Consolidated Financial Statements and Report of Independent Certified Public Accountants

United Way Worldwide and Subsidiary

December 31, 2018 and 2017

Contents

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Report of Independent Certified Public Accountants

To the Board of Trustees
United Way Worldwide and Subsidiary

We have audited the accompanying consolidated financial statements of United Way Worldwide and Subsidiary (collectively "the Organization"), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2018, 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.

Other matter
The consolidated financial statements of United Way Worldwide as of and for the year ended December 31, 2017 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2017 consolidated financial statements in their report dated May 21, 2018.

Grant Thornton LLP

Arlington, Virginia
June 13, 2019

United Way Worldwide and Subsidiary

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2018	2017
ASSETS		
Cash and cash equivalents	$ 6,747,541	$ 10,397,711
Custodial funds (Notes 3 and 4)	3,428,022	8,192,688
Member United Way receivables, net (Note 5)	2,555,379	2,134,025
Contributions receivable, net (Note 6)	1,339,009	10,718,550
Investments (Notes 2 and 4)	32,194,904	38,837,830
Property and equipment, net (Note 7)	26,747,087	27,712,258
Other assets (Note 8)	8,289,061	3,997,525
Total assets	$ 81,301,003	$ 101,990,587
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	3,557,218	5,363,721
Custodial funds (Notes 3 and 4)	3,428,022	8,192,688
Deferred revenue	4,148,879	6,941,133
Pension benefits liability (Note 10)	8,495,821	9,661,911
Postretirement benefits liability (Note 10)	3,302,660	1,817,800
Equipment notes payable (Note 9)	4,015,321	5,144,223
Notes payable to United Way Members (Note 2)	3,280,000	-
Other liabilities	453,566	302,811
Total liabilities	30,681,487	37,424,287
NET ASSETS		
Without donor restrictions (Note 12)	36,126,215	39,700,440
With donor restrictions (Notes 13 and 14)	14,493,301	24,865,860
Total net assets	50,619,516	64,566,300
Total liabilities and net assets	$ 81,301,003	$ 101,990,587

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

United Way Worldwide and Subsidiary

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Public support and other revenues:			
Membership support, net	$ 29,332,918	$ -	$ 29,332,918
Contributions	164,465,071	9,092,391	173,557,462
Promotional material sales	455,673	-	455,673
Program service fees	14,509,429	-	14,509,429
Investment return, net (Note 2)	(1,385,825)	(58,537)	(1,444,362)
Conferences	1,403,613	-	1,403,613
Miscellaneous and other	1,646,019	-	1,646,019
Net assets released from restrictions:			
Satisfaction of program restrictions (Note 14)	19,239,074	(19,239,074)	-
Total revenues	229,665,972	(10,205,220)	219,460,752
Expenses			
Program services:			
Donor advised giving	146,403,681	-	146,403,681
Impact, strategy and innovation	623,434	-	623,434
Digital services	22,001,092	-	22,001,092
U.S. network	26,958,569	-	26,958,569
Brand strategy and marketing	8,873,444	-	8,873,444
International network	5,937,087	-	5,937,087
Investor relations	6,039,478	-	6,039,478
Other program services	4,906,836	-	4,906,836
Total program services	221,743,621	-	221,743,621
Supporting services:			
General and administrative	5,539,406	-	5,539,406
Fundraising	4,086,677	-	4,086,677
Total supporting services	9,626,083	-	9,626,083
Total expenses	231,369,704	-	231,369,704
Operating loss, before transfers	(1,703,732)	(10,205,220)	(11,908,952)
Board designation, appropriations and transfers from operations:			
Board designated and transfers from operations	(7,586,271)	-	(7,586,271)
Operating loss, after transfers	(9,290,003)	(10,205,220)	(19,495,223)
Non-operating items:			
Pension-related changes other than net periodic pension cost	(1,694,479)	-	(1,694,479)
Endowment/quasi-endowment investment returns	(176,014)	(167,339)	(343,353)
Board designation, appropriations and transfers from operations:			
Board designated and transfers from operations	7,586,271	-	7,586,271
Total non-operating items and Board designation	5,715,778	(167,339)	5,548,439
CHANGES IN NET ASSETS	(3,574,225)	(10,372,559)	(13,946,784)
Net assets, beginning of year	39,700,440	24,865,860	64,566,300
Net assets, end of year	$ 36,126,215	$ 14,493,301	$ 50,619,516

The accompanying notes are an integral part of this consolidated financial statement.

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 return, net (Note 2)	(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 14)	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 transfers from operations	(20,547,564)	-	(20,547,564)
Operating (loss) excess, 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 2)	(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

The accompanying notes are an integral part of this consolidated financial statement.

