Level 2 investments under the FASB ASC Topic 820 hierarchy. The units held in pooled separate accounts are valued at the unit values as reported by the UWW Plan trustee as of December 31, 2016 and 2015. The unit values are based upon the market values of underlying investments as determined periodically by the UWW Plan trustee.

The UWW Plan assets are diversified to minimize risk and maximize returns. In 2012, UWW adopted a Dynamic Asset Allocation strategy. Asset allocations will change in accordance with funded attainment levels. As of December 31, 2016, the targeted asset allocation was 45% equities and 55% fixed income based upon a funded status of greater than 90% based on market value and the funding target liability on a full Internal Revenue Service (IRS) yield curve. The UWW Plan assets are managed by professional investment managers and are monitored by UWW's management, Finance Committee, and Investment and Pension Subcommittee.

Estimations of Future Activity

Expected amortization of the net actuarial loss during the year ended December 31, 2017 is $1,167,662.

The following benefit payments are expected to be paid as follows:

Years ending December 31,	
2017	$ 1,880,000
2018	1,860,000
2019	1,930,000
2020	2,050,000
2021	2,130,000
2022 – 2026	11,820,000

The UWW Plan is positioned to meet the minimum funding requirement as outlined in the Pension Protection Act of 2006. As of January 1, 2016, 108.28% of the Funding Target Liability for the UWW Plan was funded. UWW continues to monitor the funded status of its defined benefit plan and to evaluate potential strategies that ensure the plan is managed in compliance with pension laws and regulations.

United Way Worldwide Non-Qualified Plans

The Non-Qualified Plans are described below by type of plan.

The 415 Replacement Plan is a non-qualified, noncontributory defined benefit pension plan established to restore the pension benefits lost under the qualified plan due to the limitations arising from Section 415 of the Tax Equity and Fiscal Responsibility Act of 1982.

The SERP is a non-qualified, noncontributory plan established in 2000. This plan was established to replace benefits in the qualified plan for participants affected by IRS salary limits, as well as benefit limits.

The following is a summary of the funded status of the Non-Qualified Plans as of December 31, 2016 and 2015 and the key assumptions used by the actuary. The calculations are performed based on measurement dates of December 31, 2016 and 2015 for the years ended December 31, 2016 and 2015, respectively.

Obligations and Funded Status

December 31,	**2016**	2015
Projected benefit obligation	**$ 1,725,746**	$ 2,082,499
Fair value of plan assets	**-**	-
Funded status – under funded	**$ (1,725,746)**	$ (2,082,499)
Unfunded pension liability	**$ 1,725,476**	$ 2,082,499

The Organization has a segregated account specifically for funding the SERP. The balance in the account was $1,348,385 and $1,345,600 as of December 31, 2016 and 2015, respectively. This account balance is included in the cash and cash equivalents in the consolidated statements of financial position and is not included in the calculation of the unfunded pension liability.

Items not yet recognized as a component of net periodic pension cost as of December 31, 2016 and 2015 are as follows:

December 31,	**2016**	2015
(Loss) gain due to change in discount rate, rate of compensation increase and other assumptions (including mortality assumption)	**$ (90,280)**	$ 278,009
Gain (loss) due to participant experience	**63,329**	(122,840)
Effect of settlements	**47,693**	-
Total	**$ 20,742**	$ 155,169

Contributions and benefit payments made during the year were as follows:

Years ended December 31,	**2016**	2015
Employer contributions	**$ 463,508**	$ -
Benefits paid	**$ -**	$ -

Net Periodic Benefit Cost

Components of net periodic benefit cost recognized as expenses in the accompanying consolidated statements of activities for the years ended December 31, were:

Years ended December 31,	**2016**	2015
Interest cost	**$ 79,804**	$ 73,374
Expected return on assets	**-**	-
Amortization of loss	**(4,516)**	(4,006)
Effect of settlements	**47,693**	-
Net periodic benefit cost	**$ 122,981**	$ 69,368

Assumptions

Weighted average assumptions used to determine the benefit obligation and net periodic benefit cost are as follows:

Years ended December 31,	**2016**	2015
Benefit Obligation:		
Discount rate	**4.05%**	4.35%
Rate of compensation increase	**n/a**	n/a
Net Periodic Benefit Cost:		
Discount rate	**4.35%**	3.90%
Rate of compensation increase	**2.00%**	2.00%
Expected return on plan assets	**n/a**	n/a

Estimations of Future Activity

Expected amortization of the net actuarial loss during the year ending December 31, 2017 is $(3,063).

