Consolidated Financial Statements and Report of Independent Certified Public Accountants

United Way Worldwide and Subsidiaries

December 31, 2019 and 2018

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
United Way Worldwide and Subsidiaries

Report on the financial statements

We have audited the accompanying consolidated financial statements of United Way Worldwide and subsidiaries ("the Organization"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Organization'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 Organization'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.

GrantThornton

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way Worldwide and subsidiaries as of December 31, 2019 and 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.

Grant Thornton LLP

Arlington, Virginia
September 16, 2020

United Way Worldwide and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2019	2018
ASSETS		
Cash and cash equivalents	$ 11,699,479	$ 6,747,541
Custodial funds (Notes 3 and 4)	5,593,864	3,428,022
Member United Way receivables, net (Note 5)	4,488,191	2,555,379
Contributions receivable, net (Note 6)	5,456,946	1,339,009
Investments (Notes 2 and 4)	21,602,230	32,194,904
Property and equipment, net (Note 7)	26,078,276	26,747,087
Other assets (Note 8)	4,808,911	8,289,061
Total assets	$ 79,727,897	$ 81,301,003
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 14,108,700	$ 3,557,218
Custodial funds (Notes 3 and 4)	5,593,864	3,428,022
Deferred revenue	3,680,868	4,148,879
Pension benefits liability (Note 10)	6,367,798	8,495,821
Postretirement benefits liability (Note 10)	3,545,169	3,302,660
Equipment notes payable (Note 9)	2,841,481	4,015,321
Notes payable to United Way Members (Note 2)	3,360,000	3,280,000
Other liabilities	531,687	453,566
Total liabilities	40,029,567	30,681,487
NET ASSETS		
Without donor restrictions (Note 12)	17,076,471	36,126,215
With donor restrictions (Notes 13 and 14)	22,621,859	14,493,301
Total net assets	39,698,330	50,619,516
Total liabilities and net assets	$ 79,727,897	$ 81,301,003

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Public support and other revenues:			
Membership support, net	$ 29,132,357	$ -	$ 29,132,357
Contributions	176,383,836	18,926,247	195,310,083
Promotional material sales	335,026	-	335,026
Program service fees	19,624,573	293,559	19,918,132
Investment return, net (Note 2)	1,239,046	814,665	2,053,711
Conferences	2,323,571	-	2,323,571
Miscellaneous and other	1,608,919	-	1,608,919
Net assets released from restrictions:			
Satisfaction of program restrictions (Note 14)	11,894,044	(11,894,044)	-
Total revenues	242,541,372	8,140,427	250,681,799
Expenses			
Program services:			
Donor advised giving	168,328,820	-	168,328,820
Impact, strategy and innovation	1,660,557	-	1,660,557
Digital services	28,083,476	-	28,083,476
U.S. network	19,360,093	-	19,360,093
Brand strategy and marketing	8,492,160	-	8,492,160
International network	6,306,089	-	6,306,089
Investor relations	6,733,454	-	6,733,454
Other program services	5,462,443	-	5,462,443
Total program services	244,427,092	-	244,427,092
Supporting services:			
General and administrative	7,759,975	-	7,759,975
Fundraising	4,503,808	-	4,503,808
Total supporting services	12,263,783	-	12,263,783
Total expenses	256,690,875	-	256,690,875
Operating loss, before transfers	(14,149,503)	8,140,427	(6,009,076)
Board designation, appropriations and transfers from operations:			
Board designated and transfers from operations	3,939,150	-	3,939,150
Operating loss, after transfers	(10,210,353)	8,140,427	(2,069,926)
Non-operating items:			
Pension-related changes other than net periodic pension cost	1,089,626	-	1,089,626
Endowment/quasi-endowment investment returns	(5,990,124)	(11,612)	(6,001,736)
Endowment/quasi-endowment appropriation	257	(257)	-
Board designation, appropriations and transfers from operations:			
Board designated and transfers from operations	(3,939,150)	-	(3,939,150)
Total non-operating items and Board designation	(8,839,391)	(11,869)	(8,851,260)
CHANGES IN NET ASSETS	(19,049,744)	8,128,558	(10,921,186)
Net assets, beginning of year	36,126,215	14,493,301	50,619,516
Net assets, end of year	$ 17,076,471	$ 22,621,859	39,698,330

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, 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 FUNCTIONAL EXPENSES