United Way Worldwide and Subsidiary

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2018

	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	$ 546,336	$ 33,234	$ 32,382	$ 145,703,791	$ 44,963	$ 42,975	$ 146,403,681
Impact, strategy and innovation	400,286	124,599	83,192	288	7,314	7,755	623,434
Digital services	5,038,833	15,817,285	615,276	22,765	243,250	263,683	22,001,092
U.S. network	7,990,340	3,522,033	935,025	13,617,197	544,982	348,992	26,958,569
Brand strategy and marketing	3,735,934	2,442,493	210,702	2,040,011	237,190	207,114	8,873,444
International network	1,330,667	1,361,688	557,389	2,407,047	140,699	139,597	5,937,087
Investor relations	4,523,923	270,840	571,279	255,972	206,736	210,728	6,039,478
Other program services	2,119,081	802,696	774,179	738,886	340,153	131,841	4,906,836
Total program services	25,685,400	24,374,868	3,779,424	164,785,957	1,765,287	1,352,685	221,743,621
Supporting services							
General and administrative	3,536,982	1,389,076	257,894	10,612	174,225	170,617	5,539,406
Fundraising	2,800,124	716,872	282,848	3,147	153,590	130,096	4,086,677
Total supporting services	6,337,106	2,105,948	540,742	13,759	327,815	300,713	9,626,083
Total expenses	$ 32,022,506	$ 26,480,816	$ 4,320,166	$ 164,799,716	$ 2,093,102	$ 1,653,398	$ 231,369,704

The accompanying notes are an integral part of this consolidated financial statement.

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

The accompanying notes are an integral part of this consolidated financial statement.

United Way Worldwide and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2018	2017
Cash flows from operating activities:		
Cash received from donors	$ 61,503,298	$ 72,343,660
Cash received from Member United Ways	44,053,140	40,696,322
Cash received from customers	5,819,699	8,930,911
Cash received from sale of donated stocks	10,158	1,266,867
Interest and dividend received	549,577	418,591
Other cash received	12,950	9,846
Cash paid to vendors	(44,082,878)	(38,475,406)
Cash paid for payroll, employee benefits, taxes, and voluntary deductions	(33,405,563)	(32,502,576)
Grants paid	(31,753,989)	(28,517,989)
Cash paid to Member United Ways	(24,063,047)	(19,121,315)
Interest paid	(181,819)	(224,270)
Investment expenses paid	(165,433)	(58,538)
Net cash (used in) provided by operating activities	(21,703,907)	4,766,103
Cash flows from investing activities:		
Purchase of property and equipment	(798,394)	(841,835)
Proceeds from sale of investments	46,030,561	22,096,285
Purchase of investments	(26,404,195)	(22,712,296)
Investment in UWDH	-	(3,096,716)
Net cash provided by (used in) investing activities	18,827,972	(4,554,562)
Cash flows from financing activities:		
Issuance of notes payable for UWDH dissolution	409,667	-
Principal payments on equipment notes payable	(1,128,902)	(1,085,682)
Payment on finance lease	(55,000)	(16,127)
Net cash used in financing activities	(774,235)	(1,101,809)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,650,170)	(890,268)
Cash and cash equivalents, beginning of year	10,397,711	11,287,979
Cash and cash equivalents, end of year	$ 6,747,541	$ 10,397,711

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Mission and Core Values

About United Way

For more than 130 years, the United Way network 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 Worldwide leads the global network of 1,800 local United Ways in 40 countries and territories. The United Way network 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.

Headquartered in Alexandria, Virginia, UWW also maintains registered offices in Geneva Switzerland and Shanghai China. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Program Services - Continued

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 staff located at regional office sites 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.

Digital Services

The United Way Worldwide Digital Services team provides leadership to the United Way network in design, creation, and implementation of digital technology based donor engagement strategies. Through the use of state of the art digital technologies that leverage the network's data resources, the digital services team makes possible secure, personalized, real-time philanthropy that increases giving, advocacy, and volunteerism. UWW created the Digital Services team during 2018 to better align with the services provided. The expenditures were previously included Impact, Strategy, and Innovation expenditures on the consolidated statement of activities during 2017.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Program Services - Continued

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 Equivalents

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 $4.50 billion to the FEMA to provide emergency food and shelter to needy individuals throughout the country. UWW charged certain administrative expenses to EFSP totaling $310,720 and $307,209 for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, undistributed balances of $2,335,828 and $7,112,033, 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 fair value of the PIF pool at December 31, 2018 and 2017 amounts to $126,950 and $134,004, 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 $479,510 and $557,215 at December 31, 2018 and 2017, respectively. UWW accrues no liability beyond the assets of the funds. The fair value of the CGA pool is $535,902 and $710,536, including $64,326 and $64,609 of loss reserve (required by the state of New York), at December 31, 2018 and 2017, 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, 2018 and 2017, the fund's fair value of $429,342 and $236,115, respectively, is included in custodial funds.