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Years ending December 31,	
2017	$ 5,800
2018	$ 6,700
2019	$ 1,805,600
2020	$ 5,500
2021	$ 5,300
2022 – 2026	$ 23,000

The Organization does not expect to make contributions to the Non-Qualified Plans in 2017.

United Way Worldwide Postretirement Benefit Plans

Health care and life insurance benefits

UWW provides health care and life insurance benefits to certain retired employees (Post Retirement Benefit Plan). Employees become eligible for benefits in meeting certain age and service requirements. Spouses of eligible participants are also eligible if they meet certain requirements. The United Way Worldwide's policy is to fund these benefits through premium reimbursements to participants. However, in conformity with FASB ASC Topic 715-60, *Employers' Accounting for Postretirement Benefits Other Than Pensions*, the cost of providing these benefits is to be accrued over the service period of the active employee group.

Certain employees retiring from UWW on or after attaining age 55 and with five years of credited service are entitled to postretirement life insurance and medical and dental benefit coverage. These benefits are subject to deductibles, co-payment provisions, and other limitations. This plan is frozen and not open to new participants.

UWW costs are frozen at 50% of the premium rate effective when the medical and dental plans were frozen; there are no future health care costs expected, beyond this rate.

Other life insurance benefits

UWW provides a flat dollar amount of life insurance benefits to certain retired employees (Post Retirement Benefit Plan) under the legacy Tri-State division. Employees become eligible for benefits by meeting certain age and service requirements. However, in conformity with FASB ASC Topic 715-60, and as amended by FASB ASC Topic 715-30, the cost of providing these benefits are to be accrued over the average remaining lifetime of the retiree group.

Certain employees retiring from legacy Tri-State on or after attaining age 55 and with five years of credited service are entitled to postretirement life insurance coverage. The life insurance amount is generally a flat $35,000 benefit with a few individuals entitled to slightly lesser amounts. This plan is frozen and not open to new participants. There are no plan assets associated with this obligation.

The following is a summary of the funded status of the Postretirement Plans as of December 31, 2016 and 2015 and the key assumptions used by the actuary. The calculations are performed based on measurement dates of December 31, 2016 and 2015 for the years ended December 31, 2016 and 2015, respectively.

Obligations and Funded Status

December 31,	**2016**	2015
Accumulated benefit obligation	**$ 1,916,550**	$ 1,999,048
Fair value of plan assets	**-**	-
Funded status – under funded	**$ (1,916,550)**	$ (1,999,048)
Unfunded pension liability	**$ 1,916,550**	$ 1,999,048

Items not yet recognized as a component of net periodic pension cost as of December 31, 2016 and 2015 are as follows:

December 31,	**2016**	2015
(Loss) gain due to change in discount rate and other assumptions (including mortality assumption)	**$ (45,589)**	$ 81,282
Gain (loss) in participant experience	**141,111**	(23,826)
Effect of settlements	**4,179**	-
Total	**$ 99,701**	$ 57,456

Contributions and benefit payments made during the year were as follows:

Years ended December 31,	**2016**	2015
Employer contributions	**$ 90,964**	$ 132,964
Benefits paid	**$ 55,964**	$ 132,964

Net Periodic Benefit Cost

Components of net periodic postretirement benefit cost recognized as expenses in the accompanying consolidated statements of activities for the years ended December 31, were:

Years ended December 31,	**2016**	2015
Service cost	**$ 20,161**	$ 20,365
Interest cost	**83,827**	78,661
Net amortization		
Amortization of prior service cost	**25,272**	25,272
Amortization of net gain	**(69,420)**	(67,403)
Effect of settlements	**4,179**	-
Net periodic benefit cost	**$ 64,019**	$ 56,895

Assumptions

The weighted average assumptions were:

	2016	2015
Measurement date	**December 31, 2016**	December 31, 2015
Discount rate	**4.05%**	4.35%

Plan Assets

The Postretirement Plans are not funded. UWW makes contributions to the plans as benefit payments are made.

Estimations of Future Activity

Estimated amounts to be amortized during the year ending December 31, 2017:

	2017
Prior service cost	$ 25,272
Net actuarial gain	(70,942)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Years ending December 31,	
2017	$ 177,000
2018	167,000
2019	166,000
2020	166,000
2021	165,000
2022 – 2026	710,000

UWW plans to make contributions amounting to $177,000 during 2017 to the Postretirement Plans.

