United Way Worldwide and Subsidiary

Consolidated Financial Statements
and Supplementary Information
Years Ended December 31, 2017 and 2016

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Contents

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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, 2017 and 2016, 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, 2017 and 2016, 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

May 21, 2018

Consolidated Financial Statements

United Way Worldwide and Subsidiary

Consolidated Statements of Financial Position

December 31,		**2017**		2016
Assets				
Cash and cash equivalents	**$**	**10,397,711**	$	11,287,979
Custodial funds (Notes 2 and 3)		**8,192,688**		4,879,509
Member United Way receivables, net (Note 4)		**2,134,025**		2,057,509
Contributions receivable, net (Note 5)		**10,718,550**		5,745,990
Investments (Notes 1 and 3)		**38,837,830**		21,052,666
Property and equipment, net (Note 6)		**27,712,258**		28,784,301
Other assets (Note 7)		**3,997,525**		2,862,496
Total assets	**$**	**101,990,587**	$	76,670,450
Liabilities and net assets				
Liabilities				
Accounts payable and accrued liabilities	**$**	**5,363,721**	$	6,184,756
Custodial funds (Notes 2 and 3)		**8,192,688**		4,879,509
Grants payable (Note 10)		**-**		157,466
Deferred revenue		**6,941,133**		6,407,530
Pension benefits liability (Note 9)		**9,661,911**		9,919,225
Postretirement benefits liability (Note 9)		**1,817,800**		1,916,550
Equipment notes payable (Note 8)		**5,144,223**		6,229,906
Other liabilities		**302,811**		291,167
Total liabilities		**37,424,287**		35,986,109
Net assets				
Without donor restrictions (Note 11)		**39,700,440**		26,804,556
With donor restrictions (Notes 12 and 13)		**24,865,860**		13,879,785
Total net assets		**64,566,300**		40,684,341
Total liabilities and net assets	**$**	**101,990,587**	$	76,670,450

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, 2017	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Public support and other revenues:			
Membership support, net	$ 30,093,131	$ -	$ 30,093,131
Contributions	105,555,443	29,208,124	134,763,567
Promotional material sales	487,046	-	487,046
Program service fees	5,876,951	190,000	6,066,951
Investment (loss) income, net (Note 1)	(1,140,436)	620,914	(519,522)
Conferences	2,597,817	-	2,597,817
Miscellaneous and other	1,402,232	-	1,402,232
Net assets released from restrictions			
Satisfaction of program restrictions (Note 13)	19,032,963	(19,032,963)	-
Total revenues	163,905,147	10,986,075	174,891,222
Expenses			
Program services:			
Donor Advised Giving	76,811,035	-	76,811,035
Impact, Strategy and Innovation	15,412,656	-	15,412,656
U.S. Network	17,951,249	-	17,951,249
Brand Strategy and Marketing	10,447,829	-	10,447,829
International Network	7,109,565	-	7,109,565
Investor Relations	6,076,759	-	6,076,759
Other Program Services	5,800,239	-	5,800,239
Total program services	139,609,332	-	139,609,332
Supporting services:			
General and administrative	5,447,485	-	5,447,485
Fundraising	2,272,058	-	2,272,058
Total supporting services	7,719,543	-	7,719,543
Total expenses	147,328,875	-	147,328,875
Operating excess, before transfers	16,576,272	10,986,075	27,562,347
Board designation, appropriations and transfers from operations:			
Board designated and tranfers from operations	(20,547,564)	-	(20,547,564)
Operating excess (loss), after transfers	(3,971,292)	10,986,075	7,014,783
Non-operating items:			
Pension-related changes other than net periodic pension cost	(583,672)	-	(583,672)
Impairment loss of investment in UWDH (Note 1)	(3,096,716)	-	(3,096,716)
Board designation, appropriations and transfers from operations:			
Board designated and transfers from operations	20,547,564	-	20,547,564
Total non-operating items and Board designation	16,867,176	-	16,867,176
Changes in net assets	12,895,884	10,986,075	23,881,959
Net assets, beginning of year	26,804,556	13,879,785	40,684,341
Net assets, end of year	$ 39,700,440	$ 24,865,860	$ 64,566,300

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 Restrictions	With Donor Restrictions	Total
Operating Revenues			
Public support and other revenues:			
Membership support, net	$ 31,390,843	$ -	$ 31,390,843
Contributions	60,042,784	7,686,233	67,729,017
Promotional material sales	489,234	-	489,234
Program service fees	5,041,147	280,000	5,321,147
Investment income, net (Note 1)	343,970	337,513	681,483
Conferences	2,501,726	-	2,501,726
Miscellaneous and other	1,413,046	-	1,413,046
Net assets released from restrictions			
Satisfaction of program restrictions (Note 13)	10,502,579	(10,502,579)	-
Total revenues	111,725,329	(2,198,833)	109,526,496
Expenses			
Program services:			
Donor Advised Giving	57,515,034	-	57,515,034
Impact, Strategy and Innovation	14,199,278	-	14,199,278
U.S. Network	10,551,739	-	10,551,739
Brand Strategy and Marketing	9,800,109	-	9,800,109
International Network	6,614,334	-	6,614,334
Investor Relations	5,992,793	-	5,992,793
Other Program Services	5,617,585	-	5,617,585
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 from operations:			
Board designated to operations	4,855,917	-	4,855,917
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 from operations:			
Board designated to operations	(4,855,917)	-	(4,855,917)
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 Functional Expenses