As of December 31, 2018 and 2017, UWW's custodial funds totaled $3,428,022 and $8,192,688, 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 of collectability based on known factors. Member United Way receivables are written off if reasonable collection efforts prove unsuccessful.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 2018 and 2017. 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 that may be liquidated within 12 months are defined as current, all other investments considered long-term investments.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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” initiative 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 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 from members participating in the digital services operating group and a contract with UW Centers for Disease Control. The Organization recognizes training programs and conference revenues upon the program/conference’s completion. Unexpended training program, conference, and service revenues at year end, are deferred and recognized when the related expenditures occur.

Net Assets

Net Assets Without Donor Restrictions

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets - Continued

Net Assets With Donor Restrictions

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

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

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

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

Revenue Recognition

UWW Membership Revenue

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

These training credits are recorded as deferred revenue until the credit expires or is used by the member, at which time the related training revenue is recognized. As of December 31, 2018 and 2017, the amount of the deferred training credit was \$3,182,327 and \$2,132,387, 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. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There was one conditional promise to give for the year ended December 31, 2018 and no conditional promises to give for the year ended December 31, 2017.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 does not meet the criteria established by GAAP. The Organization records donated professional services, which meet criteria established by GAAP, at the fair 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, 2018	2017
Board designation (from) to operations		
Board designation for Center on Aging	$ 7,795	$ 7,720
Board designation for Operating Initiatives	6,651,794	-
Board designation for Donor Advised Funds	752,006	(3,895,282)
Board designation to (from) operations	7,411,595	(3,887,562)
Transfers - Unliquidated donated stocks (Note 15)	(14,997,866)	(16,660,002)
Total Board designated, appropriations and transfers from operations	$ (7,586,271)	$ (20,547,564)

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 with a modification, based on periodic time studies, that adjusts the general formula for the time of some employees who are directly engaged in work related to multiple functional areas.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. Effective January 1, 2018, the Board adopted a new spending policy that requires them to conduct an annual analysis of the historic dollar value of the endowment funds with a general goal of annual appropriation from accumulated investment earnings equal to 5% of the three-year average fair value of the endowment corpus plus all accumulated but unappropriated earnings on the corpus. The Board has the discretion adjust the spending rate in any individual year, however the rate should generally be in the range of 3% to 5% and, subject to the following limitations:

a. The appropriation cannot exceed the net accumulated but unappropriated investment earnings.
b. Appropriation of any amount greater than 7.0% of the three-year averages will require an affirmative vote of full Board of Trustees.
c. Appropriation of any portion of the corpus of the Endowments will require an affirmative vote of 75% of the Board of Trustees.

For fiscal years ending prior to January 1, 2018, The Board conducted an annual analysis of the historic dollar value of endowment funds plus an inflation factor of three percent (3%) and spent 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.

Funds with Deficiencies: From time to time, certain donor-restricted and quasi endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The organization has interpreted NY-PMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

At December 31, 2018, funds with deficiencies of $167,339 were reported in net assets with donor restrictions. At December 31, 2017, there were no funds with deficiencies.

	2018	2017
Fair value of endowments	$ 3,634,391	$ 3,801,730
Original endowment gift amount	(3,801,730)	(3,801,730)
Deficiencies of underwater endowment funds	$ (167,339)	$ -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2018 and 2017, UWW held $7,518,962 and $9,508,577, 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. 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.

NOTE 2 - INVESTMENTS

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

	December 31, 2018	December 31, 2017
Corporate bonds	$ 1,675,130	$ 10,586,474
Equity securities	23,981,717	20,643,124
U.S. Government agency notes	566,623	2,681,197
U.S. Treasury notes	879,987	2,476,585
Bond funds	5,089,179	2,427,459
Corporate stocks	2,268	22,991
	32,194,904	38,837,830
Less: current investments	(16,582,131)	(20,791,705)
Long-term investments	$ 15,612,773	$ 18,046,125

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 originally owned 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 a 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 require the approval of 80% of the Board of Managers. Because of this, UWW management determined that the other Members had substantive participating rights over UWDH. As such, UWW accounted for its 63.33% interest in UWDH under the equity method of accounting in 2017.

UWW had a total capital commitment to UWDH in the amount of $7,600,000. As of December 31, 2017, UWW had 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.

On December 31, 2018, as part of a dissolution agreement for UWDH, UWW made contributions in the form of promissory notes to each of the local United Way members holding an interest in UWDH equal to their investment in UWDH. In return the local United Way members agreed to transfer their interests in UWDH to UWW. UWDH was then liquidated with its sole remaining asset, cash of $409,667, being transferred to UWW. UWW made no capital contributions to UWDH in 2018 and recorded no impairment loss of investment in UWDH for 2018.

