

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

**Consolidated Financial Statements
(and supplemental information)
June 30, 2017 and 2016**

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Contents

Independent Auditor's Report	3-4
Consolidated Financial Statements	
Statements of Financial Position	6
Statements of Activities and Changes in Net Assets	7-8
Statements of Cash Flows	9
Statements of Functional Expenses	10-11
Notes to Consolidated Financial Statements	12-38
Supplemental Information	
Consolidating Schedule of Financial Position	40
Consolidating Schedule of Activities and Changes in Net Assets	41-42
Consolidating Schedule of Cash Flows	43
Consolidating Schedule of Functional Expenses	44



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Independent Auditor's Report

To the Board of Directors of
United Way of Greater Philadelphia and Southern New Jersey
Philadelphia, Pennsylvania

We have audited the accompanying consolidated financial statements of United Way of Greater Philadelphia and Southern New Jersey and Affiliate ("UWGPNJ"), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses 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 UWGPNJ'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 UWGPNJ'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 UWGPSNJ as of June 30, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information on pages 40 to 44 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.

BDO USA, LLP

Philadelphia, Pennsylvania
November 15, 2017

Consolidated Financial Statements

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidated Statements of Financial Position

<i>June 30,</i>	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 9,807,493	\$ 10,739,736
Short term investments, at fair value (Note 3)	7,481,972	10,691,528
Building held for sale	451,995	233,485
Pledges receivable, net (Note 4)	20,047,177	20,516,002
Grants receivable (Note 5)	664,602	342,423
Legacies and bequests receivable (Note 6)	765,646	765,646
Other current assets	618,544	554,380
Total Current Assets	39,837,429	43,843,200
Long-term investments, at fair value (Note 3)	55,700,336	51,252,500
Long-term pledges receivable, net (Note 4)	3,065,885	2,861,590
Land, building, and equipment, net (Note 7)	3,143,242	3,823,206
Long-term legacies and bequests receivable, net (Note 6)	1,227,624	1,952,245
Total Assets	\$ 102,974,516	\$ 103,732,741
Liabilities and Net Assets		
Current Liabilities		
Distributions payable to agencies, including donor designations of \$ 14,330,750 and \$14,431,561 in 2017 and 2016, respectively	\$ 22,964,243	\$ 25,101,384
Deferred revenue	36,121	122,945
Accounts payable and accrued expenses (Note 9)	3,401,940	2,942,802
Short-term portion of loans payable (Note 10)	114,583	292,765
Total Current Liabilities	26,516,887	28,459,896
Long-term distributions payable to agencies	771,591	1,136,890
Long-term portion of loans payable (Note 10)	-	212,552
Long-term accrued pension obligation (Note 8)	-	2,981,792
Total Liabilities	27,288,478	32,791,130
Net Assets		
Unrestricted		
Undesignated	4,017,949	3,217,172
Board designated (Note 11)	43,000,270	41,661,008
Total Unrestricted	47,018,219	44,878,180
Temporarily restricted (Note 12)	16,939,301	14,360,292
Permanently restricted (Note 13)	11,728,518	11,703,139
Total Net Assets	75,686,038	70,941,611
Total Liabilities and Net Assets	\$ 102,974,516	\$ 103,732,741

See accompanying notes to consolidated financial statements.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidated Statement of Activities and Changes in Net Assets Year Ended June 30, 2017

