

**United Way of Greater Cincinnati
and Subsidiary**

Independent Auditor's Report and Consolidated Financial Statements
December 31, 2017 and 2016

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

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Independent Auditor's Report

Board of Directors
United Way of Greater Cincinnati and Subsidiary
Cincinnati, Ohio

We have audited the accompanying consolidated financial statements of United Way of Greater Cincinnati and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Way of Greater Cincinnati and Subsidiary as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information (Consolidating Schedule – Financial Position

Information and Consolidating Schedule - Activities Information) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BKD, LLP

Cincinnati, Ohio
July 9, 2018

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2017

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Operating	Custodial			
ASSETS					
Cash and cash equivalents	\$ (37,289)	\$ 484,398	\$ 3,875,389	\$ -	\$ 4,322,498
Contributions receivable	42,172,628	-	3,970,087	-	46,142,715
Less allowance for uncollectible	(5,982,213)	-	-	-	(5,982,213)
Accounts receivable	1,453,415	109,736	108,292	-	1,671,443
Investments	38,742,895	-	3,498,982	577,022	42,818,899
Beneficial interest in charitable trusts	-	-	9,132,441	6,637,836	15,770,277
Other current assets	229,758	-	-	-	229,758
Other long-term assets	322,064	-	10,074	-	332,138
Land, buildings and equipment, net	13,229,083	-	-	-	13,229,083
TOTAL ASSETS	\$ 90,130,341	\$ 594,134	\$ 20,595,265	\$ 7,214,858	\$ 118,534,598
LIABILITIES					
Grants and designations payable	\$ 36,851,441	\$ -	\$ -	\$ -	\$ 36,851,441
Accounts payable	2,427,350	-	-	-	2,427,350
Accrued expenses	1,078,758	-	-	-	1,078,758
Other liabilities	145,264	594,134	-	-	739,398
TOTAL LIABILITIES	40,502,813	594,134	-	-	41,096,947
NET ASSETS					
Unrestricted					
Unappropriated	14,034,286	-	-	-	14,034,286
Board appropriated	35,593,242	-	-	-	35,593,242
Total unrestricted	49,627,528	-	-	-	49,627,528
Temporarily restricted	-	-	20,595,265	-	20,595,265
Permanently restricted	-	-	-	7,214,858	7,214,858
TOTAL NET ASSETS	49,627,528	-	20,595,265	7,214,858	77,437,651
TOTAL LIABILITIES AND NET ASSETS	\$ 90,130,341	\$ 594,134	\$ 20,595,265	\$ 7,214,858	\$ 118,534,598

See Notes to Consolidated Financial Statements

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2016

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Operating	Custodial			
ASSETS					
Cash and cash equivalents	\$ 1,069,199	\$ 66,704	\$ 3,571,226	\$ -	\$ 4,707,129
Contributions receivable	44,277,373	-	4,272,689	-	48,550,062
Less allowance for uncollectible	(5,898,508)	-	-	-	(5,898,508)
Accounts receivable	605,899	243,228	113,500	-	962,627
Investments	36,542,729	-	2,908,278	577,022	40,028,029
Beneficial interest in charitable trusts	-	-	8,487,636	6,064,815	14,552,451
Other current assets	254,417	-	-	-	254,417
Other long-term assets	404,298	-	7,577	-	411,875
Land, buildings and equipment, net	13,466,441	-	-	-	13,466,441
TOTAL ASSETS	\$ 90,721,848	\$ 309,932	\$ 19,360,906	\$ 6,641,837	\$ 117,034,523
LIABILITIES					
Grants and designations payable	\$ 40,324,367	\$ -	\$ -	\$ -	\$ 40,324,367
Accounts payable	1,957,690	-	-	-	1,957,690
Accrued expenses	1,062,117	-	-	-	1,062,117
Other liabilities	202,220	309,932	-	-	512,152
TOTAL LIABILITIES	43,546,394	309,932	-	-	43,856,326
NET ASSETS					
Unrestricted					
Unappropriated	13,923,011	-	-	-	13,923,011
Board appropriated	33,252,443	-	-	-	33,252,443
Total unrestricted	47,175,454	-	-	-	47,175,454
Temporarily restricted	-	-	19,360,906	-	19,360,906
Permanently restricted	-	-	-	6,641,837	6,641,837
TOTAL NET ASSETS	47,175,454	-	19,360,906	6,641,837	73,178,197
TOTAL LIABILITIES AND NET ASSETS	\$ 90,721,848	\$ 309,932	\$ 19,360,906	\$ 6,641,837	\$ 117,034,523

See Notes to Consolidated Financial Statements

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
PUBLIC SUPPORT & REVENUE				
Gross campaign results (2017/2018)	\$ 46,576,168	\$ 1,556,139	\$ -	\$ 48,132,307
Less donor designations	(12,927,164)	-	-	(12,927,164)
Less provision for uncollectible	(3,237,286)	-	-	(3,237,286)
Net campaign revenue (2017/2018)	30,411,718	1,556,139	-	31,967,857
Gross campaign results (2016/2017)	6,660,618	97,000	-	6,757,618
Change in provision for uncollectible	308,206	-	-	308,206
Net campaign revenue (2016/2017)	6,968,824	97,000	-	7,065,824
Gross campaign results (2015/2016)	168,618	-	-	168,618
Change in provision for uncollectible	455,615	-	-	455,615
Net campaign revenue (2015/2016)	624,233	-	-	624,233
Other contributions	1,114,437	3,453,255	-	4,567,692
Designations from other United Ways	299,086	-	-	299,086
Service fees	844,310	-	-	844,310
Grants and contracts	87,875	735,763	-	823,638
Income on beneficial interest in charitable trusts	280,822	578,842	-	859,664
Investment income	864,839	89,669	-	954,508
Net realized gain/(loss) on investments	156,031	66,599	-	222,630
Net unrealized gain/(loss) on investments	2,507,845	524,105	-	3,031,950
Fair value change of beneficial interest in charitable trusts	-	647,302	573,021	1,220,323
Donated materials and services	586,554	-	-	586,554
Miscellaneous income	568,442	54	-	568,496
Net assets released from restrictions	6,514,369	(6,514,369)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	51,829,385	1,234,359	573,021	53,636,765
EXPENSES				
Program services				
Grants and distributions	42,801,384	-	-	42,801,384
Less donor designations	(12,927,164)	-	-	(12,927,164)
Net grants and distributions	29,874,220	-	-	29,874,220
Other program services	9,820,170	-	-	9,820,170
Total program services	39,694,390	-	-	39,694,390
Supporting services	9,682,921	-	-	9,682,921
TOTAL EXPENSES	49,377,311	-	-	49,377,311
CHANGE IN NET ASSETS	2,452,074	1,234,359	573,021	4,259,454
NET ASSETS AT BEGINNING OF YEAR	47,175,454	19,360,906	6,641,837	73,178,197
NET ASSETS AT END OF YEAR	\$ 49,627,528	\$ 20,595,265	\$ 7,214,858	\$ 77,437,651