Year Ended December 31, 2017	Salaries, Employee Benefits and Taxes	Professional Fees, Contract Services and Other Expenses	Conferences, Travel and Staff Development	Scholarships, Grants and Awards	Occupancy, Telephone, Shipping and Supplies	Depreciation and Amortization	Total Expenses
Program services							
Donor Advised Giving	$ 303,818	$ 20,368	$ 19,315	$ 76,391,759	$ 47,782	$ 27,993	$ 76,811,035
Impact, Strategy and Innovation	6,094,470	6,525,071	601,131	1,309,970	556,486	325,528	15,412,656
U.S. Network	6,042,818	1,667,490	646,048	8,904,516	383,449	306,928	17,951,249
Brand Strategy and Marketing	3,818,137	3,664,224	273,992	2,205,325	247,075	239,076	10,447,829
International Network	1,415,921	2,475,548	494,244	2,441,664	133,373	148,815	7,109,565
Investor Relations	4,373,503	100,660	781,428	246,914	287,993	286,261	6,076,759
Other Program Services	2,627,692	1,101,067	1,518,079	38,311	347,675	167,415	5,800,239
Total program services	24,676,359	15,554,428	4,334,237	91,538,459	2,003,833	1,502,016	139,609,332
Supporting services							
General and administrative	3,439,747	1,377,285	207,160	8,984	209,690	204,619	5,447,485
Fundraising	1,691,708	109,142	239,831	1,440	125,617	104,320	2,272,058
Total supporting services	5,131,455	1,486,427	446,991	10,424	335,307	308,939	7,719,543
Total expenses	$ 29,807,814	$ 17,040,855	$ 4,781,228	$ 91,548,883	$ 2,339,140	$ 1,810,955	$ 147,328,875

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	Salaries, Employee Benefits and Taxes	Professional Fees, Contract Services and Other Expenses	Conference, Travel and Staff Development	Scholarships, Grants and Awards	Occupancy, Telephone, Shipping and Supplies	Depreciation and Amortization	Total Expenses
Program services							
Donor Advised Giving	$ 601,938	$ 100,676	$ 62,070	$ 56,656,714	$ 41,509	$ 52,127	$ 57,515,034
Impact, Strategy and Innovation	5,402,378	5,860,879	594,744	1,516,634	466,685	357,958	14,199,278
U.S. Network	5,918,540	2,076,615	688,114	922,281	610,605	335,584	10,551,739
Brand Strategy and Marketing	3,796,586	4,955,842	320,877	159,120	302,236	265,448	9,800,109
International Network	1,525,984	2,213,652	473,619	1,941,517	213,467	246,095	6,614,334
Investor Relations	3,918,713	448,722	621,954	473,506	259,306	270,592	5,992,793
Other Program Services	2,660,830	1,062,979	1,227,189	30,941	423,109	212,537	5,617,585
Total program services	23,824,969	16,719,365	3,988,567	61,700,713	2,316,917	1,740,341	110,290,872
Supporting services							
General and administrative	3,134,151	1,448,435	187,925	19,025	169,104	190,165	5,148,805
Fundraising	1,611,880	260,863	260,474	3,336	112,459	119,356	2,368,368
Total supporting services	4,746,031	1,709,298	448,399	22,361	281,563	309,521	7,517,173
Total expenses	$ 28,571,000	$ 18,428,663	$ 4,436,966	$ 61,723,074	$ 2,598,480	$ 2,049,862	$ 117,808,045

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,		**2017**		2016
Cash flows from operating activities				
Cash received from donors	**$**	**72,343,660**	$	62,618,264
Cash received from Member United Ways		**40,696,322**		39,819,200
Cash received from customers		**8,930,911**		7,094,434
Cash received from sale of donated stocks		**1,266,867**		1,091,775
Interest and dividend received		**418,591**		428,997
Other cash received		**9,846**		17,890
Cash paid to vendors		**(38,475,406)**		(38,592,380)
Cash paid for payroll, employee benefits, taxes, and voluntary deductions		**(32,502,576)**		(29,392,524)
Grants paid		**(28,517,989)**		(39,133,542)
Cash paid to Member United Ways		**(19,121,315)**		(12,982,427)
Interest paid		**(224,270)**		(265,834)
Investment expenses paid		**(58,538)**		(84,258)
Net cash flows provided by (used in) operating activities		**4,766,103**		(9,380,405)
Cash flows from investing activities				
Purchase of property and equipment		**(841,835)**		(388,624)
Proceeds from sale of investments		**22,096,285**		30,641,683
Purchase of investments		**(22,712,296)**		(18,306,547)
Investment in UWDH		**(3,096,716)**		-
Net cash flows (used in) provided by investing activities		**(4,554,562)**		11,946,512
Cash flows from financing activities				
Principal payments on equipment notes payable		**(1,085,682)**		(1,044,118)
Payment on finance lease		**(16,127)**		-
Contribution received with permanent donor restriction		**-**		(6,249)
Net cash flows used in financing activities		**(1,101,809)**		(1,050,367)
Net (decrease) increase in cash and cash equivalents		**(890,268)**		1,515,740
Cash and cash equivalents:				
Beginning of year		**11,287,979**		9,772,239
End of year	**$**	**10,397,711**	$	11,287,979

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

Organizational Mission and Core Values

About United Way

For more than 130 years, United Way has served as a vehicle for volunteers, donors and advocates who seek to change lives and communities through service, collaboration and impact. As the largest privately funded nonprofit in the world, United Way has a global network of 1,800 local United Ways in 40 countries and territories. Headquartered in Alexandria, Virginia — with employees around the world — United Way serves nearly 61 million people annually, supports 2.9 million volunteers and engages nine million donors.