Year ended December 31, 2019

	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	$ 381,439	$ 6,583	$ 28,003	$ 167,842,150	$ 39,542	$ 31,103	$ 168,328,820
Impact, strategy and innovation	426,960	35,851	27,448	1,153,400	8,227	8,671	1,660,557
Digital Services	6,451,442	19,753,376	1,280,750	14,117	297,651	286,140	28,083,476
U.S. Network	8,098,552	2,864,540	1,112,375	6,282,847	646,271	355,508	19,360,093
Brand strategy and marketing	3,710,752	2,467,376	193,564	1,772,500	183,736	164,232	8,492,160
International Network	1,352,129	1,225,196	468,399	2,989,944	131,686	138,735	6,306,089
Investor relations	4,701,716	850,298	693,307	9,826	234,526	243,782	6,733,455
Other program services	1,598,801	1,892,388	1,626,734	-	249,139	95,380	5,462,442
Total program services	26,721,791	29,095,608	5,430,580	180,064,784	1,790,778	1,323,551	244,427,092
Supporting services							
General and administrative	4,337,175	2,591,048	365,259	9,314	240,406	216,773	7,759,975
Fundraising	3,008,685	808,636	379,809	-	162,873	143,805	4,503,808
Total supporting services	7,345,860	3,399,684	745,068	9,314	403,279	360,578	12,263,783
Total expenses	$ 34,067,651	$ 32,495,292	$ 6,175,648	$ 180,074,098	$ 2,194,057	$ 1,684,129	$ 256,690,875

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 STATEMENTS OF CASH FLOWS

Years ended December 31,

	2019	2018
Cash flows from operating activities:		
Cash received from donors	$ 40,657,479	$ 61,503,298
Cash received from Member United Ways	51,722,925	44,053,140
Cash received from customers	17,802,796	5,832,649
Cash received from sale of donated stocks	417,017	10,158
Interest and dividend received	295,620	549,577
Cash paid to vendors	(39,510,818)	(44,082,878)
Cash paid for payroll, employee benefits, taxes, and voluntary deductions	(36,408,110)	(33,405,563)
Grants paid	(20,983,878)	(31,753,989)
Cash paid to Member United Ways	(16,322,475)	(24,063,047)
Interest paid	(322,146)	(181,819)
Investment expenses paid	(31,981)	(165,433)
Cash paid to UpPurpose	(2,135,381)	-
Net cash used in operating activities	(4,818,952)	(21,703,907)
Cash flows from investing activities:		
Purchase of property and equipment	(843,359)	(798,394)
Proceeds from sale of investments	17,368,427	46,030,561
Purchase of investments	(10,114,967)	(26,404,195)
Investment in UWDH	(400,686)	-
Net cash provided by investing activities	6,009,415	18,827,972
Cash flows from financing activities:		
Issuance of notes payable for UWDH dissolution	5,000,000	409,667
Principal payments on equipment notes payable	(1,173,842)	(1,128,902)
Payment on finance lease	(64,683)	(55,000)
Net cash provided by (used in) financing activities	3,761,475	(774,235)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,951,938	(3,650,170)
Cash and cash equivalents, beginning of year	6,747,541	10,397,711
Cash and cash equivalents, end of year	$ 11,699,479	$ 6,747,541

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Mission and Core Values

<u>About United Way</u>

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 9 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.

<u>About United Way Worldwide</u>

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. Also, in March of 2019, UWW formed UpPurpose, Inc. (UP), which is a wholly owned subsidiary of UWW incorporated in the United States of America with a goal of creating a proprietary software platform for digital donor engagement content. UP is a for-profit, C-corporation and UWW is its sole shareholder.

UWW plays a unique role both as a leader in the health and human services sector and as a major resource to member United Way organizations to build trust through all that UWW does. This bond of trust goes far beyond legal or regulatory requirements to include our transparency, core values, and ethics. UWW's core values provide the foundation on which it bases its actions and decisions:

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

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

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

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

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

Organizational Operating Structure

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

Program Services

Donor Advised Giving

The United Way Worldwide Donor Advised Giving Program (IDAG and DAF) facilitates grants to domestic and international organizations, based upon recommendations by program contributors that meet programmatic or geographic interests of both the donor and UWW. 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 UWW 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.

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.

U.S. Network

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

Brand Strategy and Marketing

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

International Network

The United Way Worldwide International Network team provides governance, resource development, program and capacity building support and training to United Way members throughout the worldwide network outside the United States of America. With 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.

Other Program Services

Learning, Conferencing and Talent Management

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

Campaign and Public Relations

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

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

Promotional Material Sales

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

Supporting Services

General and Administrative

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

Fundraising

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

Consolidation Policy

The consolidated financial statements include the accounts of UWW, UWW Asia and UP (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.