NOTE 3 - CUSTODIAL FUNDS

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

	December 31,	
	2018	2017
Cash equivalents	$ 2,753,154	$ 7,342,854
Equity securities	59,879	69,042
U.S. Government agency notes	-	19,798
U.S. Treasury notes	9,662	42,488
Common collective trusts	605,327	718,506
	3,428,022	8,192,688
Less: current custodial funds	(2,753,154)	(7,342,854)
Long-term custodial funds	$ 674,868	$ 849,834

NOTE 4 - FAIR VALUE MEASUREMENTS

The following methods and assumptions were used by the Organization in estimating the fair value of other financial instruments, which consist of investments and custodial funds. As defined in FASB 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).

NOTE 4 - FAIR VALUE MEASUREMENTS - Continued

A summary of investments and custodial fund investments summarized by input level as of December 31, 2018 is as follows:

	December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Corporate bonds				
Domestic	$ 1,675,130	$ -	$ -	$ 1,675,130
Equity securities				
Domestic	6,783,725	-	-	6,783,725
International	1,381,325	-	-	1,381,325
Emerging markets	818,801	-	-	818,801
Foreign limited partnerships	-	-	14,997,866	14,997,866
U.S. Government agency notes	566,623	-	-	566,623
U.S. Treasury notes	879,987	-	-	879,987
Bond funds	5,089,179	-	-	5,089,179
Corporate stocks	2,268	-	-	2,268
Total investments	$ 17,197,038	$ -	$ 14,997,886	$ 32,194,904
Custodial funds:				
Cash equivalents	$ 2,753,154	$ -	$ -	2,753,154
Equity securities				
Domestic	59,880	-	-	59,880
U.S. Treasury notes	9,662	-	-	9,662
Common collective trusts	-	605,326	-	605,326
Noncurrent custodial funds	69,541	605,326	-	674,868
Total custodial funds	$ 2,822,695	$ 605,326	$ -	$ 3,428,022

NOTE 4 - FAIR VALUE MEASUREMENTS - Continued

A summary of investments and custodial fund investments summarized by input level as of December 31, 2017 is as follows *(NOTE: the organization held no Level 3 investments in 2017)*:

	December 31, 2017		
	Level 1	Level 2	Total
Investments:			
Corporate bonds			
Domestic	$ 10,586,474	$ -	$ 10,586,474
Equity securities			
Domestic	2,677,752	-	2,677,752
International	17,639,619	-	17,639,619
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:			
Cash equivalents	$ 7,342,854	$ -	$ 7,342,854
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

The fair 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.

NOTE 4 - FAIR VALUE MEASUREMENTS - Continued

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 2018 and 2017.

Level 3 Valuation Process - Foreign Limited Partnerships

The partnership seeks to achieve its investment objective by investing substantially all of its assets in a start-up “dot.com” company and holding that investment until the initial public offering.

In as much as this investment was acquired as a contribution, the Organization recorded the investment at cost, based on an independent 3rd party market valuation, adjusted annually for possible impairment. Impairment is measured based the value of individual stock instruments held by the partnership, which are valued as follows:

- EV/LTM Revenue multiples for similar companies are compiled using data from CAP IQ as an independent source.
- The median resulting multiple is then applied to start-up “dot.com” revenue to arrive at the enterprise value
- A liquidation waterfall is developed to allocate the enterprise value across the various categories of stock issued by the start-up “dot.com”.

As a result of this valuation approach, the Organization did not record an investment impairment at December 31, 2018.

NOTE 5 - MEMBER UNITED WAY RECEIVABLES

Member United Way receivables consist of the following at:

	December 31, 2018	December 31, 2017
Member United Way receivables	$ 2,586,138	$ 2,172,732
Allowance for doubtful accounts	(30,759)	(38,707)
	$ 2,555,379	$ 2,134,025

Bad debt expense is determined based on management's judgment, including such factors as prior collection history. Bad debt (recovery) expense related to member United Way receivables totaled $4,187 and $(23,028) for the years ended December 31, 2018 and 2017, respectively.

NOTE 6 - CONTRIBUTIONS RECEIVABLE

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

	December 31, 2018	December 31, 2017
Amounts due in:		
Less than one year	$ 1,352,534	$ 9,568,698
One to five years	-	1,400,000
Total contributions receivable	1,352,534	10,968,698
Less: discount	-	(54,740)
Less: allowance for uncollectible pledges	(13,525)	(195,408)
	$ 1,339,009	$ 10,718,550

Bad debt expense related to contributions receivable totaled $1,422 and $18,735 for the years ended December 31, 2018 and 2017, respectively. In addition, UWW also wrote off a specific receivable in the amount of $1,095,260 in 2018. There was no such write off in 2017.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at:

	December 31, 2018	December 31, 2017
Land	$ 2,102,080	$ 2,102,080
Building and building improvements	40,733,292	40,693,536
Furniture, artwork, equipment, auto, and software	13,002,168	12,353,697
	55,837,540	55,149,313
Less: accumulated depreciation and amortization	(29,090,453)	(27,437,055)
	$ 26,747,087	$ 27,712,258

Depreciation and amortization expense totaled $1,653,398 and $1,810,955 for the years ended December 31, 2018 and 2017, respectively.