See Notes to Consolidated Financial Statements

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
PUBLIC SUPPORT & REVENUE				
Gross campaign results (2016/2017)	\$ 48,901,957	\$ 1,247,900	\$ -	\$ 50,149,857
Less donor designations	(11,886,921)	-	-	(11,886,921)
Less provision for uncollectible	(3,070,199)	-	-	(3,070,199)
Net campaign revenue (2016/2017)	33,944,837	1,247,900	-	35,192,737
Gross campaign results (2015/2016)	4,659,196	78,861	-	4,738,057
Change in provision for uncollectible	552,068	-	-	552,068
Net campaign revenue (2015/2016)	5,211,264	78,861	-	5,290,125
Gross campaign results (2014/2015)	92,870	21,324	-	114,194
Change in provision for uncollectible	292,428	-	-	292,428
Net campaign revenue (2014/2015)	385,298	21,324	-	406,622
Other contributions	343,332	2,719,619	25	3,062,976
Designations from other United Ways	224,916	-	-	224,916
Service fees	669,476	-	-	669,476
Grants and contracts	242,080	788,885	-	1,030,965
Income on beneficial interest in charitable trusts	281,796	409,368	-	691,164
Investment income	1,207,363	64,414	-	1,271,777
Net realized gain/(loss) on investments	460,637	123,640	-	584,277
Net unrealized gain/(loss) on investments	468,109	85,798	-	553,907
Fair value change of beneficial interest in charitable trusts	-	162,226	149,111	311,337
Fair value change of interest rate swap agreement	65,819	-	-	65,819
Donated materials and services	955,255	-	-	955,255
Gain on new market tax credits	3,398,848	-	-	3,398,848
Gain on forgiveness of debt	12,117,200	-	-	12,117,200
Miscellaneous income	550,623	-	-	550,623
Net assets released from restrictions	7,192,720	(7,192,720)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	67,719,573	(1,490,685)	149,136	66,378,024
EXPENSES AND LOSSES				
Program services				
Grants and distributions	45,856,999	-	-	45,856,999
Less donor designations	(11,886,921)	-	-	(11,886,921)
Net grants and distributions	33,970,078	-	-	33,970,078
Other program services	11,977,358	-	-	11,977,358
Total program services	45,947,436	-	-	45,947,436
Supporting services	9,316,412	-	-	9,316,412
Forgiveness of note receivable	12,117,200	-	-	12,117,200
TOTAL EXPENSES AND LOSSES	67,381,048	-	-	67,381,048
CHANGE IN NET ASSETS	338,525	(1,490,685)	149,136	(1,003,024)
NET ASSETS AT BEGINNING OF YEAR	46,836,929	20,851,591	6,492,701	74,181,221
NET ASSETS AT END OF YEAR	\$ 47,175,454	\$ 19,360,906	\$ 6,641,837	\$ 73,178,197

See Notes to Consolidated Financial Statements

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

	PROGRAM SERVICES				SUPPORT SERVICES			Total
	Community Impact	Direct Services	Central Services	Program Services Total	Organizational Administration	Fundraising	Support Services Total	
EXPENSES								
Grants and distributions	\$ 42,801,384	\$ -	\$ -	\$ 42,801,384	\$ -	\$ -	\$ -	\$ 42,801,384
Less donor designations	(12,927,164)	-	-	(12,927,164)	-	-	-	(12,927,164)
Sub-Total	29,874,220	-	-	29,874,220	-	-	-	29,874,220
Salaries	2,454,664	1,098,188	632,524	4,185,376	1,601,249	2,745,310	4,346,559	8,531,935
Payroll taxes	169,374	83,389	46,437	299,200	113,837	214,347	328,184	627,384
Employee benefits	782,978	332,384	213,274	1,328,636	511,470	885,473	1,396,943	2,725,579
Sub-Total	3,407,016	1,513,961	892,235	5,813,212	2,226,556	3,845,130	6,071,686	11,884,898
Contract services	2,082,404	150,139	30,268	2,262,811	457,964	873,725	1,331,689	3,594,500
Supplies	119,227	10,039	11,478	140,744	12,416	20,554	32,970	173,714
Printing and copying	25,132	33,594	28,869	87,595	57,007	142,993	200,000	287,595
Marketing and promotions	632,818	5,436	5,003	643,257	94,820	25,245	120,065	763,322
Postage and shipping	2,845	3,275	33,437	39,557	9,459	13,784	23,243	62,800
Telephone and networks	67,464	46,709	111,601	225,774	47,428	79,363	126,791	352,565
Occupancy	276,031	113,193	466,402	855,626	180,899	261,479	442,378	1,298,004
Meetings	99,176	24,722	4,782	128,680	37,438	218,937	256,375	385,055
Travel	92,661	6,874	5,282	104,817	14,985	48,704	63,689	168,506
Board/staff development	847	183	10	1,040	279	2,026	2,305	3,345
Insurance	12,988	2,318	43,127	58,433	11,786	130,319	142,105	200,538
Interest	298	132	78	508	1,551	336	1,887	2,395
Miscellaneous	38,871	7,518	9,282	55,671	109,972	9,858	119,830	175,501
Equipment	33,922	7,722	92,334	133,978	10,923	25,599	36,522	170,500
Dues and subscriptions	208,968	90,908	52,429	352,305	139,284	231,904	371,188	723,493
Depreciation and amortization	201,987	89,756	52,897	344,640	132,003	227,961	359,964	704,604
Sub-Total	3,895,639	592,518	947,279	5,435,436	1,318,214	2,312,787	3,631,001	9,066,437
Less interdepartmental expenses	(221,162)	-	(1,207,316)	(1,428,478)	(14,210)	(5,556)	(19,766)	(1,448,244)
Total Functional Expenses	\$ 36,955,713	\$ 2,106,479	\$ 632,198	\$ 39,694,390	\$ 3,530,560	\$ 6,152,361	\$ 9,682,921	\$ 49,377,311