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 $313,964 and $310,720 for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, undistributed balances of $2,727,714 and $2,335,828, 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, 2019 and 2018 amounts to $143,089 and $126,950, 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 $344,911 and $479,510 at December 31, 2019 and 2018, respectively. UWW accrues no liability beyond the assets of the funds. The fair value of the CGA pool is $535,519 and $535,902, including $73,037 and $64,326 of loss reserve (required by the state of New York), at December 31, 2019 and 2018, 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, 2019 and 2018, the fund's fair value of $2,187,961 and $429,342, respectively, is included in custodial funds.

As of December 31, 2019 and 2018, UWW's custodial funds totaled $5,593,864 and $3,428,022, 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, participation fees for special affinity/leadership groups, Salesforce Philanthropy Cloud user licenses, 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 or after revocation of membership.

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. 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.

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 4.13% and 3.91% for pledges received in 2019 and 2018, respectively. The discount will be recognized as contributions revenue in future fiscal years as the discount is amortized over the duration of the contributions.

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 (United Way Digital Holding, LLC) is accounted for under the equity method of accounting.

Investment in the Foreign Limited Partnership is accounted for under the cost method of accounting.

Investment in the wholly owned C-Corporation UP is not reflected in investments but rather consolidated into the organization's assets, liabilities, revenues and expenses.

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.

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 11 for more information on the composition of net assets without donor restrictions.

Net Assets With Donor Restrictions

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

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

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

See Notes 12 and 13 for more information on the composition of net assets with donor restrictions and the release of restrictions, respectively.

Revenue Recognition

UWW Membership Revenue

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

These training credits are recorded as deferred revenue until the credit expires or is used by the member, at which time the related training revenue is recognized. As of December 31, 2019 and 2018, the amount of the deferred training credit was $3,632,399 and $3,182,327, 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 years ended December 31, 2019 and 2018.

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 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 to operations consist of:

	Years ended December 31,	
	2019	2018
Board designation to operations		
Board designation for Center on Aging	$ 7,871	$ 7,795
Board designation for Operating Initiatives	3,294,101	6,651,794
Board designation for Donor Advised Funds	637,178	752,006
Board designation to operations	3,939,150	7,411,595
Transfers - Unliquidated donated stocks (Note 14)	-	(14,997,866)
Total Board designated, appropriations and transfers from operations	$ 3,939,150	$ (7,586,271)

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, the impairment loss on a foreign partnership investment, and endowment/quasi-endowment investment returns.

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

Functional Allocation of Expenses

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

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 is 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.

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, 2019, there were no funds with deficiencies. At December 31, 2018, funds with deficiencies of $167,339 were reported in net assets with donor restrictions.

	2019	2018
Fair value of endowments	$ 4,139,982	$ 3,634,391
Original endowment gift amount	(3,801,730)	(3,801,730)
Surplus (Deficiencies) of endowment funds	$ 338,252	$ (167,339)

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP 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, 2019 and 2018, UWW held $9,982,970 and $7,518,962, 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 has applied the provisions of this ASU to the December 31, 2019 and 2018 financial statements, respectively. There was no material impact on the consolidated financial statements.

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

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715)*, which addresses how certain pension related costs should be displayed on the organization's financial statements. The Organization has applied the provisions of this ASU to the December 31, 2019 and 2018 consolidated financial statements. There was no material impact on the consolidated financial statements.

In June 2018 the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The Organization has applied the provisions of this ASU to the December 31, 2019 and 2018 consolidated financial statements. There was no material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for the Organization for the year ending December 31, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization has evaluated the anticipated effect the provisions of ASU 2016-02 will have on the consolidated financial statements and expects no material restatement to be required when the standard is adopted.

NOTE 2 - INVESTMENTS

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

	December 31, 2019	December 31, 2018
Corporate bonds	$ 2,524,846	$ 1,675,130
Equity securities	13,671,970	23,981,717
U.S. Government agency notes	498,375	566,623
U.S. Treasury notes	2,712,395	879,987
Bond funds	2,192,376	5,089,179
Corporate stocks	2,268	2,268
	21,602,230	32,194,904
Less: current investments	(1,815,208)	(16,582,131)
Long-term investments	$ 19,787,022	$ 15,612,773

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 11 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.

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 individual investments in UWDH totaling collectively $3,360,000. 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, 2019	December 31, 2018
Cash equivalents	$ 4,890,272	$ 2,753,154
Equity securities	84,979	59,879
U.S. Treasury notes	16,950	9,662
Common collective trusts	601,663	605,327
Total	5,593,864	3,428,022
Less: current custodial funds	(4,975,251)	(2,753,154)
Long-term custodial funds	$ 618,613	$ 674,868

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).