United Way fights for the health, education and financial stability of every person in every community. How does United Way do it? By galvanizing the caring power of communities, forging unlikely partnerships, finding new solutions to old problems, mobilizing the best resources and inspiring people to make a mark in their own backyard. United Way is more than a fundraiser. United Way is the hand raiser. The game changer. No matter the obstacles. No matter the odds. United Way surrounds a community's most critical problems — and United Way fights.

About United Way Worldwide

United Way Worldwide (UWW) is an international organization whose operational costs are 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.

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

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. 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.

Organizational Operating Structure

United Way Worldwide's operational structure includes the following program and supporting services, which are included in the accompanying consolidated statements of activities:

Program Services

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.

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.

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.

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/Public Service Announcement 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.

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, China, and Switzerland, network staff work closely with member United Way staff and volunteer board members.

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.

Other Program Services

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.

Campaign and Public Relations

UWW Campaign operations are 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 UWW's governing board, maintain an adequate working environment, and manage financial responsibilities of UWW.

Fundraising

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

Consolidation Policy

The consolidated financial statements include the accounts of UWW and UWW Asia (collectively referred to as "the Organization"). Significant transactions between the entities, 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

In 1983, a national board was convened to oversee distribution of funds through the Emergency Food and Shelter Program (EFSP), a separate congressionally authorized program of Department of Homeland Security's Federal Emergency Management Agency (FEMA), and UWW was appointed fiscal agent. 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. EFSP is not consolidated into the Organization's financial statements. Since 1983, U.S. Congress has allocated more than $4.40 billion to the FEMA to provide emergency food and shelter to needy individuals throughout the country. UWW charged certain administrative expenses to EFSP totaling $307,209 and $304,000 for the years ended December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, undistributed balances of $7,112,033 and $3,833,242, respectively, were included in the custodial funds with a corresponding liability in the accompanying consolidated statements of financial position.

UWW also 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 market value of the PIF pool at December 31, 2017 and 2016 amount to $134,004 and $125,526, 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 net present value of the liability for future annuity payments is $557,215 and $606,308 at December 31, 2017 and 2016, respectively. UWW accrues no liability beyond the assets of the funds. The market value of the CGA pool is $710,536 and $799,710, including $64,609 and $59,877 of loss reserve (required by the state of New York), at December 31, 2017 and 2016, respectively.

UWW also maintains two fiscal agent agreements with third parties on behalf of its members to provide donation processing services related to certain employee giving campaigns (federated fundraising 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 processors, as a custodial asset and custodial liability. As of December 31, 2017 and 2016, the fund's market value of $236,115 and $121,031, respectively, is included in custodial funds.

As of December 31, 2017 and 2016, UWW's custodial funds totaled $8,192,688 and $4,879,509, respectively, were included in the custodial funds with a corresponding liability in the accompanying consolidated statements of financial position.

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 judgement. 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 2017 and 2016. 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, subsequent collections, type of contribution, and nature of fundraising activity.

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

Investments

Investments are reported at fair value. 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 income (loss) in the consolidated statements of activities.

Investment in the limited liability company is accounted for under the equity method of accounting.

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.

Other Assets

Other 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 other assets are amounts due from others on the sale of services/goods, prepaid expenses, 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 revocable. 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 11 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 12 and 13 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, 2017 and 2016, the amount of the deferred training credit was $2,132,387 and $2,392,948, 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. There were no conditional promises to give for the years ended December 31, 2017 and 2016.

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.

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.

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/to Board designated and other non-operating funds to support current operating activities or set aside to support future operating activities.

The Board designated, appropriations and transfers (from) to operations consist of:

Years ended December 31,	**2017**	2016
Board designation (from) to operations		
Board designation for Center on Aging	**$ 7,720**	$ 7,645
Board designation for Operating Reserve	**-**	2,007,000
Board designation for Donor Advised Funds	**(3,895,282)**	2,841,272
Board designation (from) to operations	**(3,887,562)**	4,855,917
Transfers – Unliquidated donated stocks (Note 14)	**(16,660,002)**	-
Total Board designated, appropriations and transfers (from) to operations	**$ (20,547,564)**	$ 4,855,917

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 UWW's spending policy. The measure excludes pension-related changes other than net periodic pension cost.

Because the Board approved financial plan, for the periods represented, calls for no surplus or deficit on this line, a surplus represents results from operations for the period that were above plan and a deficit represents results below plan.

Functional Allocation of Expenses

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of UWW are reported as expenses of those functional areas. A portion of General and Administrative costs that benefit multiple functional areas (indirect costs) have been allocated across Programs and Other Supporting Services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

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, 2017 and 2016.

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 the Organization 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.

UWW maintains its cash balances at several financial institutions which, at times, may exceed federally insured limits. At December 31, 2017 and 2016, UWW held $9,508,577 and $11,269,310, respectively, in uninsured cash and cash equivalents. UWW has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Organization until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Organization is currently evaluating the effect the provisions of this ASU will have on the consolidated financial statements.

Accounting Pronouncements Adopted

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. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The Organization has chosen to early-adopt this ASU as of and for the year ended December 31, 2016. In 2017, the Organization has also chosen to present its consolidated statements of cash flows using the direct method.

Reclassifications

Certain accounts in 2016 consolidated financial statements have been reclassified to conform with the current year financial statement presentation.