See Notes to Consolidated Financial Statements

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

EXPENSES	PROGRAM SERVICES				SUPPORT SERVICES			Total
	Community Impact	Direct Services	Central Services	Program Services Total	Organizational Administration	Fundraising	Support Services Total	
Grants and distributions	\$ 45,856,999	\$ -	\$ -	\$ 45,856,999	\$ -	\$ -	\$ -	\$ 45,856,999
Less donor designations	(11,886,921)	-	-	(11,886,921)	-	-	-	(11,886,921)
Sub-Total	33,970,078	-	-	33,970,078	-	-	-	33,970,078
Salaries	2,491,264	800,172	751,727	4,043,163	1,712,226	2,430,018	4,142,244	8,185,407
Payroll taxes	177,304	60,700	57,188	295,192	118,861	193,203	312,064	607,256
Employee benefits	689,735	210,142	210,915	1,110,792	431,046	648,406	1,079,452	2,190,244
Sub-Total	3,358,303	1,071,014	1,019,830	5,449,147	2,262,133	3,271,627	5,533,760	10,982,907
Contract services	3,291,112	99,563	118,470	3,509,145	421,157	969,173	1,390,330	4,899,475
Supplies	65,627	5,867	18,367	89,861	10,359	36,712	47,071	136,932
Printing and copying	124,123	31,824	29,150	185,097	50,192	162,616	212,808	397,905
Marketing and promotions	621,213	6,347	5,780	633,340	5,491	300,883	306,374	939,714
Postage and shipping	4,895	958	31,605	37,458	11,583	14,163	25,746	63,204
Telephone and networks	75,973	37,103	139,177	252,253	51,877	85,375	137,252	389,505
Occupancy	278,326	90,610	522,453	891,389	193,022	239,743	432,765	1,324,154
Meetings	147,241	34,862	5,890	187,993	47,293	231,727	279,020	467,013
Travel	88,681	11,433	9,616	109,730	22,168	59,135	81,303	191,033
Board/staff development	11,224	2,603	274	14,101	3,372	18,062	21,434	35,535
Insurance	12,692	1,851	43,192	57,735	13,644	130,827	144,471	202,206
Interest	42,647	13,601	613,911	670,159	28,727	41,546	70,273	740,432
Miscellaneous	33,479	8,057	54,221	95,757	117,654	17,603	135,257	231,014
Equipment	22,594	4,549	100,426	127,569	8,653	14,191	22,844	150,413
Dues and subscriptions	218,596	67,934	63,907	350,437	151,478	209,430	360,908	711,345
Depreciation and amortization	82,944	26,452	557,177	666,573	55,870	80,803	136,673	803,246
Sub-Total	5,121,367	443,614	2,313,616	7,878,597	1,192,540	2,611,989	3,804,529	11,683,126
Less interdepartmental expenses	(77,323)	-	(1,273,063)	(1,350,386)	(13,790)	(8,087)	(21,877)	(1,372,263)
Total Functional Expenses	\$ 42,372,425	\$ 1,514,628	\$ 2,060,383	\$ 45,947,436	\$ 3,440,883	\$ 5,875,529	\$ 9,316,412	\$ 55,263,848

See Notes to Consolidated Financial Statements

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,259,454	\$ (1,003,024)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized (gain)/loss on investments	(222,630)	(584,277)
Net unrealized (gain)/loss on investments	(3,031,950)	(553,907)
Depreciation and amortization	704,604	803,246
Net (gain)/loss on disposal of assets	-	2,204
Change in fair value of beneficial interest in charitable trusts	(1,220,323)	(311,337)
Change in fair value of interest rate swap agreement	-	(65,819)
Provision for uncollectible contributions receivable	2,509,360	2,808,966
Change in cash value of life insurance	82,234	(36,387)
Gain on new market tax credit	-	(3,398,848)
Changes in:		
Contributions and accounts receivable	(727,124)	1,315,102
Other current and long-term assets and liabilities	277,973	325,861
Grants and accounts payable and accrued expenses	(2,986,625)	(2,047,154)
Net cash provided by (used in) operating activities	(355,027)	(2,745,374)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	317,998,654	344,719,578
Purchase of investments	(317,534,944)	(339,418,842)
Purchase of property and equipment	(467,246)	(548,229)
Net cash provided by (used in) investing activities	(3,536)	4,752,507
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	-	(4,094,832)
Payment of capital lease obligations	(26,068)	(23,408)
Net cash provided by (used in) financing activities	(26,068)	(4,118,240)
Increase/(decrease) in cash and cash equivalents	(384,631)	(2,111,107)
Cash and cash equivalents at beginning of year	4,707,129	6,818,236
Cash and cash equivalents at end of year	\$ 4,322,498	\$ 4,707,129
SUPPLEMENTAL CASH FLOW INFORMATION:		
Forgiveness of notes receivable	\$ -	\$ 12,117,200
Forgiveness of long-term debt	-	12,117,200
Interest paid	1,038	749,320
Accounts payable incurred for purchase of property and equipment	-	5,130

See Notes to Consolidated Financial Statements

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

NOTE A - ORGANIZATION

United Way of Greater Cincinnati's (UWGC) mission is to lead and mobilize the caring power of individuals and organizations to help people measurably improve their lives. United Way of Greater Cincinnati is responsible for investing funds raised through a joint fundraising campaign with the Greater Cincinnati Chapter of the American Red Cross (Cincinnati Red Cross) in programs and initiatives providing health and human services in the Greater Cincinnati community. UWGC, incorporated in 1920 in the State of Ohio as a charitable organization, is recognized as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

UWGC solicits funds in the fall of each year to be applied in the following calendar year to finance a wide range of health and human services in the Greater Cincinnati community. Revenues, gains and other support, grants, and payments to other United Way organizations are recorded by UWGC. The distribution to the Cincinnati Red Cross is made in accordance with a written agreement.

UWGC operates through five major functional areas and is governed by a volunteer Board of Directors. The five functional areas are:

1. Community Impact

In 2016, the UWGC Board of Directors approved a new United for Opportunity Agenda (Opportunity Agenda) that focuses on providing a more integrated approach with a particular focus on supporting 10,000 families with children under age 25 to be on a sustainable path out of poverty.

UWGC is still focused on education, income and health outcomes throughout the ten-county region (Hamilton, Clermont, Brown, and Butler counties in Ohio; Boone, Kenton, Campbell, and Grant counties in Kentucky; and Dearborn and Ohio counties in Indiana) and establishing a common vision and pursuing evidence-based actions in mutually reinforcing ways. The Opportunity Agenda emphasizes that families will be more successful in the path out of poverty if services are coordinated for both adults and children at the same time.

The Community Impact area leads an effort to bring together almost 100 local organizations with communities, businesses and government to improve services and change systems to better support families. UWGC also leads Success By 6, the region's collective effort to increase kindergarten readiness rates, and Partners for a Competitive Workforce, an employer-led initiative focused on developing a strong workforce.

In the end, UWGC is committed to ensuring all children achieve academic and life success and all families and individuals achieve greater financial stability.

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE A - ORGANIZATION (continued)

2. Direct Services

Direct Services are services provided by UWGC, such as United Way 211 and United Way Volunteer Connection.

United Way 211 links people to services and volunteer opportunities. United Way 211 is available 24 hours a day, seven days a week to people in: Hamilton, Clermont, Brown, and Butler Counties and Middletown in Ohio; Boone, Kenton, Campbell, and Grant counties in Kentucky; and Dearborn, Jefferson, Ohio, Ripley, and Switzerland counties in Indiana.

United Way Volunteer Connection strives to increase the effectiveness and participation of all segments of volunteer resources through recruitment, training, education, and recognition.