A summary of investments and custodial fund investments summarized by input level as of December 31, 2019 is as follows:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Corporate bonds				
Domestic	$ 2,524,846	$ -	$ -	$ 2,524,846
Equity securities				
Domestic	3,660,354	-	-	3,660,354
International	578,483	-	-	578,483
Emerging markets	437,003	-	-	437,003
Foreign limited partnerships	-	-	8,996,130	8,996,130
U.S. Government agency notes	498,375	-	-	498,375
U.S. Treasury notes	2,712,395	-	-	2,712,395
Bond funds	2,192,376	-	-	2,192,376
Corporate stocks	2,268	-	-	2,268
Total investments	$12,606,100	$ -	$ 8,996,130	$21,602,230
Custodial funds:				
Cash equivalents	$ 4,890,272	$ -	$ -	$ 4,890,272
Equity securities - Domestic	84,979	-	-	84,979
U.S. Treasury notes	16,950	-	-	16,950
Common collective trusts	-	601,663	-	601,663
Noncurrent custodial funds	16,950	601,663	-	618,613
Total custodial funds	$ 4,992,201	$ 601,663	$ -	$ 5,593,864

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

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.

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 2019 and 2018.

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 third-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; and
- 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 recorded investment impairments of $6,001,736 and $0 at December 31, 2019 and 2018, respectively.

NOTE 5 - MEMBER UNITED WAY RECEIVABLES

Member United Way receivables consist of the following at:

	December 31,	
	2019	2018
Member United Way receivables	$ 4,639,872	$ 2,586,138
Allowance for doubtful accounts	(151,681)	(30,759)
	$ 4,488,191	$ 2,555,379

Bad debt expense is determined based on management's judgment, including such factors as prior collection history. Bad debt expense related to member United Way receivables totaled $106 and $4,187 for the years ended December 31, 2019 and 2018, respectively.

NOTE 6 - CONTRIBUTIONS RECEIVABLE

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

	December 31, 2019	December 31, 2018
Amounts due in:		
Less than one year	$ 4,135,386	$ 1,352,534
One or more years	2,294,192	-
Total contributions receivable	6,429,578	1,352,534
Less: discount	(937,185)	-
Less: allowance for uncollectible pledges	(35,447)	(13,525)
	$ 5,456,946	$ 1,339,009

Bad debt expense related to contributions receivable totaled $196 and $1,422 for the years ended December 31, 2019 and 2018, respectively. In addition, UWW also wrote off a specific receivable in the amount of $1,095,260 in 2018; there were no similar writeoffs in 2019.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at:

	December 31, 2019	December 31, 2018
Land	$ 2,102,080	$ 2,102,080
Building and building improvements	41,535,514	40,733,292
Furniture, artwork, equipment, auto, and software	13,225,319	13,002,168
	56,862,913	55,837,540
Less: accumulated depreciation and amortization	(30,784,637)	(29,090,453)
	$ 26,078,276	$ 26,747,087

Depreciation and amortization expense totaled $1,684,129 and $1,653,398 for the years ended December 31, 2019 and 2018, respectively.

NOTE 8 - OTHER ASSETS

Other assets consist of the following at:

	December 31, 2019	December 31, 2018
Accounts receivable, net of allowance for doubtful accounts of $12,306 and $18,803 for 2019 and 2018, respectively	$ 1,405,686	$ 1,804,705
Prepaid expenses and deposits	2,263,559	5,439,141
Life insurance contracts and deferred compensation plan assets	1,139,666	1,045,215
	$ 4,808,911	$ 8,289,061

NOTE 9 - DEBT

In August 2018, UWW's line of credit was renewed through August 2019 with a maximum borrowing limit on the line of credit of $5,000,000. In August 2019, UWW's line of credit was renewed through August 2020. 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 was borrowing under the line of credit of $5,000,000 and $0 as of December 31, 2019 and 2018, respectively. UWW incurred $88,196 and $0 interest expense on the line of credit for the years ended December 31, 2019 and 2018, respectively.

In 2015, UWW entered into an equipment financing agreement with Bank of America related to the renovation of its headquarters building that resulted in three notes payable secured by office furniture and equipment. The following is a summary of the notes payable as of December 31, 2019 and 2018.

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

	Equipment Notes Payable			
Amount Outstanding	No. 001	No. 002	No. 003	Total
December 31, 2019				
Current	$ 460,463	$ 609,587	$ 150,520	$ 1,220,570
Noncurrent	519,542	850,696	250,673	1,620,911
Total	$ 980,005	$ 1,460,283	$ 401,193	$ 2,841,481
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
Interest basis	3.91% fixed	3.91% fixed	3.91% fixed	

Interest paid on all of the above loans was totaled $136,111 and $181,051 for the years ended December 31, 2019 and 2018, respectively.