1. Investments

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

December 31,	**2017**	2016
Corporate bonds	**$ 10,586,474**	$ 10,354,150
Equity securities	**20,643,124**	3,486,845
U.S. Government agency notes	**2,681,197**	4,957,633
U.S. Treasury notes	**2,476,585**	100,004
Bond funds	**2,427,459**	2,058,354
Corporate stocks	**22,991**	95,680
	$ 38,837,830	21,052,666
Less: short-term investments	**20,791,705**	4,651,052
	$ 18,046,125	$ 16,401,614

Net investment (loss) income consists of the following:

Years ended December 31,	**2017**	2016
Dividend and interest income	**$ 418,591**	$ 428,997
Realized gain	**3,422**	40,478
Unrealized (loss) gain	**(882,997)**	296,266
Investment expenses	**(58,538)**	(84,258)
Total investment (loss) return, net	**$ (519,522)**	$ 681,483

Investments in United Way Digital Holdings, LLC (UWDH)

UWDH is a for-profit limited liability company formed in January 2017 for the purpose of raising capital necessary to fund the development of a donor engagement platform, which will be made available to United Way Network members and their current and prospective donors. UWW owns a 63.33% interest in UWDH with the remaining 36.67% interest being held by eleven Local United Way Members each holding a 3.33% interest. UWDH is governed by five Board of Managers, UWW is entitled to appoint three Managers while the other Members can elect the other two Managers. All acts necessary for the furtherance of UWDH's purposes shall require the approval of 80% of the Board of Managers. Because of this, UWW management believes that the other Members have substantive participating rights over UWDH. As such, UWW accounts for its 63.33% interest in UWDH under the equity method of accounting.

UWW has a total capital commitment to UWDH in the amount of $7,600,000. As of December 31, 2017, UWW has contributed a total capital of $3,096,716 to UWDH. During the year ended December 31, 2017, UWW recorded an impairment loss of investment in UWDH in the amount of $3,096,716.

2. Custodial Funds

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

December 31,	**2017**	2016
Cash and cash equivalents	**$ 7,342,854**	$ 3,954,273
Equity securities	**69,042**	97,519
U.S. Government agency notes	**19,798**	24,976
U.S. Treasury notes	**42,488**	44,796
Common collective trusts	**718,506**	757,945
	$ 8,192,688	$ 4,879,509
Less: short-term custodial funds	**7,342,854**	3,954,273
	$ 849,834	$ 925,236

3. 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 Accounting Standards Codification (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, 2017 or 2016. 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, 2017 is as follows:

December 31	Level 1	Level 2	Total
Investments:			
Corporate bonds			
Domestic	$ 10,586,474	$ -	$ 10,586,474
Equity securities			
Domestic	19,668,037	-	19,668,037
International	649,334	-	649,334
Emerging markets	325,753	-	325,753
U.S. Government agency notes	2,681,197	-	2,681,197
U.S. Treasury notes	2,476,585	-	2,476,585
Bond funds	2,427,459	-	2,427,459
Corporate stocks	22,991	-	22,991
Total investments	$ 38,837,830	-	$ 38,837,830
Custodial funds:			
Current:			
Cash and cash equivalents	$ 7,342,854	$ -	$ 7,342,854
Noncurrent:			
Equity securities			
Domestic	69,042	-	69,042
U.S. Government agency notes	19,798	-	19,798
U.S. Treasury notes	42,488	-	42,488
Common collective trusts	-	718,506	718,506
Noncurrent custodial funds	131,328	718,506	849,834
Total custodial funds	$ 7,474,182	$ 718,506	$ 8,192,688

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			
Domestic	$ 10,354,150	$ -	$ 10,354,150
Equity securities			
Domestic	2,650,989	-	2,650,989
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			
Domestic	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

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 - Collective Common Trusts

The fund seeks to achieve its investment objective by investing substantially all of its assets in a "master fund" that uses a passive management strategy designed to track the performance of the S&P 500.

The portfolio is managed according to 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 2017 and 2016.

4. Member United Way Receivables

Member United Way receivables consist of the following at:

December 31,	**2017**	2016
Member United Way receivables	**$ 2,172,732**	$ 2,119,244
Allowance for doubtful accounts	**(38,707)**	(61,735)
	$ 2,134,025	$ 2,057,509

Bad debt expense is determined based on management's judgment, including such factors as prior collection history. Bad debt (reversal) expense related to member United Way receivables totaled $(23,028) and $27,284 for the years ended December 31, 2017 and 2016, respectively.

5. Contributions Receivable

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

December 31,	**2017**	2016
Amounts due in:		
Less than one year	**$ 9,568,698**	$ 4,096,953
One to five years	**1,400,000**	1,900,000
Total contributions receivable	**10,968,698**	5,996,953
Less: discount	**(54,740)**	(74,290)
Less: allowance for uncollectible pledges	**(195,408)**	(176,673)
	$ 10,718,550	$ 5,745,990

Bad debt expense related to contributions receivable totaled $18,735 and $37,725 for the years ended December 31, 2017 and 2016, respectively. In addition, UWW also wrote off a certain receivable that amounted to $0 and $98,535 in 2017 and 2016, respectively.

6. Property and Equipment

Property and equipment consists of the following at:

December 31,	**2017**	2016
Land	**$ 2,102,080**	$ 2,102,080
Building and building improvements	**40,693,536**	40,646,407
Furniture, artwork, equipment, auto, and software	**12,353,697**	11,661,914
	55,149,313	54,410,401
Less: accumulated depreciation and amortization	**(27,437,055)**	(25,626,100)
	$ 27,712,258	$ 28,784,301

Depreciation and amortization expense totaled $1,810,955 and $2,049,862 for the years ended December 31, 2017 and 2016, respectively.