UWW Make-up Plan

UWW maintains an additional non-qualified benefit plan to provide employees with the benefits they are not eligible to receive under the qualified pension plan because of limits imposed by the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code (IRC). The projected benefit is estimated to be $302,780 and $305,745, which is accrued as of December 31, 2016 and 2015, respectively. Pension expense (income) for these benefits amounted to $2,965 and $(20,041) for the years ended December 31, 2016 and 2015, respectively.

Other Employee Benefit Plans

UWW 403(b) Plan

UWW offers a contributory defined contribution pension plan (IRC Section 403(b)), that provides for employer matching contributions of the employee contributions (3.0% to 5.0% of annual salary depending on years of service) plus an additional contribution of 1.0% to 3.5% depending on years of service for those employees covered under the frozen UWW Plan. UWW's contributions to this plan were $1,290,764 and $1,238,161 for the years ended December 31, 2016 and 2015, respectively.

UWW Deferred Compensation Plans

In 2005, UWW established a 457(b) eligible deferred compensation plan to provide make up benefits to highly compensated employees that would not otherwise receive their full employer match under the 403(b) plan. As of December 31, 2016 and 2015, the assets of $249,353 and $388,664, respectively, for this plan are included in other noncurrent assets in the consolidated statements of financial position. The assets are invested in cash and cash equivalents. The matching liabilities as of December 31, 2016 and 2015 of $249,353 and $388,664, respectively, for this plan are reflected in the consolidated statements of financial position as deferred compensation liability. UWW's contributions to this plan were $28,983 and $44,078 for the years ended December 31, 2016 and 2015, respectively.

UWW has a deferred compensation agreement for certain legacy Tri-State employees for the payment of a flexible premium annuity over the beneficiary's life with any remaining benefits to be distributed to the beneficiary's estate. As of December 31, 2016 and 2015, the assets of $246,169 and $224,020, respectively, for this plan are included in other noncurrent assets in the consolidated statements of financial position. The assets are invested in cash and cash equivalents. The fair market value of the insurance policy was $676,548 and $654,399 for the years ended December 31, 2016 and 2015, respectively.

11. Grants Payable

The grants payable balance consists of a ten-year grant relationship with another organization that ends on September 30, 2017. The future payments of the grants payable for the year ending December 31, 2017 is $157,466.

12. Net Assets Without Donor Restrictions

The Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at:

December 31,	**2016**	2015
Undesignated	**$ 18,015,589**	$ 17,099,975
Board designated for Operating Reserve	**-**	2,007,000
Board designated for Center on Aging	**393,784**	401,429
Board designated for Donor Advised Funds	**7,446,745**	10,288,017
Board designated for Quasi-Endowment	**948,438**	940,040
Total net assets without donor restrictions	**$ 26,804,556**	$ 30,736,461

Net assets by entity were as follows at:

December 31,	**2016**	2015
United Way Worldwide	**$ 26,760,664**	$ 30,726,986
United Way Asia	**43,892**	9,475
Total unrestricted net assets	**$ 26,804,556**	$ 30,736,461

Board Designated for Center on Aging

During 2010, UWW received a contribution from a trust, a portion of which was for the creation of a Center on Aging Adults, as a specialized training and conference resource within the Mary Gates Learning Center. The remaining contribution was put in a permanent endowment for the purpose of providing home care and assisted living to the elderly poor, with specific reference to assisting older people to remain in their own homes, as directed by the donor. During 2015, the donor's legal representative authorized UWW to utilize $409,000 from the accumulated net investment income of the endowment, to provide additional resources for the Center on Aging. The Board designated the use of the funds for the future cost of rental of office space for the Center on Aging staff based on a long term rental agreement.

Board Designated for Quasi-Endowment

UWW's Board has designated funds be set aside to establish and maintain a quasi-endowment for the purpose of securing the Organization's long-term financial viability and continuing to meet the needs of the Organization. The quasi-endowment funds totaled $948,438 and $940,040 at December 31, 2016 and 2015, respectively, and generated $8,398 and $14,397 of additional contributions for the years ended December 31, 2016 and 2015, respectively.

Board Designated for Donor Advised Funds

International Donor Advised Giving (IDAG)

The International Donor Advised Giving (IDAG) program is a component of net assets without donor restrictions and was established by the Board. Companies, foundations and individuals contribute to IDAG to achieve their philanthropic goals outside of the United States. IDAG provides comprehensive grant-making services to ensure compliance with both U.S. and international laws and UWW retains variance power of all contributions to IDAG.