UWW was in compliance with all debt covenants as of December 31, 2019 and 2018. The aggregate amount of maturities for these long-term borrowings is as follows:

	Amount
December 31,	
2020	$ 1,220,570
2021	1,309,908
2022	311,003
Total	$ 2,841,481

On December 31, 2018, as part of a dissolution agreement for United Way Digital Holdings, LLC, UWW entered into promissory notes with 11 local United Way members, collectively totaling $3,360,000. The promissory notes are unsecured and carry an interest rate of 2.72%. The aggregate amount of maturities for these long-term borrowings is as follows:

	Amount
December 31,	
2020	$ 840,000
2021	840,000
2022	840,000
2023	840,000
Total	$ 3,360,000

Interest paid on the above loans totaled $81,781 and $0 for the years ended December 31, 2019 and 2018, respectively.

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, 2019	December 31, 2018
UWW Plan	$ 6,029,904	$ 8,161,693
Non-Qualified Plans	50,889	53,121
UWW Make-up Plan	287,005	281,007
Total recognized liability	$ 6,367,798	$ 8,495,821
Current portion, liability for pension benefits	$ 930,082	$ 931,080
Noncurrent portion, liability for pension benefits	5,437,716	7,564,741
Total liability for pension benefits	$ 6,367,798	$ 8,495,821

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, 2019	December 31, 2018
Postretirement benefit plans	$ 3,545,169	$ 3,302,660
Current portion, postretirement benefits	$ 2,168,785	$ 1,926,977
Noncurrent portion, postretirement benefits	1,376,384	1,375,683
Total postretirement benefits	$ 3,545,169	$ 3,302,660

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

	December 31, 2019	December 31, 2018
UWW Plan	$ 1,111,919	$ (1,805,456)
Non-Qualified Plans	3,316	102,311
Postretirement Plans	(25,609)	8,666
Total change in unrecognized gain (loss) recognized apart from expenses	$ 1,089,626	$ (1,694,479)

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, 2019 and 2018, 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, 2019 and 2018 and the key assumptions used by the UWW Plan's actuary. The calculations are performed based on measurement dates of December 31, 2019 and 2018 each year.

Obligations and Funded Status

	December 31, 2019	December 31, 2018
Accumulated benefit obligation	$ 45,280,283	$ 41,432,384
Projected benefit obligation	45,280,283	41,432,384
Fair value of plan assets	39,250,379	33,270,691
Funded status - underfunded	$ (6,029,904)	$ (8,161,693)
Unfunded pension liability	$ 6,029,904	$ 8,161,693

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

	Year ended December 31, 2019	Year ended December 31, 2018
Gain (Loss) due to assets	$ 5,579,069	$ (4,476,062)
Gain (Loss) due to change in discount rate and other assumptions	(3,978,419)	2,497,058
Gain (Loss) due to participant experience	(488,731)	173,548
Total	$ 1,111,919	$ (1,805,456)

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.

Contributions and benefit payments made were as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Employer contributions	$ 900,000	$ 900,000
Benefits paid	$ 2,275,134	$ 2,052,465

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, 2019 and 2018 were:

	Year ended December 31, 2019	Year ended December 31, 2018
Interest cost	$ 1,655,883	$ 1,547,549
Expected return on assets	(1,775,753)	(1,779,281)
Amortization of loss	1,247,133	991,135
	$ 1,127,263	$ 759,403

Assumptions

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

	Year ended December 31, 2019	Year ended December 31, 2018
Benefit Obligation:		
Discount rate	3.15%	4.10%
Rate of compensation increase	n/a	n/a
Net Periodic Benefit Cost:		
Discount rate	4.10%	3.55%
Rate of compensation increase	n/a	n/a
Expected return on plan assets	6.20%	6.00%

The expected long-term rate of return on assets assumption was 6.20% as of December 31, 2019 and 6.00% as of December 31, 2018. 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, 2019 and 2018 were:

	December 31,	
	2019	2018
Pooled separate accounts - bond funds	$ 20,920,397	$ 19,206,943
Pooled separate accounts - equity securities	18,330,282	14,063,748
Total	$ 39,250,379	$ 33,270,691

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, 2019 and 2018. 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, 2019, and 2018, 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.

Estimations of Future Activity

Expected amortization of the net actuarial loss during the year ended December 31, 2020 is $680,943.