7. Other Assets

Other assets consist of the following at:

December 31,	**2017**	2016
Accounts receivable, net of allowance for doubtful accounts of $7,861 and $15,440 for 2017 and 2016, respectively	**$ 415,237**	$ 579,016
Prepaid expenses and deposits	**2,408,445**	1,159,803
Life insurance contracts and deferred compensation plan assets	**1,173,843**	1,123,677
Total	**$ 3,997,525**	$ 2,862,496

8. Debt

In August 2017, UWW's line-of-credit was amended and renewed through August 2018. At that time, the borrowing limits on the line-of-credit were increased from a maximum of $2,000,000 to a maximum of $5,000,000. The interest rate on the line-of-credit did not change from LIBOR plus 1.6%, the rate that became effective August 31, 2017. There were no borrowings under the line-of-credit as of December 31, 2017 and 2016. UWW incurred no interest expense on this line of credit for the years ended December 31, 2017 and 2016.

The following is a summary of the notes payable as of December 31, 2017 and 2016.

	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, 2017				
Current	**$ 425,880**	**$ 563,805**	**$ 139,216**	**$ 1,128,901**
Noncurrent	**1,422,838**	**2,046,532**	**545,952**	**4,015,322**
Total	**$ 1,848,718**	**$ 2,610,337**	**$ 685,168**	**$ 5,144,223**
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
Interest basis	3.91% fixed	3.91% fixed	3.91% fixed	
Interest paid:				
2017	**$ 81,011**	**$ 113,616**	**$ 29,643**	**$ 224,270**
2016	$ 96,691	$ 134,375	$ 34,768	$ 265,834

Interest incurred on all of the above loans was $224,270 and $265,834 for the years ended December 31, 2017 and 2016, respectively.

UWW was in compliance with all debt covenants as of December 31, 2017 and 2016.

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,	
2018	$ 1,128,901
2019	1,173,841
2020	1,220,570
2021	1,309,776
2022	311,135
Total	$ 5,144,223

9. 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,	**2017**	2016
UWW Plan	**$ 7,487,969**	$ 7,890,699
Non-Qualified Plans	**1,870,145**	1,725,746
UWW Make-up Plan	**303,797**	302,780
Total recognized liability	**$ 9,661,911**	$ 9,919,225
Current portion, liability for pension benefits	**$ 2,061,182**	$ 1,910,082
Noncurrent portion, liability for pension benefits	**7,600,729**	8,009,143
Total liability for pension benefits	**$ 9,661,911**	$ 9,919,225

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,	**2017**	2016
Postretirement benefit plans	**$ 1,817,800**	$ 1,916,550
Current portion, postretirement benefits	**160,000**	$ 177,000
Noncurrent portion, postretirement benefits	**1,657,800**	1,739,550
Total postretirement benefits	**$ 1,817,800**	$ 1,916,550

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

Years ended December 31,	**2017**	2016
UWW Plan	**$ (481,178)**	$ 2,030,368
Non-Qualified Plans	**(74,624)**	20,742
Postretirement Plans	**(27,870)**	99,701
Total change in unrecognized (loss) gain recognized apart from expenses	**$ (583,672)**	$ 2,150,811

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, 2017 and 2016, 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, 2017 and 2016 and the key assumptions used by the UWW Plan's actuary. The calculations are performed based on measurement dates of December 31, 2017 and 2016 for the years ended December 31, 2017 and 2016, respectively.

Obligations and Funded Status

December 31,	**2017**	2016
Accumulated benefit obligation	**$ 44,607,906**	$ 41,430,591
Projected benefit obligation	**$ 44,607,906**	$ 41,430,591
Fair value of plan assets	**37,119,937**	33,539,892
Funded status – under funded	**(7,487,969)**	(7,890,699)
Underfunded pension liability	**$ 7,487,969**	$ 7,890,699

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

Years ended December 31,	**2017**	2016
Gain due to assets	**$ 3,068,734**	$ 452,500
Loss due to change in discount rate and other assumptions	**(2,487,350)**	(837,499)
(Loss) gain due to participant experience	**(1,062,562)**	674,594
Effect of settlements	**-**	1,740,773
Total	**$ (481,178)**	$ 2,030,368

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,	**2017**	2016
Employer contributions	**$ 900,000**	$ 900,000
Benefits paid	**$ 2,012,466**	$ 1,360,903

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, 2017 and 2016 were:

Years ended December 31,	**2017**	2016
Interest cost	**$ 1,639,869**	$ 1,961,506
Expected return on assets	**(1,623,777)**	(2,291,132)
Effect of settlement	**-**	1,740,773
Amortization of loss	**1,167,622**	1,525,082
Net periodic benefit cost	**$ 1,183,714**	$ 2,936,229

Assumptions

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

Years ended December 31,	**2017**	2016
Benefit Obligation:		
Discount rate	**3.55%**	4.05%
Rate of compensation increase	**n/a**	n/a
Net Periodic Benefit Cost:		
Discount rate	**4.05%**	4.35%
Rate of compensation increase	**n/a**	n/a
Expected return on plan assets	**6.00%**	7.00%

The expected long-term rate of return on assets assumption was 6.00% and 7.00% as of December 31, 2017 and 2016, respectively. 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, 2017 and 2016 were:

December 31,	**2017**	2016
Pooled separate accounts - bond funds	**$ 19,449,143**	$ 17,743,782
Pooled separate accounts - equity securities	**17,670,794**	15,796,110
Total	**$ 37,119,937**	$ 33,539,892

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, 2017 and 2016. 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, 2017 and 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, 2018 is $991,135.