The Board maintains a policy that all IDAG contributions are to be set aside for use in satisfying program grants and other program service costs. Contributions to the IDAG program were $35,575,265 and $39,379,091 for the years ended December 31, 2016 and 2015, respectively.

Grants (including program service expenses) made to organizations outside the United States from the IDAG program were $38,689,637 and $35,140,165 for the years ended December 31, 2016 and 2015, respectively, which are included in the consolidated statements of activities.

The balance of unexpended IDAG contributions changed by ($2,978,658) and $4,208,540 at December 31, 2016 and 2015, respectively.

Other Donor Advised Funds (DAF)

In 2016, UWW executed an addendum to an existing fiscal agent agreement with a third party to provide donation processing services related to a donor advised giving program offered to various corporations and individuals. As with the IDAG program, the Board maintains a policy that all DAF contributions are to be set aside for use in satisfying program grants and other program service costs.

Contributions to the DAF program were $18,098,007 for the year ended December 31, 2016.

Grants (including program service expenses) made to organizations from the DAF program were $17,960,621 for the year ended December 31, 2016, which are included in the consolidated statements of activities.

The balance of unexpended DAF contributions was $137,386 at December 31, 2016.

Board Designated for Operating Reserve

In 2015, the Board approved management's proposed 2016 operational budget, which included an anticipated operational deficit of $2,007,000. In order to provide for sufficient funding of operational costs associated with execution of the Organization's ongoing strategic initiatives, the Board set aside $2,007,000 of net assets without donor restrictions as an operational reserve to be made available to management for balancing the budget.

13. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as follows:

December 31,	**2016**	2015
Subject to expenditure for specified purpose:		
Economic self-sufficiency	**$ 3,375,947**	$ 3,105,017
Training and research	**3,292,693**	5,806,362
International membership support	**1,142,418**	962,001
Initiative to benefit children and families	**971,430**	1,411,399
Network advocacy support	**596,164**	72,960
Leadership coalition	**479,015**	354,874
Sponsorships to UWW events	**141,000**	183,783
Global initiative	**55,812**	253,160
Disaster response and recovery	**20,811**	19,648
Scholarships	**2,765**	889
Initiative to fight human trafficking	**-**	113,044
Total subject to expenditure for specified purpose	**10,078,055**	12,283,137
Endowments subject to the Organization's spending policy and appropriation:		
Investment in perpetuity (original amount of $3,801,730 and $3,795,481 in 2016 and 2015, respectively), which once appropriated, is expendable to support:		
Senior Resource Center	**3,791,087**	3,791,087
Any activities of the Organization	**10,643**	4,394
Total endowments subject to the Organization's spending policy and appropriation	**3,801,730**	3,795,481
Total net assets with donor restrictions	**$ 13,879,785**	$ 16,078,618

14. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows:

Years ended December 31,	**2016**	2015
Purpose restrictions accomplished:		
Training and research	**$ 3,362,914**	$ 2,348,175
Economic self-sufficiency	**3,296,331**	3,584,300
Initiative to benefit children and families	**1,500,998**	3,100,157
International support	**854,392**	307,168
Global initiative	**709,705**	508,939
Sponsorships to UWW Events	**366,283**	408,717
Initiative to fight human trafficking	**157,287**	115,211
Leadership coalition	**155,859**	151,009
Network advocacy support	**93,836**	422,040
Scholarships	**4,974**	1,922
Building initiative	**-**	5,268,890
Campaign, public relations and network support	**-**	40,000
Disaster response and recovery	**-**	25,000
Other	**-**	893
Net assets released from restrictions	**$ 10,502,579**	$ 16,282,421

15. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

December 31,	2016
Cash and cash equivalents	$ 11,287,979
Short-term investments	4,651,052
Member United Way receivables, net	2,057,509
Contributions receivable, net	3,977,044
Accounts receivable, net	579,016
Total financial assets available within one year	22,552,600
Less:	
Amounts unavailable for general expenditures within one year, due to:	
SERP plan assets included in cash equivalents	(1,348,385)
Restricted by donors with purpose restrictions	(3,216,688)
Total amounts unavailable for general expenditures within one year	(4,565,073)
Amounts unavailable to management without Board's approval:	
Board Designated for Quasi-Endowment	(948,438)
Board Designated for Center on Aging	(393,784)
Board Designated for Donor Advised Funds	(7,446,745)
Total amounts unavailable to management without Board's approval	(8,788,967)
Total financial assets available within one year after board designations	$ 9,198,560

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of weekly requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of $2,000,000, which it could draw upon. Additionally, the Organization has Board Designated net assets without donor restrictions that, while the Organization does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

16. Endowment Funds

The Organization's donor restricted endowment consists of two funds, one established for the purpose of providing home care and assisted living to the elderly poor, with specific reference to assisting older people to remain in their own homes, and the other established for the purpose of providing general operational support for the Organization. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment funds also include funds without donor restrictions that have been designated by the Board to function as an endowment.