	Unrestricted	Board Designated	Temporarily Restricted	Permanently Restricted	Total 2017
Public Support					
Annual campaign	\$ 44,216,797	\$ -	\$ 6,543,304	\$ -	\$ 50,760,101
Gross campaign results in prior year - released from restriction	1,729,105	-	(1,729,105)	-	-
Program restricted campaign gifts raised in prior year released from restriction	1,169,584	-	(1,169,584)	-	-
Less - Amounts raised on behalf of others	(22,594,084)	-	365,298	-	(22,228,786)
Gross undesignated annual campaign	24,521,402	-	4,009,913	-	28,531,315
Provision for uncollectable pledges	(1,114,625)	-	-	-	(1,114,625)
Net annual campaign	23,406,777	-	4,009,913	-	27,416,690
Grants and other contributions	244,646	-	708,296	-	952,942
Total Public Support	23,651,423	-	4,718,209	-	28,369,632
Revenue					
Amounts received from other United Ways	247,161	-	-	-	247,161
Administrative fees on amounts raised on behalf of others	2,186,365	-	-	-	2,186,365
Legacies and bequests	-	801,720	49,851	25,379	876,950
Rental and miscellaneous income	549,587	-	-	-	549,587
Application of spending policy	2,961,172	-	-	-	2,961,172
Investment income	(12,166)	-	-	-	(12,166)
Transfer of campaign contributions earmarked for initiatives	(4,791,719)	4,791,719	-	-	-
Transfer of funding for capital transactions	336,454	(336,454)	-	-	-
Recovery of transitional funding to agencies	(198,526)	198,526	-	-	-
Transfer of strategic plan and stabilization reserves	73,800	(73,800)	-	-	-
Donated materials and services	1,662,876	-	-	-	1,662,876
Net assets released from restrictions	3,275,551	-	(3,275,551)	-	-
Total Revenue	6,290,555	5,381,711	(3,225,700)	25,379	8,471,945
Total Public Support and Revenue	29,941,978	5,381,711	1,492,509	25,379	36,841,577
Distributions and Expenses					
Distributions and related items -					
Distributions to agencies	29,229,286	-	-	-	29,229,286
Less - donor designated distributions to agencies	(20,407,720)	-	-	-	(20,407,720)
Net distributions to agencies	8,821,566	-	-	-	8,821,566
Special distributions and projects	3,078,841	5,828,447	-	-	8,907,288
Total Distributions and Related Items	11,900,407	5,828,447	-	-	17,728,854
Expenses					
Fundraising	6,158,322	-	-	-	6,158,322
Donated fundraising and marketing materials and services	708,586	-	-	-	708,586
General and administrative	3,502,594	-	-	-	3,502,594
Donated general and administrative materials and services	446,072	-	-	-	446,072
Total Cost of Campaign	10,815,574	-	-	-	10,815,574
Program Services					
Community impact	4,131,080	-	-	-	4,131,080
Donated program related materials and services	508,218	-	-	-	508,218
Other program services	314,004	280,878	-	-	594,882
Grant expenditures	1,615,940	-	-	-	1,615,940
Total Program Services	6,569,242	280,878	-	-	6,850,120
Total Expenses and Program Services	17,384,816	280,878	-	-	17,665,694
Total Distributions and Expenses	29,285,223	6,109,325	-	-	35,394,548
Change in net assets from operating activities	656,755	(727,614)	1,492,509	25,379	1,447,029
Non-Operating Activities					
Investment income, net of spending policy	957	2,066,876	1,086,500	-	3,154,333
Other income/expenses	143,065	-	-	-	143,065
Change in Net Assets from Non-Operating Activities	144,022	2,066,876	1,086,500	-	3,297,398
Change in Net Assets	800,777	1,339,262	2,579,009	25,379	4,744,427
Net Assets, July 1, 2016	3,217,172	41,661,008	14,360,292	11,703,139	70,941,611
Net Assets, June 30, 2017	\$ 4,017,949	\$ 43,000,270	\$ 16,939,301	\$ 11,728,518	\$ 75,686,038

See accompanying notes to consolidated financial statements.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidated Statement of Activities and Changes in Net Assets Year Ended June 30, 2016