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

Years ending December 31,		
2018	$	2,030,000
2019	$	1,980,000
2020	$	2,070,000
2021	$	2,140,000
2022	$	2,250,000
2023 – 2027	$	2,180,000

The UWW Plan is positioned to meet the minimum funding requirement as outlined in the Pension Protection Act of 2006. As of January 1, 2017, 105.45% 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, 2017 and 2016 and the key assumptions used by the actuary. The calculations are performed based on measurement dates of December 31, 2017 and 2016 for the years ended December 31, 2017 and 2016, respectively.

Obligations and Funded Status

December 31,	**2017**	2016
Projected benefit obligation	**$ 1,870,145**	$ 1,725,746
Fair value of plan assets	**-**	-
Funded status – under funded	**$ (1,870,145)**	$ (1,725,746)
Unfunded pension liability	**$ 1,870,145**	$ 1,725,476

The Organization has a segregated account specifically for funding the SERP. The balance in the account was $1,358,232 and $1,348,385 as of December 31, 2017 and 2016, 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, 2017 and 2016 are as follows:

December 31,	**2017**	2016
Loss due to change in discount rate, rate of compensation increase and other assumptions (including mortality assumption)	**$ (101,004)**	$ (90,280)
Gain due to participant experience	**26,380**	63,329
Effect of settlements	**-**	47,693
Total	**$ (74,624)**	$ 20,742

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

Years ended December 31,	**2017**	2016
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,	**2017**	2016
Interest cost	**$ 69,775**	$ 79,804
Expected return on assets	**-**	-
Amortization of loss	**(3,063)**	(4,516)
Effect of settlements	**-**	47,693
Net periodic benefit cost	**$ 66,712**	$ 122,981

Assumptions

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

Years ended December 31,	**2017**	2016
Benefit Obligation:		
Discount rate	**3.55%**	4.05%
Rate of compensation increase	**n/a**	n/a
Net Periodic Benefit Cost:		
Discount rate	**4.05%**	4.35%
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, 2018 is $39,273.

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

Years ending December 31,		
2018	$	6,900
2019	$	1,885,700
2020	$	5,600
2021	$	5,400
2022	$	5,200
2023 – 2027	$	22,000

The Organization expects to make contributions to the Non-Qualified Plans in 2018 in the amount of $1,781,000.

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, 2017 and 2016 and the key assumptions used by the actuary. The calculations are performed based on measurement dates of December 31, 2017 and 2016 for the years ended December 31, 2017 and 2016, respectively.

Obligations and Funded Status

December 31,	**2017**	2016
Accumulated benefit obligation	**$ 1,817,800**	$ 1,916,550
Fair value of plan assets	**-**	-
Funded status – under funded	**$ (1,817,800)**	$ (1,916,550)
Unfunded pension liability	**$ 1,817,800**	$ 1,916,550

Items not yet recognized as a component of net periodic pension cost as of December 31, 2017 and 2016 are as follows:

December 31,	**2017**	2016
Loss due to change in discount rate and other assumptions (including mortality assumption)	**$ (71,626)**	$ (45,589)
Gain in participant experience	**94,192**	141,111
Effect of settlements	**(50,436)**	4,179
Total	**$ (27,870)**	$ 99,701

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

Years ended December 31,	**2017**	2016
Employer contributions	**$ 151,545**	$ 90,964
Benefits paid	**$ 61,170**	$ 55,964

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,	**2017**	2016
Service cost	**$ 1,325**	$ 20,161
Interest cost	**74,036**	83,827
Net amortization		
Amortization of prior service cost	**25,272**	25,272
Amortization of net gain	**(70,412)**	(69,420)
Effect of settlements	**(50,436)**	4,179
Net periodic benefit cost	**$ (20,215)**	$ 64,019

Assumptions

The weighted average assumptions were:

	2017	2016
Measurement date	**December 31, 2017**	December 31, 2016
Discount rate	**3.55%**	4.05%

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, 2018:

	2018
Prior service cost	$ 42,954
Net actuarial gain	$ (62,378)

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

Years ending December 31,	
2018	$ 160,000
2019	$ 159,000
2020	$ 159,000
2021	$ 148,000
2022	$ 146,000
2023 – 2027	$ 650,000

UWW plans to make contributions amounting to $160,000 during 2018 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 $303,797 and $302,780, which is accrued as of December 31, 2017 and 2016, respectively. Pension income (expense) for these benefits amounted to $1,017 and $(2,965) for the years ended December 31, 2017 and 2016, 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 $1,371,164 and $1,303,199 for the years ended December 31, 2017 and 2016, 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, 2017 and 2016, the assets of $262,067 and $249,353, respectively, for this plan are included in other assets in the consolidated statements of financial position. The assets are invested in cash and cash equivalents. The matching liabilities as of December 31, 2017 and 2016 of $262,067 and $249,353, respectively, for this plan are reflected in other liabilities in the consolidated statements of financial position. UWW's contributions to this plan were $31,893 and $28,983 for the years ended December 31, 2017 and 2016, 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, 2017 and 2016, the assets of $267,290 and $246,169, respectively, for this plan are included in other 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 $697,669 and $676,548 for the years ended December 31, 2017 and 2016, respectively.

10. Grants Payable

The grants payable balance consists of a ten-year grant relationship with another organization that ended on September 30, 2017. The total payments of the grants payable for the years ended December 31, 2017 and 2016, respectively, was $157,466 and $0.

11. 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,	**2017**	2016
Undesignated	**$ 26,949,087**	$ 18,015,589
Board designated for Center on Aging	**386,064**	393,784
Board designated for Donor Advised Funds	**11,342,027**	7,446,745
Board designated for Quasi-Endowment	**1,023,262**	948,438
Total net assets without donor restrictions	**$ 39,700,440**	$ 26,804,556

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 UWW's long-term financial viability and continuing to meet the needs of UWW. The quasi-endowment funds totaled $1,023,262 and $948,438 at December 31, 2017 and 2016, respectively, and generated $74,824 and $8,398 of additional contributions for the years ended December 31, 2017 and 2016, 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 $32,237,858 and $35,575,265 for the years ended December 31, 2017 and 2016, respectively.