3. Central Services

Central Services include self-supporting programs, which serve UWGC's operating divisions and other non-profit organizations. These fee-producing programs include group employee benefits administration, building and grounds management and accounting.

4. Fundraising

Fundraising plans, directs, and controls the development of financial resources for UWGC through a variety of fundraising activities, including the annual campaign, campaign communications, planned and deferred giving, and supplemental fundraising.

5. Organizational Administration

Organizational Administration directs the internal operation of UWGC, coordinates and manages programs designed to meet goals and objectives at the direction of the Board of Directors, directs and controls financial systems and assets of UWGC, and manages human resources of UWGC.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation

The consolidated financial statements include the accounts of UWGC and UWGC Foundation (the Foundation).

The Foundation, a wholly-owned subsidiary of UWGC, was established for the purpose of handling endowed investments and related activities.

"UWGC" is used herein to refer to UWGC individually and, as applicable, to both organizations on a consolidated basis. All significant intercompany accounts and transactions have been eliminated upon consolidation.

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Financial Statement Presentation

UWGC classifies its net assets and revenues, expenses, gains and losses, based on the existence or absence of donor-imposed restrictions. The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

3. Cash and Cash Equivalents

UWGC considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2017 and 2016, cash and cash equivalents consisted primarily of cash and money market mutual funds.

UWGC's cash accounts exceeded federally insured limits by approximately \$2,062,000 at December 31, 2017.

4. Contributions Receivable

UWGC's contributions receivable include contributions from the fundraising campaign conducted each fall. Contributions receivable are due in accordance with the donor's stipulation on the pledge form. Contributions receivable are stated at amounts due from donors net of an allowance for uncollectible contributions. UWGC determines its allowance for uncollectible contributions based on historical experience, an assessment of economic conditions, and a review of subsequent collections. UWGC writes off contributions receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for uncollectible contributions.

5. Investments

Investments are reported at fair value in the statements of financial position. Interest and dividend income, realized and unrealized gains and losses, less investment expenses are included on the statements of activities. The value of investments in hedge funds is determined using net asset value (NAV), as a practical expedient. Investments include money market funds held in brokerage accounts.

6. Land, Buildings and Equipment

Land, buildings and equipment additions over \$5,000 are recorded at cost, or fair value, if donated, at time of acquisition or donation and depreciated generally on a straight-line basis over the estimated useful lives of each asset, which range from 3 to 40 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Cost of maintenance and repairs that do not improve or extend the lives of the respective assets are expensed.

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

UWGC evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result for the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2017 and 2016.

7. Contributions Received

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

Certain contributions received in fundraising campaigns are designated by individuals for specific agencies or for United Way organizations in areas other than the Greater Cincinnati service area. Accounting standards require that organizations who receive contributions that are designated by donors for other organizations exclude such designated contributions from amounts recognized as contributions received and contributions made. UWGC classifies and reports such designations in its statements of activities as a reduction of contribution revenue and of grants expense.

8. Gains and Losses and Investment Income

Gains and losses and investment income are allocated on a percentage basis to applicable funds.

9. Donated Materials and Services

UWGC records the estimated fair value of contributed services that meet recognition criteria prescribed by generally accepted accounting principles as an expense in its financial statements, and similarly increases revenue by a like amount. Donated materials and services in 2017 and 2016 total approximately \$587,000 and \$955,000, respectively, and primarily include advertising in 2017 and salaries/contract services and advertising in 2016.

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Grants Expense

UWGC records grants to agencies as grants expense in the period such grants are approved by the Board of Directors and commitments are made to the recipient agencies. UWGC has a policy of making grant commitments in the fall for a grant funding year of January 1 to December 31.

In December 2017, the UWGC Board of Directors approved grants to fund agencies for the period January 1, 2018 to December 31, 2018.

11. Functional Allocation of Expenses

The costs of supporting the program services and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the program support services categories based on specific identification and UWGC staff time spent within each functional area.

12. Unrestricted Net Assets and Custodial Funds

Unrestricted net assets represent funds that are available for general support of UWGC activities. Custodial funds represent balances held for agencies that participate in UWGC group benefit plans. Certain net assets have been designated by the Board of Directors for specific purposes (see Note J).

13. Temporarily Restricted Net Assets

Temporarily restricted net assets are expended in compliance with the restrictions imposed by the donors or grantors. Such net assets released in 2017 consist primarily of net assets with restrictions as to when they may be used.

14. Permanently Restricted Net Assets

Permanently restricted net assets represent funds received from donors, which are to be invested in perpetuity with income therefrom to be used to provide funds to the community in accordance with the wishes of the donors. Unless specifically directed by the donor, only the initial corpus of permanently restricted contributions is included. All growth is recorded as temporarily restricted.

15. Market and Credit Risk

UWGC holds investments in equity, debt securities, repurchase agreements, and hedge funds. Management does not believe there are any undue concentrations of risk with regard to investments held. UWGC's contributions receivable are from various employers, employees of such employers and from the general public in the Greater Cincinnati area.

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Income Taxes

UWGC is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, UWGC is subject to federal income tax on any unrelated business taxable income. UWGC files tax returns in the U.S. federal jurisdiction.

17. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains, other support and expenses during the reporting period. Actual results could differ from those estimates.

18. Reclassification

Certain reclassifications have been made to the 2016 consolidated financial statements to conform to the 2017 consolidated financial statement presentation. These reclassifications had no effect on the change in net assets.

NOTE C - CONTRIBUTIONS RECEIVABLE

The following summarizes unrestricted contributions receivable and the related allowance for uncollectible contributions at December 31, 2017 and 2016:

	Contributions Receivable	Allowance for Uncollectible	Net Contributions Receivable
2017			
2017-2018 Campaign	\$ 33,984,467	\$ (3,236,800)	\$ 30,747,667
2016-2017 Campaign	6,459,589	(2,745,413)	3,714,176
Future Campaigns	1,728,572	-	1,728,572
Total	<u>\$ 42,172,628</u>	<u>\$ (5,982,213)</u>	<u>\$ 36,190,415</u>
2016			
2016-2017 Campaign	\$ 36,601,462	\$ (3,070,000)	\$ 33,531,462
2015-2016 Campaign	7,143,572	(2,828,508)	4,315,064
Future Campaigns	532,339	-	532,339
Total	<u>\$ 44,277,373</u>	<u>\$ (5,898,508)</u>	<u>\$ 38,378,865</u>

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE C - CONTRIBUTIONS RECEIVABLE (continued)

In addition, UWGC has received multi-year contributions, as follows:

	<u>2017</u>	<u>2016</u>
Within one year	\$ 1,536,618	\$ 1,358,943
One to five years	5,265,506	4,184,000
More than five years	-	80,000
	<u>6,802,124</u>	<u>5,622,943</u>
Less: present value component	<u>(221,135)</u>	<u>(188,415)</u>
Total multi-year contributions receivable	<u>\$ 6,580,989</u>	<u>\$ 5,434,528</u>
Included in unrestricted contributions above	\$ 2,610,902	\$ 1,161,839
Included in temporarily restricted contributions	<u>3,970,087</u>	<u>4,272,689</u>
Total	<u>\$ 6,580,989</u>	<u>\$ 5,434,528</u>