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

	Amount
Years ending December 31,	
2020	$ 2,090,000
2021	2,000,000
2022	2,110,000
2023	2,180,000
2024	2,260,000
2025-2029	12,330,000
Total	$ 22,970,000

The UWW Plan is positioned to meet the minimum funding requirement as outlined in the Pension Protection Act of 2006. 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, 2019 and 2018 and the key assumptions used by the actuary. The calculations are performed based on measurement dates of December 31, 2019 and 2018 for the years ended December 31, 2019 and 2018, respectively.

Obligations and Funded Status

	December 31,	
	2019	2018
Projected benefit obligation	$ 50,889	$ 53,121
Funded status - underfunded	$ (50,889)	$ (53,121)
Unfunded pension liability	$ 50,889	$ 53,121

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.

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 $2,039,785 and $1,788,997 as of December 31, 2019 and 2018, respectively.

Items not yet recognized as a component of net periodic pension cost as of December 31, 2019 and 2018 are as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Gain (loss) due to change in discount rate and other assumptions (including mortality assumption)	$ (1,568)	$ 1,171
Gain due to participant experience	4,900	101,140
Effect of settlement	-	(1,781,000)
Total	$ 3,332	$ (1,678,689)

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:

	Year ended December 31, 2019	Year ended December 31, 2018
Interest cost	$ 2,018	$ 66,287
Amortization of gain (loss)	(5,684)	39,273
Net periodic benefit cost	$ (3,666)	$ 105,560

Assumptions

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

	Year ended December 31, 2019	Year ended December 31, 2018
Benefit Obligation:		
Discount rate	3.15%	4.10%
Rate of compensation increase	n/a	n/a
Net Periodic Benefit Cost:		
Discount rate	4.10%	3.55%
Rate of compensation increase	n/a	2.00%
Expected return on plan assets	n/a	n/a

Estimations of Future Activity

Expected amortization of the net actuarial loss during the year ending December 31, 2020 is $5,942.

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

	Amount
Years ending December 31,	
2020	$ 5,800
2021	5,600
2022	5,400
2023	5,200
2024	4,900
2025-2029	20,000
Total	$ 46,900

The Organization does not expect to make contributions to the Non-Qualified Plans in 2020.

United Way Worldwide Postretirement Benefit Plans

Health Care and Life Insurance Benefits

UWW provides health care and life insurance benefits to certain retired employees (Postretirement 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 UWW'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 at or after attaining age 55 and with five years of credited service are entitled to postretirement life insurance and medical and dental benefit coverage. These benefits are subject to deductibles, co-payment provisions, and other limitations. This plan is frozen and not open to new participants.

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

Other Life Insurance Benefits

UWW provides a flat dollar amount of life insurance benefits to certain retired employees (Postretirement 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, 2019 and 2018 and the key assumptions used by the actuary. The calculations are performed based on measurement dates of December 31, 2019 and 2018 each year.

Obligations and Funded Status

	December 31, 2019	December 31, 2018
Accumulated benefit obligation	$ 1,505,384	$ 1,513,683
Funded status - underfunded	$ (1,505,384)	$ (1,513,683)
Unfunded pension liability	$ 1,505,384	$ 1,513,683

Items not yet recognized as a component of net periodic pension cost as of December 31, 2019 and 2018 are as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Gain (loss) due to change in discount rate and other assumptions (including mortality assumption)	$ (103,420)	$ 67,773
Gain due to participant experience	77,811	43,547
Effect of settlement	-	(102,654)
Total	$ (25,609)	$ 8,666

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

	Year ended December 31, 2019	Year ended December 31, 2018
Employer contributions	$ 94,548	$ 256,050
Benefits paid	$ (94,548)	$ 50,400

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:

	Year ended December 31, 2019	Year ended December 31, 2018
Service cost	$ 1,408	$ 1,561
Interest cost	59,232	61,692
Net amortization		
Amortization of prior service cost	69,035	42,954
Amortization of net gain	(60,409)	(62,378)
Effect of settlements	-	(102,654)
	$ 69,266	$ (58,825)

Assumptions

	Year ended December 31,	
	2019	2018
Measurement date	December 31, 2019	December 31, 2018
Discount rate	3.15%	4.10%

Plan Assets

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

Estimations of Future Activity

Estimated amounts to be amortized during the year ending December 31, 2020:

	Amount
Years ended December 31, 2020	
Prior service cost	$ 52,388
Net actuarial gain	$ (53,219)

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

	Amount
Years ending December 31,	
2020	$ 129,000
2021	128,000
2022	126,000
2023	124,000
2024	121,000
2025-2029	512,000
Total	$ 1,140,000

UWW does not expect to make contributions during 2020 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 $287,005 and $281,007, which is accrued as of December 31, 2019 and 2018, respectively. Pension income (expense) for these benefits amounted to $5,998 and $(22,790) for the years ended December 31, 2019 and 2018, respectively.