Grants (including program service expenses) made to organizations outside the United States from the IDAG program were $28,357,093 and $38,689,637 for the years ended December 31, 2017 and 2016, respectively, which are included in the consolidated statements of activities.

The balance of unexpended IDAG contributions changed by $3,842,414 and ($2,978,658) at December 31, 2017 and 2016, 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 $48,207,747 and $18,098,007 for the years ended December 31, 2017 and 2016, respectively, which are included in the consolidated statements of activities.

Grants (including program service expenses) made to organizations from the DAF program were $48,154,879 and $17,960,621 for the years ended December 31, 2017 and 2016, respectively, which are included in the consolidated statements of activities.

The balance of unexpended DAF contributions was $52,868 and $137,386 at December 31, 2017 and 2016, respectively.

12. Net Assets With Donor Restrictions

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

December 31,	**2017**	2016
Subject to expenditure for specified purpose or period:		
Impact, Strategy, and Innovation	**$ 9,370,666**	$ 6,843,512
U.S. Network	**9,464,906**	1,144,238
International Network	**1,467,426**	1,201,179
Brand Strategy and Marketing	**122,272**	22,272
Investor Relations	**145,000**	250,000
Other Program Services	**493,860**	616,854
Total subject to expenditure for specified purpose or period:	**21,064,130**	10,078,055
Endowments subject to the Organization's spending policy and appropriation:		
Investment in perpetuity (original amount of $3,801,730 in 2017 and 2016), which once appropriated, is expendable to support:		
Senior Resource Center	**3,791,087**	3,791,087
Any activities of the Organization	**10,643**	10,643
Total endowments subject to the Organization's spending policy and appropriation	**3,801,730**	3,801,730
Total net assets with donor restrictions	**$ 24,865,860**	$ 13,879,785

The various purposes of the above donor restricted amounts are as follows:

Impact, Strategy, and Innovation – Economic Self-Sufficiency programs, Initiatives to benefit children and families, Training programs, and Research projects.

U.S. Network – Long-term Disaster Recovery *(Hurricanes Harvey, Irma, and Maria; California wildfires)*, Economic Self-Sufficiency programs, Initiatives to benefit children and families, issue Advocacy, and Scholarships for Training programs.

International Network – Long-term Disaster Recovery *(Hurricanes Irma and Maria; Mexico Earthquake)*, Initiatives to benefit children and families, Global Growth initiatives, and International United Way member support.

Brand Strategy and Marketing – Initiatives to benefit children and families.

Investor Relations – Initiatives to benefit children and families.

Other Program Services – The charitable sector Leadership Coalition, Conference Sponsorship, and other Training programs.

13. 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 follow:

Years ended December 31,	**2017**	2016
Purpose or period restrictions accomplished:		
Impact, Strategy, and Innovation	**$ 5,981,756**	$ 5,450,856
U.S. Network	**9,857,477**	2,707,415
International Network	**2,231,234**	1,569,096
Investor Relations	**180,000**	2,097
Other Program Services	**782,496**	773,115
Net assets released from restrictions	**$ 19,032,963**	$ 10,502,579

14. 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,	**2017**	2016
Cash and cash equivalents	**$ 10,397,711**	$ 11,287,979
Investments - Other	**22,177,828**	21,052,666
Investments - Unliquidated donated stocks	**16,660,002**	-
Member United Way receivables, net	**2,134,025**	2,057,509
Contributions receivable, net	**9,398,231**	3,977,044
Accounts receivable, net	**415,237**	579,016
Total financial assets available within one year	**61,183,034**	38,954,214
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	**(21,064,130)**	(10,078,055)
Restricted by donors in perpetuity	**(3,801,730)**	(3,801,730)
SERP plan assets expected to be paid in 2018	**(1,781,000)**	-
Total amounts unavailable for general expenditures within one year	**(26,646,860)**	(13,879,785)
Amounts unavailable to management without Board's approval:		
Board Designated for Quasi-Endowment	**(1,023,262)**	(948,438)
Board Designated for Center on Aging	**(386,064)**	(393,784)
Board Designated for Donor Advised Funds	**(11,342,027)**	(7,446,745)
Total amounts unavailable to management without Board's approval	**(12,751,353)**	(8,788,967)
Total financial assets available to management for general expenditure within one year	**$ 21,784,821**	$ 16,285,462

Unliquidated Donated Stocks

In December 2017, UWW received a large gift of stocks in a lightly traded company listed on the NASDAQ stock exchange. While the standing Board's policy is to liquidate all stock gifts upon receipt, due to the large number of shares received and the low volume of shares traded daily, it was deemed imprudent to liquidate the shares quickly. The Board therefore approved a specific exception to the standing liquidation policy for this particular block of donated stocks and directed the Investment Committee to develop a prudent liquidation strategy. At December 31, 2017, no shares of the donated stocks had been liquidated. As of March 14, 2018, all of the shares of the unliquidated donated stocks had been successfully liquidated via a liquidation plan approved by the Investment Committee. The proceeds were immediately reinvested in short-term investments.