Endowment Net Asset Composition

The following table represents the composition of the Organization's endowment net assets by type of fund as of December 31, 2016 and 2015:

December 31, 2016	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Board designated for quasi-endowment fund	**$ 948,438**	**$ -**	**$ 948,438**
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	**-**	**3,801,730**	**3,801,730**
Total endowment funds	**$ 948,438**	**$ 3,801,730**	**$ 4,750,168**

December 31, 2015	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Board designated for quasi-endowment fund	$ 940,040	$ -	$ 940,040
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	-	3,795,481	3,795,481
Total endowment funds	$ 940,040	$ 3,795,481	$ 4,735,521

Changes in Endowment Net Assets

The following table represents the changes in the Organization's endowment funds during the years ended:

December 31, 2016	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	**$ 940,040**	**$ 3,795,481**	**$ 4,735,521**
Contributions	**8,398**	**6,249**	**14,647**
Investment return, net	**24,017**	**74,446**	**98,463**
Appropriations	**(24,017)**	**(74,446)**	**(98,463)**
Endowment net assets, end of year	**$ 948,438**	**$ 3,801,730**	**$ 4,750,168**

December 31, 2015	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 925,643	$ 3,791,087	$ 4,716,730
Contributions	14,397	4,394	18,791
Investment return, net	21,733	70,198	91,931
Appropriations	(21,733)	(70,198)	(91,931)
Endowment net assets, end of year	$ 940,040	$ 3,795,481	$ 4,735,521

17. Description of Program and Supporting Services

The following program and supporting services are included in the accompanying consolidated statements of activities:

Program Services

Investor Relations

The United Way Worldwide Investor Relations team provides relationship management support and skills training for member United Ways and United Way network-wide programs including Global Corporate Leadership, international activities, major gifts, Alexis de Tocqueville program, planned giving, and community and public sector campaigns.

Donor Advised Giving

The United Way Worldwide Donor Advised Giving Program (IDAG and DAF) facilitates grants to domestic and international organizations, based upon recommendations by program contributors, that meet programmatic or geographic interests of both the donor and United Way Worldwide. Through IDAG, donors can provide funding for grants to a variety of charitable organizations, such as schools, orphanages, hospitals, community development and research centers and a network of United Ways around the world. Grants can be used for charitable purposes in a particular country, region or field of interest and support a specific charitable organization inside or outside the United States.

International Network

The United Way Worldwide International Network team provides governance, resource development, program and capacity building support and training to United Way members throughout the worldwide network outside the United States of America. With regional offices in Colombia, Ghana, Hong Kong, and Switzerland, network staff works closely with member United Way staff and volunteer board members.

U.S. Network

The United Way Worldwide U.S. Network team provides governance, resource development, program and capacity building support and training to United Way members within the United States of America. In addition, the U.S Network team supports member grant distribution services, community building, national agencies' support, volunteer development, early childhood development, financial stability, 2-1-1® initiative and Born Learning®. It also provides regional and technical consultative support to member United Ways, coordination of national activities at the regional level, and crisis response.

Impact, Strategy and Innovation

The United Way Worldwide seeks to make a positive difference and have a measurable impact of enduring consequence by focusing on access to education, financial stability, and healthy living. The Impact, Strategy and Innovation team provides thought leadership, training, and support for community impact and program solutions and products through the execution of the United Way business model at the local community level. It also supports member United Ways' development of strategic plans based on an impact growth imperative, management of strategic initiatives, and creation of capacity to scale innovation across the United Way network.

Learning, Conferencing and Talent Management

The United Way Worldwide Learning and Conferencing team and Talent Management team produce and provide training programs and learning opportunities for United Way volunteers, staff and partners through national conferences, regional meetings, webinars, social media platforms, virtual trainings, in-person organizational trainings and other learning/developmental opportunities.