NOTE 8 - OTHER ASSETS

Other assets consist of the following at:

	December 31, 2018	December 31, 2017
Accounts receivable, net of allowance for doubtful accounts of $18,083 and $7,861 for 2018 and 2017, respectively	$ 1,804,705	$ 415,237
Prepaid expenses and deposits	5,439,141	2,408,445
Life insurance contracts and deferred compensation plan assets	1,045,215	1,173,843
Total	$ 8,289,061	$ 3,997,525

NOTE 9 - 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. In August 2018, UWW's line-of-credit was renewed through August of 2019. 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, 2018 and 2017. UWW incurred no interest expense on this line of credit for the years ended December 31, 2018 and 2017.

The following is a summary of the notes payable as of December 31, 2018 and 2017.

	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	

Amount Outstanding	Equipment Notes Payable			
	No. 001	**No. 002**	**No. 003**	**Total**
December 31, 2018				
Current	$ 442,834	$ 586,249	$ 144,757	$ 1,173,840
Noncurrent	980,005	1,460,283	401,194	2,841,481
Total	$ 1,422,839	$ 2,046,532	$ 545,852	$ 4,015,321
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
Interest basis	3.91% fixed	3.91% fixed	3.91% fixed	

NOTE 9 - DEBT - Continued

Interest paid on all of the above loans was totaled $181,051 and $224,270 for the years ended December 31, 2018 and 2017, respectively.

UWW was in compliance with all debt covenants as of December 31, 2018 and 2017.

The aggregate amount of maturities for all long-term borrowings is as follows:

	Amount
December 31,	
2019	$ 1,173,840
2020	1,220,570
2021	1,309,908
2022	311,003
Total	$ 4,015,321

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS

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

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

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

	December 31, 2018	December 31, 2017
UWW Plan	$ 8,161,693	$ 7,487,969
Non-Qualified Plans	53,121	1,870,145
UWW Make-up Plan	281,007	303,797
Total recognized liability	$ 8,495,821	$ 9,661,911
Current portion, liability for pension benefits	$ 931,080	$ 2,061,182
Noncurrent portion, liability for pension benefits	7,564,741	7,600,729
Total liability for pension benefits	$ 8,495,821	$ 9,661,911

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS - Continued

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

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, 2018	December 31, 2017
Postretirement benefit plans	$ 3,302,660	$ 1,817,800
Current portion, postretirement benefits	$ 1,926,977	$ 160,000
Noncurrent portion, postretirement benefits	1,375,683	1,657,800
Total postretirement benefits	$ 3,302,660	$ 1,817,800

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, 2018	Years ended December 31, 2017
UWW Plan	$ (1,805,456)	$ (481,178)
Non-Qualified Plans	102,311	(74,624)
Postretirement Plans	8,666	(27,870)
Total change in unrecognized loss recognized apart from expenses	$ (1,694,479)	$ (583,672)

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, 2018 and 2017, the benefit levels of participants in the UWW Plan are frozen and new employees are precluded from participating in the UWW Plan.

The following is a summary of the funded status of the UWW Plan as of December 31, 2018 and 2017 and the key assumptions used by the UWW Plan's actuary. The calculations are performed based on measurement dates of December 31, 2018 and 2017 each year.

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS - Continued

Obligations and Funded Status

	December 31, 2018	December 31, 2017
Accumulated benefit obligation	$ 41,432,384	$ 44,607,906
Projected benefit obligation	$ 41,432,383	$ 44,607,906
Fair value of plan assets	33,270,691	37,119,937
Funded status – under funded	$ (8,161,693)	$ (7,487,969)
Unfunded pension liability	$ 8,161,693	$ 7,487,969

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

	Years ended December 31, 2018	Years ended December 31, 2017
(Loss) gain due to assets	$ (4,476,062)	$ 3,068,734
Gain (loss) due to change in discount rate and other assumptions	2,497,058	(2,487,350)
Gain (loss) due to participant experience	173,548	(1,062,562)
Total	$ (1,805,456)	$ (481,178)

In October 2015, the Retirement Plan Experience Committee (RPEC) released an updated scale MP-2015 and updated the mortality model, 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%).