Liquidity Management

The Organization maintains a policy of structuring 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 $5,000,000, 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 these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

15. 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, 2017 and 2016:

December 31, 2017	Without Donor Restrictions	With Donor Restrictions	Total
Board designated for quasi-endowment fund	$ 1,023,262	$ -	$ 1,023,262
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	$ 1,023,262	$ 3,801,730	$ 4,824,992

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

Changes in Endowment Net Assets

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

December 31, 2017	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	**$ 948,438**	**$ 3,801,730**	**$ 4,750,168**
Contributions	**74,824**	**-**	**74,824**
Investment return, net	**129,236**	**500,769**	**630,005**
Appropriations	**(129,236)**	**(500,769)**	**(630,005)**
Endowment net assets, end of year	**$ 1,023,262**	**$ 3,801,730**	**$ 4,824,992**

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

16. 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. Leased office equipment includes the telephone system and computer components.

Rent expense for the years ended December 31, 2017 and 2016 was $67,604 and $172,025, respectively.

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

Years ending December 31,	
2018	$ 37,521
2019	19,881
2020	19,881
2021	19,881
2022	9,940
Total	$ 107,104

Finance Lease

In 2016, UWW entered into a 3-year financing lease agreement for the costs associated with design, build, and implement new network firewalls at its Alexandria headquarters office. Under the terms of the lease, payments would begin at completion of the implementation phase of the project which occurred in 2017.

The actual lease expense for 2017 and the future minimum lease payments are as follows:

Years ending December 31,	
2018	$ 14,758
2019	13,389
Total	$ 28,147

Agreement between UWW and Salesforce

In August 2017, UWW entered into a design partner and reseller agreement with Salesforce.org (Salesforce) in order to form a strategic alliance centered on the design and deployment of a Corporate Social Responsibility technology platform and Employee Engagement Application (collectively as "CSR Package") each developed by Salesforce. UWW has been granted by Saleforce a limited, nontransferable, non-sublicenseable right to market, demonstrate, resell and support the CSR Package for an exclusive period of two years. In return, UWW has agreed to pay Salesforce a reseller non-recurring engineering (NRE) fee of $6,000,000 which will be credited back to UWW upon payment of CSR Package's minimum annual prepaid subscription fees for the next six years at:

Years ending December 31,	
2018 – (net of $1,000,000 credit of NRE fee)	$ 3,560,000
2019 – (net of $2,000,000 credit of NRE fee)	4,960,000
2020 – (net of $3,000,000 credit of NRE fee)	6,360,000
2021	11,760,000
2022	14,160,000
2023	16,560,000
Total	$ 57,360,000

If UWW is unable to resell the minimum annual subscriptions for two consecutive years, UWW has an option to be released from above obligations. However, UWW must pay Salesforce the annual prepaid subscription fees for each of the two additional years and an additional sum of $7.3 million covering the $6 million NRE fee and certain discounts built into the annual prepaid subscription fees.

17. 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 $22,866 and $12,257 for the years ended December 31, 2017 and 2016, respectively. These donations are reflected in the consolidated statements of activities.

UWW maintains relationships with certain partnering organizations on behalf of the member United Ways to place United Way advertisements in public media on a pro-bono basis. UWW underwrites the cost to produce these 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 partnering organizations coordinate acquisition of 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 space was estimated to be $23,530,022 and $31,743,841 for 2017 and 2016, 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.

18. Supplemental Disclosure of Cash Flows Information

December 31,	**2017**	2016
Cash paid during the year for interest	**$ 224,270**	$ 265,834
Property and equipment included in accounts payable	**$ 260,860**	$ 366,167

19. 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, 2017 and 2016, 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, 2017 and 2016, and, accordingly, there is no liability for unrecognized tax benefits.

UWW files IRS Form 990 annually and its filings are still open to examination by taxing authorities for fiscal years 2014 and later, though there are no known years under examination.

20. Subsequent Events

The Organization has evaluated subsequent events through May 21, 2018, 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, 2017.

Supplementary Information

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Independent Auditor's Report on Supplementary Information

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

Our audits of the consolidated financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, LLP

May 21, 2018

United Way Worldwide and Subsidiary

Consolidating Statement of Financial Position

December 31, 2017	United Way Worldwide	United Way Worldwide Asia	Eliminating Entries	Consolidated
Assets				
Cash and cash equivalents	$ 10,395,942	$ 1,769	$ -	$ 10,397,711
Custodial funds (Notes 2 and 3)	8,192,688	-	-	8,192,688
Member United Way receivables, net (Note 4)	2,134,025	-	-	2,134,025
Contributions receivable, net (Note 5)	10,718,550	-	-	10,718,550
Investments (Notes 1 and 3)	38,837,830	-	-	38,837,830
Property and equipment, net (Note 6)	27,712,258	-	-	27,712,258
Other assets (Note 7)	3,955,560	41,965	-	3,997,525
Total assets	101,946,853	43,734	-	101,990,587
Liabilities and net assets				
Liabilities				
Accounts payable and accrued liabilities	5,345,326	18,395	-	5,363,721
Custodial funds (Notes 2 and 3)	8,192,688	-	-	8,192,688
Grants payable (Note 10)	6,941,133	-	-	6,941,133
Deferred revenue	9,661,911	-	-	9,661,911
Pension benefits liability (Note 9)	1,817,800	-	-	1,817,800
Postretirement benefits liability (Note 9)	5,144,223	-	-	5,144,223
Other current liabilities	302,811	-	-	302,811
Total liabilities	37,405,892	18,395	-	37,424,287
Net assets				
Without donor restrictions (Note 11)	39,675,101	25,339	-	39,700,440
With donor restrictions (Notes 12 and 13)	24,865,860	-	-	24,865,860
Total net assets	64,540,961	25,339	-	64,566,300
Total liabilities and net assets	$ 101,946,853	$ 43,734	$ -	$ 101,990,587