NOTE D - ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2017 and 2016:

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	<u>Total</u>
	<u>Operating</u>	<u>Custodial</u>		
2017				
Interest and dividends	\$ 107,836	\$ -	\$ -	\$ 107,836
Grant receivables	26,523	-	-	26,523
Other receivables	<u>1,319,056</u>	<u>109,736</u>	<u>108,292</u>	<u>1,537,084</u>
Total	<u>\$ 1,453,415</u>	<u>\$ 109,736</u>	<u>\$ 108,292</u>	<u>\$ 1,671,443</u>
2016				
Interest and dividends	\$ 133,555	\$ -	\$ -	\$ 133,555
Government grants	13,621	-	-	13,621
Other receivables	<u>458,723</u>	<u>243,228</u>	<u>113,500</u>	<u>815,451</u>
Total	<u>\$ 605,899</u>	<u>\$ 243,228</u>	<u>\$ 113,500</u>	<u>\$ 962,627</u>

All accounts were deemed collectible as of December 31, 2017 and 2016.

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE E - INVESTMENTS

The cost and fair value of investments and the unrealized gain (loss) at December 31, 2017 and 2016 are summarized as follows by type of investment:

	<u>Cost</u>	<u>Net Unrealized Gain (Loss)</u>	<u>Fair Value</u>
2017			
Common stock	\$ 9,846,847	\$ 4,697,851	\$ 14,544,698
Corporate bonds	18,304,161	(39,313)	18,264,848
Equity mutual funds	3,332,676	923,812	4,256,488
Fixed income mutual funds	1,134,645	25,809	1,160,454
Money market investments	459,747	(21)	459,726
Pooled debt and equity funds	1,193,693	1,062,480	2,256,173
U.S. government securities	798,042	(2,219)	795,823
Hedge funds	1,000,000	80,689	1,080,689
Total	<u>\$ 36,069,811</u>	<u>\$ 6,749,088</u>	<u>\$ 42,818,899</u>
2016			
Common stock	\$ 9,617,653	\$ 2,745,344	\$ 12,362,997
Corporate bonds	16,945,983	(65,073)	16,880,910
Equity mutual funds	3,410,127	250,714	3,660,841
Fixed income mutual funds	1,141,007	828	1,141,835
Money market investments	423,648	(12)	423,636
Pooled debt and equity funds	2,910,982	776,141	3,687,123
U.S. government securities	861,491	(12,954)	848,537
Hedge funds	1,000,000	22,150	1,022,150
Total	<u>\$ 36,310,891</u>	<u>\$ 3,717,138</u>	<u>\$ 40,028,029</u>

Alternative Investments

The fair value of alternative investments has been estimated using the net asset value per share of the investments as a practical expedient. Alternative investments held at December 31 consist of the following:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
2017				
Hedge funds	<u>\$ 1,080,689</u>	<u>\$ -</u>	Qrtly	65 days
2016				
Hedge funds	<u>\$ 1,022,150</u>	<u>\$ -</u>	Qrtly	65 days

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE E – INVESTMENTS (continued)

UWGC's investment in hedge funds is a multi-strategy hedge fund of funds that seeks to achieve long-term returns commensurate with the long-term returns from a portfolio invested in the general equity markets, while experiencing volatility that is consistent with a portfolio invested in the general debt markets.

NOTE F - CHARITABLE TRUST AGREEMENTS

UWGC is the beneficiary of several perpetual trusts. Under the terms of these agreements, UWGC is to receive income earned on trust assets annually for its use into perpetuity. At the time UWGC is notified of its interest, the fair value of UWGC's interest in these perpetual trusts is recorded as a permanently restricted contribution and a beneficial interest in the charitable trust. The estimated value of expected future cash flows is evaluated annually and any change in value is classified as permanently restricted.

UWGC is also the beneficiary of several charitable remainder trusts. Under the terms of these agreements, the beneficiaries designated by the donor receive periodic distributions from the trust for either a specified dollar amount or a specified percentage of the trust's fair market value over the trust's term. Upon termination of the trust, UWGC receives its entire portion of the assets remaining in the trust.

At the time UWGC is notified of its interest, the present value of the estimated future benefits to be received is recorded as a temporarily or permanently restricted contribution (depending on the donor restrictions) and a beneficial interest in the charitable trust. Income received from beneficial interest in charitable trusts for the years ended December 31, 2017 and 2016 was \$859,664 and \$691,164, respectively. The estimated value of expected future cash flows is evaluated annually and any change in value is classified as temporarily or permanently restricted.

NOTE G - LAND, BUILDINGS AND EQUIPMENT

The following is a summary of land, buildings and equipment at December 31, 2017 and 2016:

	Cost	Accumulated Depreciation	Net Book Value
2017			
Land and land improvements	\$ 790,572	\$ (226,526)	\$ 564,046
Buildings and improvements	14,070,858	(2,618,879)	11,451,979
Office furniture and equipment	2,914,307	(1,734,433)	1,179,874
Vehicles	96,475	(63,291)	33,184
Total	<u>\$ 17,872,212</u>	<u>\$ (4,643,129)</u>	<u>\$ 13,229,083</u>

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE G - LAND, BUILDINGS AND EQUIPMENT (continued)

	Cost	Accumulated Depreciation	Net Book Value
2016			
Land and land improvements	\$ 790,572	\$ (182,875)	\$ 607,697
Buildings and improvements	13,740,795	(2,245,575)	11,495,220
Office furniture and equipment	2,426,033	(1,463,377)	962,656
Vehicles	96,475	(46,699)	49,776
Projects in progress	351,092	-	351,092
Total	<u>\$ 17,404,967</u>	<u>\$ (3,938,526)</u>	<u>\$ 13,466,441</u>

NOTE H - PENSION PLAN

UWGC and certain affiliated agencies participate in a non-contributory, defined-benefit pension plan (the Plan). UWGC serves as the Plan Administrator and accounts for the Plan under accounting principles generally accepted in the United States as a multi-employer plan. UWGC funds and expenses required contributions each year.

The risks of participating in a multi-employer plan are different from single-employer plans in the following aspects:

1. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the Plan may be borne by the remaining participating employers.
3. If UWGC chooses to stop participating in its multi-employer plan, UWGC may be required to pay the plan an amount based on the underfunded status of the Plan, on a termination basis. This termination amount is approximately \$5,787,737 at December 31, 2017.