Other Employee Benefit Plans

UWW 403(b) Plan

UWW offers a contributory defined contribution pension plan (IRC Section 403(b)), that provides for employer matching contributions of the employee contributions (3.0% to 5.0% of annual salary depending on years of service) plus an additional contribution of 1.0% to 3.5% depending on years of service for those employees covered under the frozen UWW Plan. UWW's contributions to this plan were $1,604,747 and $1,462,251 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018, the assets of $380,784 and $282,495, 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, 2019 and 2018 of $380,784 and $282,495, respectively, for this plan are reflected in other liabilities in the consolidated statements of financial position. UWW's contributions to this plan were $60,914 and $46,186 for the years ended December 31, 2019 and 2018, 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, 2019, and 2018, the assets of $65,292 and $75,212, 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 $266,017 and $259,791 for the years ended December 31, 2019 and 2018, respectively.

NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	December 31, 2019	December 31, 2018
Undesignated	$ 5,282,513	$ 24,182,133
Board designated for Center on Aging	370,397	378,269
Board designated for Donor Advised Funds	9,899,974	10,537,152
Board designated for Quasi-Endowment	1,523,587	1,028,661
Total net assets without donor restrictions	$ 17,076,471	$ 36,126,215

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 $18,856,787 and $29,959,082 for the years ended December 31, 2019 and 2018, respectively.

Grants (including program service expenses) made to organizations outside the United States from the IDAG program were $19,976,051 and $30,968,235 for the years ended December 31, 2019 and 2018, respectively, which are included in the consolidated statements of activities.

The balance of unexpended IDAG funds decreased by $637,178 during the year ending December 31, 2019 and increased by $752,006 during the year ending December 31, 2018.

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 $148,144,486 and $114,967,163 for the years ended December 31, 2019 and 2018, respectively, which are included in the consolidated statements of activities.

Grants (including program service expenses) made to organizations from the DAF program were $147,562,400 and $114,657,173 for the years ended December 31, 2019 and 2018, respectively, which are included in the consolidated statements of activities.

The balance of unexpended DAF contributions was $880,766 and $309,990 at December 31, 2019 and 2018, 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 $1,523,587 and $1,028,661 at December 31, 2019 and 2018, respectively, and generated $281,882 and $181,413 of additional contributions for the years ended December 31, 2019 and 2018, respectively.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31, 2019	December 31, 2018
Subject to expenditure for specified purpose or period:		
Impact, Strategy, and Innovation	$ 7,974,404	$ 4,184,603
U.S. Network	3,283,695	4,758,448
International Network	1,508,208	1,386,020
Investor Relations	5,146,848	45,362
Other Program Services	568,722	484,477
Total subject to expenditure for specified purpose or period	$ 18,481,877	$ 10,858,910
Endowments subject to the Organization's spending policy and appropriation Investment in perpetuity (original amount of $3,801,730 in 2019 and 2018), 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
Accumulated, Unappropriated Earnings/(Underwater amounts)	338,252	(167,339)
Total endowments subject to the Organization's spending policy and appropriation	4,139,982	3,634,391
Total net assets with donor restrictions	$ 22,621,859	$ 14,493,301

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 13 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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

	December 31, 2019	December 31, 2018
Purpose or period restrictions accomplished:		
Impact, Strategy, and Innovation	$ 5,392,811	$ 7,074,120
U.S. Network	4,665,287	10,228,752
International Network	1,332,366	1,397,751
Brand Strategy and Marketing	-	122,272
Investor Relations	233,730	99,638
Other Program Services	269,850	316,541
Net assets released from restrictions	$ 11,894,044	$ 19,239,074

NOTE 14 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 11,699,479	$ 6,747,541
Investments - Other	12,606,100	17,197,038
Investments - Unliquidated donated stocks	8,996,130	14,997,866
Member United Way receivables, net	4,488,191	2,555,379
Contributions receivable, net	5,456,946	1,339,009
Accounts receivable, net	1,282,080	1,804,705
Total financial assets	$ 44,528,926	$ 44,641,538
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	$ (18,481,877)	$ (10,858,910)
Restricted by donors in perpetuity	(4,139,982)	(3,634,391)
Total amounts unavailable for general expenditures within one year	$ (22,621,859)	$ (14,493,301)
Amounts unavailable without Board's approval:		
Board Designated for Quasi-Endowment	$ (1,523,587)	$ (1,028,661)
Board Designated for SERP/457(f) plan asset	(2,039,785)	(1,788,977)
Board Designated for Center on Aging	(370,397)	(378,269)
Board Designated for Donor Advised Funds	(9,899,974)	(10,537,152)
Total amounts unavailable without Board's approval	$ (13,833,743)	$ (13,733,059)
Total financial assets available for general expenditure within one year	$ 8,073,324	$ 16,415,178