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS - Continued

Obligations and Funded Status - Continued

Contributions and benefit payments made were as follows:

	Years ended December 31, 2018	Years ended December 31, 2017
Employer contributions	$ 900,000	$ 900,000
Benefits paid	$ 2,052,465	$ 2,012,466

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, 2018 and 2017 were:

	Years ended December 31, 2018	Years ended December 31, 2017
Interest cost	$ 1,547,549	$ 1,639,869
Expected return on assets	(1,779,281)	(1,623,777)
Amortization of loss	991,135	1,167,622
Net periodic benefit cost	$ 759,403	$ 1,183,714

Assumptions

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

	Years ended December 31, 2018	Years ended December 31, 2017
Benefit Obligation:		
Discount rate	4.10%	3.55%
Rate of compensation increase	n/a	n/a
Net Periodic Benefit Cost:		
Discount rate	3.55%	4.05%
Rate of compensation increase	n/a	n/a
Expected return on plan assets	6.00%	6.00%

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS - Continued

Assumptions - Continued

The expected long-term rate of return on assets assumption was 6.00% as of December 31, 2018 and 2017. 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, 2018 and 2017 were:

	December 31,	
	2018	**2017**
Pooled separate accounts - bond funds	$ 19,206,943	$ 19,449,143
Pooled separate accounts - equity securities	14,063,748	17,670,794
Total	$ 33,270,691	$ 37,119,937

The fair 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, 2018 and 2017. The unit values are based upon the fair 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, 2018 and 2017, the targeted asset allocation was 45% equities and 55% fixed income based upon a funded status of greater than 80% based on fair 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.

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS - Continued

Estimations of Future Activity

Expected amortization of the net actuarial loss during the year ended December 31, 2019 is $1,247,133.

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

	Amount
Years ending December 31,	
2019	$ 2,090,000
2020	2,080,000
2021	2,150,000
2022	2,280,000
2023	2,380,000
2024-2028	12,580,000
Total	$ 23,560,000

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 457(f) is a non-qualified, noncontributory plan established in 2018. The plan was established to limit the liability of the organization relative to certain SERP participants by transferring the existing vested value in the SERP to a 457(f) plan where the assets are owned by the Organization but investment of the assets is directed by the beneficiary. Future changes in liability are limited to realized and unrealized gains or losses on investment.

The following is a summary of the funded status of the Non-Qualified Plans as of December 31, 2018 and 2017 and the key assumptions used by the actuary. The calculations are performed based on measurement dates of December 31, 2018 and 2017 for the years ended December 31, 2018 and 2017, respectively.

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS - Continued

Obligations and Funded Status

	December 31, 2018	December 31, 2017
Projected benefit obligation	$ 53,121	$ 1,870,145
Funded status – under funded	$ (53,121)	$ (1,870,145)
Unfunded pension liability	$ 53,121	$ 1,870,145

The Organization had a segregated account specifically for funding the SERP liability associated with one of the participants. During 2018, the funds in that account were liquidated and a new account established to fund the 457(f) plan for that SERP participant (see below). Accordingly, the account had a zero balance as of December 31, 2018. The balance of the SERP account as of December 31, 2017 totaled $1,788,997. This account balance was included in the cash and cash equivalents in the consolidated statements of financial position and was not included in the calculation of the unfunded pension liability.

Under the terms of the 457(f), the organization owns the assets of the funded account but management of the investment of this account is at the sole discretion of the participant whose liability it is intended to fund and the organization's liability equals the account balance at all times. The balance in the account was $1,788,997 and $0 as of December 31, 2018 and 2017, respectively.

Items not yet recognized as a component of net periodic pension cost as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Gain (loss) due to change in discount rate, rate of compensation increase and other assumptions (including mortality assumption)	$ 1,171	$ (101,004)
Gain due to participant experience	101,140	26,380
Effect of settlement	(1,781,000)	-
Total	$ (1,678,689)	$ (74,624)

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS - Continued

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, 2018	Years ended December 31, 2017
Interest cost	$ 66,287	$ 69,775
Amortization of gain/(loss)	39,273	(3,063)
Net periodic benefit cost	$ 105,560	$ 66,712

Assumptions

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

	Years ended December 31, 2018	Years ended December 31, 2017
Benefit Obligation:		
Discount rate	4.10%	3.55%
Rate of compensation increase	n/a	n/a
Net Periodic Benefit Cost:		
Discount rate	3.55%	4.05%
Rate of compensation increase	2.00%	2.00%
Expected return on plan assets	n/a	n/a

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS - Continued

Estimations of Future Activity

Expected amortization of the net actuarial loss during the year ending December 31, 2019 is $5,684.

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

	Amount
Years ending December 31,	
2019	$ 6,798
2020	5,700
2021	5,500
2022	5,300
2023	5,100
2024-2028	21,000
Total	$ 49,398

The Organization does not expect to make contributions to the Non-Qualified Plans in 2019.

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.

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS - Continued

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, 2018 and 2017 and the key assumptions used by the actuary. The calculations are performed based on measurement dates of December 31, 2018 and 2017 each year.