Brand Strategy and Marketing

The United Way Worldwide Brand Strategy and Marketing team provides support in all brand identity and consistency matters including marketing, advertising and other promotional opportunities designed to promote individual participation in advancing the common good in their community and strengthen trust for the United Way brand around the world. It also promotes media and public relations; manages the LIVE UNITED® campaign through production of video, television, radio, print media, and other collateral materials; maintains the United Way/National Football League partnership including pro-bono media and the Character Playbook program; maintains the United Way/Ad Council partnership including production and placement of public service announcements in television, radio, and print media; and promotes strong internal communications for the leadership organization and the network.

Campaign and Public Relations

UWW Campaign operations were limited to management of national fiscal agent relationships with a number of for-profit companies that provide workplace fundraising campaign pledge processing, at a select number of participating companies, on behalf of and in cooperation with member participating United Ways.

Public Relations is the element of the UWW campaign operations structure that is responsible for creating and overseeing United Way's internal communications strategy and plan. The primary focus is on maintaining a communications program that is a two-way partnership between member United Ways and participating companies.

Promotional Material Sales

In 2013, United Way Worldwide began to provide licensing rights to select vendors to sell promotional products bearing the United Way brand and trademarks in order to ensure compliance with its branding standards and to ensure the full value of its trademark is maintained for member United Way benefit. The United Way Worldwide Licensing team also facilitates production and sale of a limited number of United Way branded products, such as the Born Learning® trail kit, that are not available from alternative vendors.

Supporting Services

General and Administrative

This supporting service category includes the functions necessary to secure proper administrative functioning of the Organization's governing board, maintain an adequate working environment, and manage financial responsibilities of the Organization.

Fundraising

This supporting service category includes expenditures which provide the structure necessary to encourage and secure private financial support for UWW's own operations.

18. Commitments and Contingencies

Operating Leases

UWW has entered into operating lease arrangements for office space and office equipment necessary to the operations. Office space rentals include leases for its regional offices and local document storage in Alexandria, Virginia. UWW entered into a lease for office space in New York City that expired on June 30, 2015. Leased office equipment includes the telephone system and computer components.

Rent expense for the years ended December 31, 2016 and 2015 was $172,025 and $160,056, respectively.

Future minimum lease payments under the operating leases are as follows:

Years ending December 31,	
2017	$ 23,040
2018	17,640
Total	$ 40,680

19. Donated Services and Materials

The Organization recognizes contribution revenue for certain donated services and materials received at the fair value of those items. The donations include postage and other materials and amount to $12,257 and $110,526 for the years ended December 31, 2016 and 2015, respectively. These donations are reflected in the consolidated statements of activities.

UWW maintains relationships with the Ad Council on behalf of the member United Ways. UWW underwrites the cost to produce Public Service Announcements (PSAs) that promote education, financial stability, and healthy living that features individuals who are involved in various member United Way community volunteer activities. The Ad Council furnishes the media space (television and radio airtime, newspaper and magazine print space, billboards, etc.) throughout the year at no cost to United Way Worldwide. The combined value of the donated media was estimated to be $31,743,841 and $69,359,255 for 2016 and 2015, respectively.

UWW does not record the value of the donated media mentioned above because the donations are received on behalf of and for the benefit of the member United Ways. UWW records in-kind donations of media space for which it receives the future economic benefit.

20. Supplemental Disclosure of Cash Flows Information

December 31,	**2016**	2015
Cash paid during the year for interest	**$ 265,834**	$ 218,570
Property and equipment included in accounts payable	**$ 366,167**	$ 877,793

21. Income Taxes

UWW has received an exemption from the IRS from Federal income taxes under Section 501(a), as an entity described in Section 501(c)(3) of the Internal Revenue Code. UWW is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose. UWW did not incur Federal and Virginia State income tax expense related to unrelated business income for the years ended December 31, 2016 and 2015, respectively.

The Organization follows the provisions of FASB ASC Topic 740-10, *Accounting for Income Taxes,* and management believes it has no material uncertain tax positions or any related penalties and interest to accrue for the years ended December 31, 2016 and 2015, and, accordingly, there is no liability for unrecognized tax benefits.

The Organization files IRS Form 990 annually with the Federal Government and is still open to examination by taxing authorities for fiscal year 2013 and later, though there are no known years under examination.

22. Subsequent Events

The Organization has evaluated subsequent events through April 26, 2017, which is the date the consolidated financial statements were available to be issued. There were no events that require adjustments to or disclosure in the Organization's consolidated financial statements for the year ended December 31, 2016.