Unliquidated Donated Stocks

In May 2018, UWW received a large gift consisting of an interest in a foreign limited partnership. The Board approved at that time 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, 2019, no portion of the Organization's ownership interest in the foreign limited partnership had been liquidated. This investment is carried at cost and annually valued for impairment based on valuation methods typical for this type of investment (see Note 4). The Organization recorded impairment losses on this investment of $6,001,736 and $0, at December 31, 2019 and 2018, respectively.

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 management may draw upon at its discretion. The Organization has drawn $5,000,000 and $0 from the line of credit at December 31, 2019 and 2018 respectively.

Additionally, the Organization has Board Designated various 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 15 - ENDOWMENT FUNDS

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

Endowment Net Asset Composition

The following table represents the composition of the Organization's endowment net assets by type of fund as of December 31, 2019 and 2018:

	December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated for quasi-endowment fund	$ 1,486,557	$ -	$ 1,486,557
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
Accumulated, unappropriated earnings	37,030	338,252	375,282
Total endowment funds	$ 1,523,587	$ 4,139,982	$ 5,663,569

	December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated for quasi-endowment fund	$ 1,204,675	$ -	$ 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	(176,014)	(167,340)	(343,353)
Total endowment funds	$ 1,028,661	$ 3,634,390	$ 4,663,051

Changes in Endowment Net Assets

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

	December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,028,661	$ 3,634,390	$ 4,663,151
Contributions	281,882	-	281,882
Investment return, net	213,043	657,492	870,535
Appropriations	-	(151,900)	(151,900)
Endowment net assets, end of year	$ 1,523,587	$ 4,139,982	$ 5,663,569

	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

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Operating Leases

UWW has entered into operating lease arrangements for office space and office equipment necessary to the operations. Office space rentals include leases for its regional offices and local document storage in Alexandria, Virginia. Leased office equipment includes the telephone system and computer components.

Rent expense for the years ended December 31, 2019 and 2018 was $19,881 and $62,273, respectively.

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

		Amount
Years ending December 31,		
2020	$	19,881
2021		19,881
2022		9,940
Total	$	49,702

Finance Lease

In 2016, UWW entered into a three-year financing agreement for the costs associated with designing, building, and implementing 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 2019 and the future minimum lease payments are as follows:

		Amount
Years ending December 31,		
2019	$	64,843
2020		50,179
2021		52,917
2022		39,392
Total	$	207,331

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, the CSR Package) each developed by Salesforce. UWW has been granted by Salesforce 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 2019 and continues for the next five years according to the following schedule:

		Amount
Years ending December 31,		
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	$	48,840,000

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 17 - DONATED SERVICES AND MATERIALS

The Organization recognizes contribution revenue for certain donated services and materials received at the fair value of those items. The donations include postage and other materials and amount to $0 and $12,551 for the years ended December 31, 2019 and 2018, 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 UWW. The combined value of the donated media space was estimated to be $20,009,999 and $21,745,106 for 2019 and 2018, 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 18 - SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

	Years ended December 31,	
	2019	2018
Cash paid during the year for interest	$ 322,146	$ 181,051
Property and equipment included in accounts payable	$ 237,208	$ 156,945

NOTE 19 - 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.

UP, a wholly owned corporate subsidiary of UWW formed in March 2019, is subject to Federal Income taxes and therefore that entity separately files all tax forms and pays all taxes owed directly. In the course of consolidation with UWW, estimated taxes owed are reflected in these consolidated financial statements. The total estimated tax liability of UP is $202,994 at December 31, 2019.

NOTE 20 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 16, 2020, 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, 2019, except as noted below.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The spread of COVID-19 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.

In August 2020, United Way Worldwide entered into a new line of credit agreement with HSBC Bank USA, N.A. The maximum capacity of the new credit agreement is $5 million with commitment termination date of August 2021 and bears interest on (i) each base rate loan at the base rate plus the applicable margin in effect and (ii) each Eurodollar loan at the adjusted LIBOR rate. UWW intends to utilize the funds from the new line of credit agreement to pay off the existing credit facility as of December 31, 2019.