Obligations and Funded Status

	December 31,	
	2018	2017
Accumulated benefit obligation	$ 1,513,683	$ 1,817,800
Funded status – under funded	(1,513,683)	(1,817,800)
Unfunded pension liability	$ 1,513,683	$ 1,817,800

Items not yet recognized as a component of net periodic pension cost as of December 31, 2018 and 2017 are as follows:

	December 31,	
	2018	2017
Gain(loss) due to change in discount rate and other assumptions (including mortality assumption)	$ 67,773	$ (71,626)
Gain in participant experience	43,547	94,192
Effect of settlements	(102,654)	(50,436)
Total	$ 8,666	$ (27,870)

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS - Continued

Obligations and Funded Status - Continued

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

	Years ended December 31, 2018	Years ended December 31, 2017
Employer contributions	$ 256,050	$ 151,545
Benefits paid	$ 50,400	$ 61,170

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, 2018	Years ended December 31, 2017
Service cost	$ 1,561	$ 1,325
Interest cost	61,692	74,036
Net amortization		
Amortization of prior service cost	42,954	25,272
Amortization of net gain	(62,378)	(70,412)
Effect of settlements	(102,654)	(50,436)
Net periodic benefit cost	$ (58,825)	$ (20,215)

Assumptions

The weighted average assumptions were:

	Years ended December 31, 2018	Years ended December 31, 2017
Measurement date	December 31, 2018	December 31, 2017
Discount rate	4.10%	3.55%

Plan Assets

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

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS - Continued

Estimations of Future Activity

Estimated amounts to be amortized during the year ending December 31, 2019:

	Amount
Years ended December 31, 2019	
Prior service cost	$ 69,035
Net actuarial gain	$ (60,409)

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

	Amount
Years ending December 31,	
2019	$ 138,000
2020	137,000
2021	136,000
2022	135,000
2023	134,000
2024-2028	570,000
Total	$ 1,250,000

UWW does not expect to make contributions during 2019 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 $281,007 and $303,797, which is accrued as of December 31, 2018 and 2017, respectively. Pension income (expense) for these benefits amounted to $(22,790) and $1,017 for the years ended December 31, 2018 and 2017, respectively.

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS - Continued

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 $1,462,251 and $1,371,164 for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, the assets of $282,495 and $262,067, 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, 2018 and 2017 of $282,495 and $262,067, respectively, for this plan are reflected in other liabilities in the consolidated statements of financial position. UWW's contributions to this plan were $46,186 and $31,893 for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, the assets of $75,212 and $267,290, 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 value of the insurance policy was $259,791 and $697,669 for the years ended December 31, 2018 and 2017, respectively.

NOTE 11 - 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 was $157,466.

NOTE 12 - NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	December 31,	
	2018	2017
Undesignated	$ 24,182,133	$ 26,949,087
Board designated for Center on Aging	378,269	386,064
Board designated for Donor Advised Funds	10,537,152	11,342,027
Board designated for Quasi-Endowment	1,028,661	1,023,262
Total net assets without donor restrictions	$ 36,126,215	$ 39,700,440

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 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 $29,959,082 and $32,237,858 for the years ended December 31, 2018 and 2017, respectively.

Grants (including program service expenses) made to organizations outside the United States from the IDAG program were $30,968,235 and $28,357,093 for the years ended December 31, 2018 and 2017, respectively, which are included in the consolidated statements of activities.

The balance of unexpended IDAG funds decreased by $752,006 during the year ending December 31, 2018 and increased by $3,842,414 during the year ending December 31, 2017.

NOTE 12 - NET ASSETS WITHOUT DONOR RESTRICTIONS - Continued

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 $114,967,163 and $48,207,747 for the years ended December 31, 2018 and 2017, respectively, which are included in the consolidated statements of activities.

Grants (including program service expenses) made to organizations from the DAF program were $114,657,173 and $48,154,879 for the years ended December 31, 2018 and 2017, respectively, which are included in the consolidated statements of activities.

The balance of unexpended DAF contributions was $309,990 and $52,868 at December 31, 2018 and 2017, respectively.

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 $1,028,661 and $1,023,262 at December 31, 2018 and 2017, respectively, and generated $181,413 and $74,824 of additional contributions for the years ended December 31, 2018 and 2017, respectively.

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31, 2018	December 31, 2017
Subject to expenditure for specified purpose or period:		
Impact, Strategy, and Innovation	$ 4,184,603	$ 9,370,666
U.S. Network	4,758,448	9,464,906
International Network	1,386,020	1,467,426
Brand Strategy and Marketing	-	122,272
Investor Relations	45,362	145,000
Other Program Services	484,477	493,860
Total subject to expenditure for specified purpose or period	$ 10,858,910	$ 21,064,130
Endowments subject to the Organization's spending policy and appropriation		
Investment in perpetuity (original amount of $3,801,730 in 2018 and 2017), for which earnings are expendable to support:		
Senior Resource Center	$ 3,791,087	$ 3,791,087
Any activities of the Organization	10,643	10,643
Underwater amounts	(167,339)	-
Total endowments subject to the Organization's spending policy and appropriation	3,634,391	3,801,730
Total net assets with donor restrictions	$ 14,493,301	$ 24,865,860

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.