UWGC's participation in this plan for the annual period ended December 31, 2017, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE H - PENSION PLAN (continued)

Pension Fund	EIN/Pension Plan Number	FIP/RP Status Pending/ Implemented	Contributions of UWGC	
			2017	2016
Pension Plan for Employees of United Way of Greater Cincinnati and Affiliated Agencies	31-0537502/ PN 333	N/A	\$ 1,225,546	\$ 1,526,109

As determined by the Plan's actuary, UWGC is noted as providing more than 5 percent of the total contributions for plan years 2017 and 2016. At the date the financial statements were issued, the Form 5500 was not available for the plan year ending in 2017.

At December 31, 2017, UWGC's liability on a funding basis had a surplus estimated at \$263,857 based on the current Plan's actuarial data and asset value as of January 1, 2018. This surplus includes contributions made by UWGC to the Plan. The actual minimum funding requirements for the future will be determined at each anniversary date. UWGC does not intend to withdraw from the Plan.

UWGC also has a defined contribution plan covering substantially all employees. The Board of Directors annually determines the amount, if any, UWGC contributes to the plan.

Retirement expense for the defined contribution plan for the years ended December 31, 2017 and 2016 was \$216,252 and \$215,545, respectively, and is included in employee benefits expense.

In 2017, a UWGC affiliated agency that participated in the non-contributory, defined benefit pension plan (the Plan) ceased to provide services due to pending termination of operations and withdraw from the Plan. This agency's unfunded pension liability is required to be shared on a pro rata basis by the remaining Plan participants. To minimize the unfunded obligations to the current participating agencies, UWGC's Board of Directors approved using the ceased agency's annual UWGC investment to fund the ceased agency's Plan liability until it is fully funded.

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Held as beneficial interest in charitable trusts	\$ 9,132,441	\$ 8,487,635
Capital campaign	244,167	573,858
Child Poverty Collaborative	1,156,724	150,000
Partners for a Competitive Workforce	811,957	433,423
Success By 6	1,718,474	1,754,634
Accelerator Fund	-	542,000
Various purpose restrictions	3,527,388	2,915,899
Use in future periods	4,004,114	4,503,457
Total	<u>\$ 20,595,265</u>	<u>\$ 19,360,906</u>

NOTE J - UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Unappropriated UWGC net assets as follows		
Amounts invested in land, buildings and equipment, or designated by the Board for such purposes	\$ 14,034,286	\$ 13,923,011
Total Unappropriated	14,034,286	13,923,011
UWGC assets appropriated by the Board as follows:		
Middletown Community Foundation	631,007	584,799
Campaign distribution for operating budget	10,351,900	10,676,200
Campaign distribution for undetermined grants	2,802,914	1,969,368
UWGC program initiatives	275,414	423,960
Board restricted investments	528,311	95,351
Other designations	359,999	242,500
Foundation allocations for operating and capital budgets	1,155,333	1,153,070
Foundation designated for UWGC campaign	5,275,228	4,288,534
Foundation designated for endowment	15,729,673	14,821,308
UWGC operating reserves	(1,516,537)	(1,002,647)
Total Board Appropriated	<u>35,593,242</u>	<u>33,252,443</u>
Total	<u>\$ 49,627,528</u>	<u>\$ 47,175,454</u>

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE K - RELATED PARTY TRANSACTIONS

UWGC provides services such as employee benefits administration and facility rentals for which it receives a fee from the agencies using these services.

In 2017, UWGC has an Operating Agreement with Cincinnati Preschool Promise, LLC (CPP, LLC). UWGC received revenue from CPP, LLC for service fees of interim Executive Director, oversight, and operational expenses. These transactions are immaterial.

In 2017, UWGC, as the initial member, agreed to make a \$100 capital contribution to CPP, LLC for 100 units of ownership interest. The UWGC Board of Directors named five Managers and ratified all fifteen members of the CPP, LLC Board of Managers.

In 2017, the Foundation made a grant of \$500,000 to UWGC for their membership investment in United Way Digital Holdings, LLC (UWDH, LLC). UWGC used \$400,000 of the grant to make an investment. The investment represents a 3.33% interest in the UWDH, LLC. The investment is formed as a joint effort between local United Ways and United Way Worldwide for the creation of an employee engagement solution.

NOTE L - DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE L - DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (continued)

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at December 31, 2017 and 2016:

	Total	Fair Value Measurements Using		Investments Measured at NAV (A)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
2017				
Investments				
Common stock	\$ 14,544,698	\$ 14,544,698	\$ -	\$ -
Corporate bonds	18,264,848	-	18,264,848	-
Equity mutual funds	4,256,488	4,256,488	-	-
Fixed income mutual funds	1,160,454	1,160,454	-	-
Money market investments	459,726	459,726	-	-
Pooled debt and equity funds	2,256,173	-	2,160,822	95,351
U.S. government securities	795,823	-	795,823	-
Hedge funds	1,080,689	-	-	1,080,689
Total	<u>\$ 42,818,899</u>	<u>\$ 20,421,366</u>	<u>\$ 21,221,493</u>	<u>\$ 1,176,040</u>
Beneficial interest in charitable trusts	<u>\$ 15,770,277</u>	<u>\$ -</u>	<u>\$ 15,770,277</u>	<u>\$ -</u>

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE L - DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (continued)

	Total	Fair Value Measurements Using		Investments Measured at NAV (A)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
2016				
Investments				
Common stock	\$ 12,362,997	\$ 12,362,997	\$ -	\$ -
Corporate bonds	16,880,910	-	16,880,910	-
Equity mutual funds	3,660,841	3,660,841	-	-
Fixed income mutual funds	1,141,835	1,141,835	-	-
Money market investments	423,636	423,636	-	-
Pooled debt and equity funds	3,687,123	-	3,591,772	95,351
U.S. government securities	848,537	-	848,537	-
Hedge funds	1,022,150	-	-	1,022,150
Total	<u>\$ 40,028,029</u>	<u>\$ 17,589,309</u>	<u>\$ 21,321,219</u>	<u>\$ 1,117,501</u>
Beneficial interest in charitable trusts	<u>\$ 14,552,451</u>	<u>\$ -</u>	<u>\$ 14,552,451</u>	<u>\$ -</u>

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2017.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include common stock, equity mutual funds, fixed income mutual funds and money market investments. For investments, other than alternative investments, the inputs used by the pricing service to determine fair value may include one, or a combination of, observable inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data market research publications and are classified within Level 2 of the valuation hierarchy. These Level 2 securities include corporate bonds, pooled debt and equity funds, and U.S. government securities.

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE L - DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (continued)

For alternative investments that have sufficient activity or liquidity within the fund, fair value is determined using the net asset value (or its equivalent) provided by the fund. These alternative investments include pooled debt and equity funds, which are comprised of marketable securities and are valued based on the underlying market values of the securities. There are no liquidity restrictions on these funds. The value of certain other alternative investments is determined using net asset value (or its equivalent) as a practical expedient. These alternative investments include a hedge fund of funds.