NOTE 14 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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

	Years ended December 31,	
	2018	2017
Purpose or period restrictions accomplished:		
Impact, Strategy, and Innovation	$ 7,074,120	$ 5,981,756
U.S. Network	10,228,752	9,857,477
International Network	1,397,751	2,231,234
Brand Strategy and Marketing	122,272	-
Investor Relations	99,638	180,000
Other Program Services	316,541	782,496
Net assets released from restrictions	$ 19,239,074	$ 19,032,963

NOTE 15 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	December 31, 2018	December 31, 2017
Cash and cash equivalents	$ 6,747,541	$ 10,397,711
Investments – Other	17,197,038	22,177,828
Investments - Unliquidated donated stocks	14,997,866	16,660,002
Member United Way receivables, net	2,555,379	2,134,025
Contributions receivable, net	1,339,009	9,398,231
Accounts receivable, net	1,804,705	415,237
Total financial assets	$ 44,641,538	$ 61,183,034
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(10,858,910)	(21,064,130)
Restricted by donors in perpetuity	(3,634,391)	(3,801,730)
Total amounts unavailable for general expenditures within one year	$ (14,493,301)	$ (24,865,860)
Amounts unavailable without Board's approval:		
Board Designated for Quasi-Endowment	$ (1,028,661)	$ (1,023,262)
Board Designated for SERP/457(f) plan asset	(1,788,977)	(1,781,000)
Board Designated for Center on Aging	(378,269)	(386,064)
Board Designated for Donor Advised Funds	(10,537,152)	(11,342,027)
Total amounts unavailable without Board's approval	$ (13,733,059)	$ (14,532,353)
Total financial assets available for general expenditure within one year	$ 16,415,178	$ 21,784,821

NOTE 15 - LIQUIDITY AND AVAILABILITY OF RESOURCES - Continued

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 were liquidated. The proceeds were immediately reinvested in short-term investments.

In May 2018, UWW received a large gift consisting of an interest in a foreign limited partnership. The Board approved a policy whereby gifts on non-readily marketable stocks and other business ownership interests may be held by the Organization until such time as staff are able to execute a suitable liquidation plan. At December 31, 2018, no portion of the Organization's ownership interest in the foreign limited partnership had been liquidated.

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.

NOTE 16 - ENDOWMENT FUNDS

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

NOTE 16 - ENDOWMENT FUNDS - Continued

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, 2018 and 2017:

	December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated for quasi-endowment fund	$ 1,028,661	$ -	$ 1,204,675
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
Underwater amounts	-	(167,340)	(343,353)
Total endowment funds	$ 1,028,661	$ 3,634,390	$ 4,663,051

	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	$ 4,824,982

NOTE 16 - ENDOWMENT FUNDS - Continued

Changes in Endowment Net Assets

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

	December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,023,262	$ 3,801,730	$ 4,824,992
Contributions	181,413	-	181,413
Investment return, net	(176,014)	(167,340)	(343,354)
Endowment net assets, end of year	$ 1,028,661	$ 3,634,390	$ 4,633,051

	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

NOTE 17 - 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, 2018 and 2017 was $62,273 and $67,604, respectively.

NOTE 17 - COMMITMENTS AND CONTINGENCIES - Continued

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

	Amount
Years ending December 31,	
2019	$ 19,881
2020	19,881
2021	19,881
2022	9,940
Total	$ 69,583

Finance Lease

In 2016, UWW entered into a 3-year financing 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 2018 and the future minimum lease payments are as follows:

	Amount
Years ending December 31,	
2019	$ 48,281
2020	36.305
2021	37,810
2022	39,392
Total	$ 161,788

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 agreed to pay Salesforce a reseller non-recurring engineering (NRE) fee of $6,000,000 which is being credited back to UWW upon payment of CSR Package’s minimum annual prepaid subscription fees which began in 2018 and continues for the next five years according to the following schedule:

NOTE 17 - COMMITMENTS AND CONTINGENCIES - Continued

Agreement between UWW and Salesforce

	Amount
Years ending December 31,	
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	$ 53,800,000

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.

NOTE 18 - DONATED SERVICES AND MATERIALS

The Organization recognizes contribution revenue for certain donated services and materials received at the fair value of those items. The donations include postage and other materials and amount to $12,551 and $22,866 for the years ended December 31, 2018 and 2017, 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 $21,745,106 and $23,530,022 for 2018 and 2017, 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.

NOTE 19 - SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

	Years ended December 31,	
	2018	**2017**
Cash paid during the year for interest	$ 181,051	$ 224,270
Property and equipment included in accounts payable	$ 156,945	$ 260,860

NOTE 20 - INCOME TAXES

UWW follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

UWW is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. UWW has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. UWW has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements

NOTE 21 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 13, 2019, 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, 2018.