Beneficial Interest in Charitable Trusts

Fair value is estimated based on future distributions expected to be received approximated by the fair value of the underlying assets in these trusts, which are comprised of marketable securities. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

NOTE M - ENDOWMENT

UWGC's endowment consists of approximately 125 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

UWGC's governing body has interpreted the State of Ohio Uniform Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UWGC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by UWGC in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, UWGC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of UWGC and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of UWGC
7. Investment policies of UWGC

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE M – ENDOWMENT (continued)

The composition of net assets by type of endowment fund at December 31, 2017 and 2016 were:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2017				
Donor-restricted endowment funds	\$ -	\$ 3,663,862	\$ 577,022	\$ 4,240,884
Board-designated endowment funds	20,818,794	-	-	20,818,794
Total endowment funds	<u>\$ 20,818,794</u>	<u>\$ 3,663,862</u>	<u>\$ 577,022</u>	<u>\$ 25,059,678</u>
2016				
Donor-restricted endowment funds	\$ -	\$ 2,908,278	\$ 577,022	\$ 3,485,300
Board-designated endowment funds	18,921,100	-	-	18,921,100
Total endowment funds	<u>\$ 18,921,100</u>	<u>\$ 2,908,278</u>	<u>\$ 577,022</u>	<u>\$ 22,406,400</u>

Changes in endowment net assets for the years ended December 31, 2017 and 2016, were:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2017				
Endowment net assets, beginning of year	\$ 18,921,100	\$ 2,908,278	\$ 577,022	\$ 22,406,400
Investment return:				
Investment income	761,472	156,268	-	917,740
Net appreciation	2,484,403	524,105	-	3,008,508
Total investment return	<u>3,245,875</u>	<u>680,373</u>	<u>-</u>	<u>3,926,248</u>
Contributions	653,099	905,567		1,558,666
Appropriation of endowment assets for expenditure	(1,999,938)	(797,024)	-	(2,796,962)
Other changes	<u>(1,342)</u>	<u>(33,332)</u>	<u>-</u>	<u>(34,674)</u>
Endowment net assets, end of year	<u>\$ 20,818,794</u>	<u>\$ 3,663,862</u>	<u>\$ 577,022</u>	<u>\$ 25,059,678</u>

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE M - ENDOWMENT (continued)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2016				
Endowment net assets, beginning of year	\$ 20,839,820	\$ 3,001,868	\$ 576,997	\$ 24,418,685
Investment return:				
Investment income	922,186	188,324	-	1,110,510
Net appreciation	497,793	85,798	-	583,591
Total investment return	1,419,979	274,122	-	1,694,101
Contributions	484,381	414,417	25	898,823
Appropriation of endowment assets for expenditure	(3,819,298)	(765,683)	-	(4,584,981)
Other changes	(3,782)	(16,446)	-	(20,228)
Endowment net assets, end of year	<u>\$ 18,921,100</u>	<u>\$ 2,908,278</u>	<u>\$ 577,022</u>	<u>\$ 22,406,400</u>

Amounts of donor restricted endowment funds classified as permanently restricted and temporarily restricted net assets at December 31, 2017 and 2016, consisted of:

	2017	2016
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation	<u>\$ 577,022</u>	<u>\$ 577,022</u>
Temporarily restricted net assets		
With purpose restrictions	\$ 2,854,714	\$ 2,310,304
With timing restrictions	809,148	597,974
	<u>\$ 3,663,862</u>	<u>\$ 2,908,278</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level UWGC is required to retain as a fund of perpetual duration pursuant to donor stipulation. In accordance with GAAP, no deficiencies of this nature are reported in unrestricted net assets at December 31, 2017 and 2016.

UWGC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds UWGC must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under UWGC's policies, endowment assets are invested in a manner that is intended to produce results that exceed spending plus inflation while assuming a moderate level of investment risk. UWGC expects its endowment funds to provide an average rate of return of approximately 8% over time. Actual returns in any given year may vary from this amount.

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2017 AND 2016

NOTE M - ENDOWMENT (continued)

To satisfy its long-term rate of return objectives, UWGC relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). UWGC targets a diversified asset grant that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

UWGC has a spending policy of appropriating for expenditures each year 5% of its endowment fund's average fair value over the prior 12 quarters through the year-end preceding the year in which expenditure is planned. In establishing this policy, UWGC considered the long-term expected return on its endowment. Accordingly, over the long term, UWGC expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with UWGC's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

NOTE N - CONCENTRATIONS

Contributions from one corporate donor and its employees were approximately 16% and 17% of total contributions revenue in 2017 and 2016, respectively.

NOTE O - CONTINGENCIES

UWGC is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of UWGC.

NOTE P - SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 9, 2018, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

CONSOLIDATING SCHEDULE - FINANCIAL POSITION INFORMATION

December 31, 2017

	UWGC				UWGC Foundation			Eliminating Entries		Consolidated Totals				
	Unrestricted	Custodial	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Custodial	Temporarily Restricted	Permanently Restricted	Totals
ASSETS														
Cash and cash equivalents	\$ (89,776)	\$ 484,398	\$ 3,714,509	\$ -	\$ 52,487	\$ 160,880	\$ -	\$ -	\$ -	\$ (37,289)	\$ 484,398	\$ 3,875,389	\$ -	\$ 4,322,498
Contributions receivable	42,172,628	-	3,970,087	-	-	327,033	-	-	(327,033)	42,172,628	-	3,970,087	-	46,142,715
Less allowance for uncollectible	(5,982,213)	-	-	-	-	-	-	-	-	(5,982,213)	-	-	-	(5,982,213)
Accounts receivable	941,759	109,736	922,592	-	564,656	9,000	-	(53,000)	(823,300)	1,453,415	109,736	108,292	-	1,671,443
Investments	17,226,251	-	-	-	21,516,644	3,498,982	577,022	-	-	38,742,895	-	3,498,982	577,022	42,818,899
Beneficial interest in charitable trusts	-	-	-	1,072,320	-	9,132,441	5,565,516	-	-	-	-	9,132,441	6,637,836	15,770,277
Other current assets	229,758	-	-	-	-	-	-	-	-	229,758	-	-	-	229,758
Other long-term assets	-	-	-	-	322,064	10,074	-	-	-	322,064	-	10,074	-	332,138
Land, buildings and equipment, net	13,229,083	-	-	-	-	-	-	-	-	13,229,083	-	-	-	13,229,083
TOTAL ASSETS	\$ 67,727,490	\$ 594,134	\$ 8,607,188	\$ 1,072,320	\$ 22,455,851	\$ 13,138,410	\$ 6,142,538	\$ (53,000)	\$ (1,150,333)	\$ 90,130,341	\$ 594,134	\$ 20,595,265	\$ 7,214,858	\$ 118,534,598
LIABILITIES														
Grants and designations payable	\$ 36,661,791	\$ -	\$ -	\$ -	\$ 1,445,950	\$ -	\$ -	\$ (1,256,300)	\$ -	\$ 36,851,441	\$ -	\$ -	\$ -	\$ 36,851,441
Accounts payable	2,427,350	-	-	-	-	-	-	-	-	2,427,350	-	-	-	2,427,350
Accrued expenses	1,078,758	-	-	-	-	-	-	-	-	1,078,758	-	-	-	1,078,758
Other liabilities	92,297	594,134	-	-	-	-	-	52,967	-	145,264	594,134	-	-	739,398
TOTAL LIABILITIES	40,260,196	594,134	-	-	1,445,950	-	-	(1,203,333)	-	40,502,813	594,134	-	-	41,096,947
NET ASSETS														
Unrestricted														
Unappropriated	14,034,286	-	-	-	-	-	-	-	-	14,034,286	-	-	-	14,034,286
Board appropriated	13,433,008	-	-	-	21,009,901	-	-	1,150,333	-	35,593,242	-	-	-	35,593,242
Total unrestricted	27,467,294	-	-	-	21,009,901	-	-	1,150,333	-	49,627,528	-	-	-	49,627,528
Temporarily restricted	-	-	8,607,188	-	-	13,138,410	-	-	(1,150,333)	-	-	20,595,265	-	20,595,265
Permanently restricted	-	-	-	1,072,320	-	-	6,142,538	-	-	-	-	-	7,214,858	7,214,858
TOTAL NET ASSETS	27,467,294	-	8,607,188	1,072,320	21,009,901	13,138,410	6,142,538	1,150,333	(1,150,333)	49,627,528	-	20,595,265	7,214,858	77,437,651
TOTAL LIABILITIES AND NET ASSETS	\$ 67,727,490	\$ 594,134	\$ 8,607,188	\$ 1,072,320	\$ 22,455,851	\$ 13,138,410	\$ 6,142,538	\$ (53,000)	\$ (1,150,333)	\$ 90,130,341	\$ 594,134	\$ 20,595,265	\$ 7,214,858	\$ 118,534,598

UNITED WAY OF GREATER CINCINNATI AND SUBSIDIARY

CONSOLIDATING SCHEDULE - ACTIVITIES INFORMATION
For the Year Ended December 31, 2017

	UWGC			UWGC Foundation			Eliminating Entries		Consolidated Totals			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
PUBLIC SUPPORT & REVENUE												
Gross campaign results (2017/2018)	\$ 46,844,564	\$ 1,556,139	\$ -	\$ -	\$ -	\$ -	\$ (268,396)	\$ -	\$ 46,576,168	\$ 1,556,139	\$ -	\$ 48,132,307
Less donor designations	(12,927,164)	-	-	-	-	-	-	-	(12,927,164)	-	-	(12,927,164)
Less provision for uncollectible	(3,237,286)	-	-	-	-	-	-	-	(3,237,286)	-	-	(3,237,286)
Net campaign revenue (2017/2018)	30,680,114	1,556,139	-	-	-	-	(268,396)	-	30,411,718	1,556,139	-	31,967,857
Gross campaign results (2016/2017)	6,660,618	97,000	-	-	-	-	-	-	6,660,618	97,000	-	6,757,618
Change in provision for uncollectible	308,206	-	-	-	-	-	-	-	308,206	-	-	308,206
Net campaign revenue (2016/2017)	6,968,824	97,000	-	-	-	-	-	-	6,968,824	97,000	-	7,065,824
Gross campaign results (2015/2016)	168,618	-	-	-	-	-	-	-	168,618	-	-	168,618
Change in provision for uncollectible	455,615	-	-	-	-	-	-	-	455,615	-	-	455,615
Net campaign revenue (2015/2016)	624,233	-	-	-	-	-	-	-	624,233	-	-	624,233
Other contributions	564,937	5,295,450	-	603,075	57,168	-	(53,575)	(1,899,363)	1,114,437	3,453,255	-	4,567,692
Designations from other United Ways	299,086	-	-	-	-	-	-	-	299,086	-	-	299,086
Service fees	877,696	-	-	-	-	-	(33,386)	-	844,310	-	-	844,310
Grants and contracts	87,875	735,763	-	-	-	-	-	-	87,875	735,763	-	823,638
Income on beneficial interest in charitable trusts	-	-	-	280,822	578,842	-	-	-	280,822	578,842	-	859,664
Investment income	358,448	-	-	506,391	89,669	-	-	-	864,839	89,669	-	954,508
Net realized gain/(loss) on investments	(155,043)	-	-	311,074	66,599	-	-	-	156,031	66,599	-	222,630
Net unrealized gain/(loss) on investments	77,588	-	-	2,430,257	524,105	-	-	-	2,507,845	524,105	-	3,031,950
Fair value change of beneficial interest in charitable trusts	-	-	87,304	-	647,302	485,717	-	-	-	647,302	573,021	1,220,323
Donated materials and services	586,554	-	-	-	-	-	-	-	586,554	-	-	586,554
Miscellaneous income	553,899	-	-	14,543	54	-	-	-	568,442	54	-	568,496
Net assets released from restrictions	7,776,679	(7,776,679)	-	639,790	(639,790)	-	(1,902,100)	1,902,100	6,514,369	(6,514,369)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	49,300,890	(92,327)	87,304	4,785,952	1,323,949	485,717	(2,257,457)	2,737	51,829,385	1,234,359	573,021	53,636,765
EXPENSES												
Program services												
Grants and distributions	42,254,168	-	-	2,768,550	-	-	(2,221,334)	-	42,801,384	-	-	42,801,384
Less donor designations	(12,927,164)	-	-	-	-	-	-	-	(12,927,164)	-	-	(12,927,164)
Net grants and distributions	29,327,004	-	-	2,768,550	-	-	(2,221,334)	-	29,874,220	-	-	29,874,220
Other program services	9,820,170	-	-	-	-	-	-	-	9,820,170	-	-	9,820,170
Total program services	39,147,174	-	-	2,768,550	-	-	(2,221,334)	-	39,694,390	-	-	39,694,390
Supporting services	9,598,964	-	-	117,343	-	-	(33,386)	-	9,682,921	-	-	9,682,921
TOTAL EXPENSES	48,746,138	-	-	2,885,893	-	-	(2,254,720)	-	49,377,311	-	-	49,377,311
CHANGE IN NET ASSETS	554,752	(92,327)	87,304	1,900,059	1,323,949	485,717	(2,737)	2,737	2,452,074	1,234,359	573,021	4,259,454
NET ASSETS AT BEGINNING OF YEAR	26,912,542	8,699,515	985,016	19,109,842	11,814,461	5,656,821	1,153,070	(1,153,070)	47,175,454	19,360,906	6,641,837	73,178,197
NET ASSETS AT END OF YEAR	\$ 27,467,294	\$ 8,607,188	\$ 1,072,320	\$ 21,009,901	\$ 13,138,410	\$ 6,142,538	\$ 1,150,333	\$ (1,150,333)	\$ 49,627,528	\$ 20,595,265	\$ 7,214,858	\$ 77,437,651