	Unrestricted	Board Designated	Temporarily Restricted	Permanently Restricted	Total 2016
Public Support					
Annual campaign	\$ 49,304,330	\$ -	\$ 8,163,359	\$ -	\$ 57,467,689
Gross campaign results in prior year - released from restriction	1,234,304	-	(1,234,304)	-	-
Program restricted campaign gifts raised in prior year released from restriction	2,442,139	-	(2,442,139)	-	-
Less - Amounts raised on behalf of others	(23,175,962)	-	(1,401,176)	-	(24,577,138)
Gross undesignated annual campaign	29,804,811	-	3,085,740	-	32,890,551
Provision for uncollectable pledges	(1,338,615)	-	-	-	(1,338,615)
Net annual campaign	28,466,196	-	3,085,740	-	31,551,936
Grants and other contributions	521,530	-	6,896,753	-	7,418,283
Total Public Support	28,987,726	-	9,982,493	-	38,970,219
Revenue					
Amounts received from other United Ways	327,806	-	-	-	327,806
Administrative fees on amounts raised on behalf of others	2,353,013	-	-	-	2,353,013
Legacies and bequests	-	96,362	4,400,000	34,678	4,531,040
Rental and miscellaneous income	587,582	-	-	-	587,582
Application of spending policy	2,619,113	-	-	-	2,619,113
Investment income	89,893	-	-	-	89,893
Transfer of campaign contributions earmarked for initiatives	(6,370,368)	6,370,368	-	-	-
Transfer of funding for capital transactions	83,022	(83,022)	-	-	-
Recovery of transitional funding to agencies	(198,526)	198,526	-	-	-
Transfer of strategic plan and stabilization reserves	550,000	(550,000)	-	-	-
Donated materials and services	1,829,889	-	-	-	1,829,889
Net assets released from restrictions	8,338,594	1,820	(8,340,414)	-	-
Total Revenue	10,210,018	6,034,054	(3,940,414)	34,678	12,338,336
Total Public Support and Revenue	39,197,744	6,034,054	6,042,079	34,678	51,308,555
Distributions and Expenses					
Distributions and related items:					
Distributions to agencies	31,832,107	-	-	-	31,832,107
Less - donor designated distributions to agencies	(20,725,698)	-	-	-	(20,725,698)
Net distributions to agencies	11,106,409	-	-	-	11,106,409
Special distributions and projects	9,556,323	5,583,214	-	-	15,139,537
Total Distributions and Related Items	20,662,732	5,583,214	-	-	26,245,946
Expenses					
Fundraising	5,983,721	-	-	-	5,983,721
Donated fundraising and marketing materials and services	386,670	-	-	-	386,670
General and administrative	3,146,559	-	-	-	3,146,559
Donated general and administrative materials and services	233,991	-	-	-	233,991
Total Cost of Campaign	9,750,941	-	-	-	9,750,941
Program Services					
Community impact	4,732,831	-	-	-	4,732,831
Donated program related materials and services	1,169,078	-	-	-	1,169,078
Other program services	502,938	381,566	-	-	884,504
Grant expenditures	1,745,941	-	-	-	1,745,941
Total Program Services	8,150,788	381,566	-	-	8,532,354
Total Expenses and Program Services	17,901,729	381,566	-	-	18,283,295
Total Distributions and Expenses	38,564,461	5,964,780	-	-	44,529,241
Change in net assets from operating activities	633,283	69,274	6,042,079	34,678	6,779,314
Non-Operating Activities					
Investment income, net of spending policy	(1,088)	(2,656,488)	(1,257,664)	-	(3,915,240)
Other changes in net assets	(373,849)	160,006	-	-	(213,843)
Change in Net Assets from Non-Operating Activities	(374,937)	(2,496,482)	(1,257,664)	-	(4,129,083)
Change in Net Assets	258,346	(2,427,208)	4,784,415	34,678	2,650,231
Net Assets, July 1, 2015	2,958,826	44,088,216	9,575,877	11,668,461	68,291,380
Net Assets, June 30, 2016	\$ 3,217,172	\$ 41,661,008	\$ 14,360,292	\$ 11,703,139	\$ 70,941,611

See accompanying notes to consolidated financial statements.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidated Statements of Cash Flows

<i>Year ended June 30, A5:EA5:G37</i>	2017	2016
Cash Flows from Operating Activities		
Changes in net assets	\$ 4,744,427	\$ 2,650,231
Adjustments to reconcile changes in net assets to net cash provided (used in) operating activities:		
Depreciation	617,258	593,932
Net realized and unrealized (gains) losses on investments	(5,827,893)	1,499,710
Net realized gain on sale of fixed assets	(143,065)	-
Proceeds from insurance recovery	-	(67,587)
Provision for uncollectible pledges, net of recoveries	1,114,625	1,338,615
Change in postretirement benefit liability other than current charge	-	(160,006)
Contributions restricted for endowment	(25,379)	(34,678)
Changes in assets and liabilities:		
Increase in pledges receivable	(850,095)	(3,172,726)
Increase in grants receivable	(322,179)	(140,141)
(Accrual) Decrease in other assets	(64,164)	72,646
Decrease in legacies and bequests receivable	724,621	1,467,142
Decrease in distributions payable to agencies	(2,502,440)	(1,190,434)
Decrease in deferred revenue	(86,824)	(218,871)
Increase (Decrease) in accounts payable and accrued expenses	459,138	(251,162)
(Decrease) Increase in Postretirement benefit obligation	(2,981,792)	296,668
Net cash (used in) provided by operating activities	(5,143,762)	2,683,339
Cash flows from investing activities		
Purchases of land, building, and equipment	(380,382)	(385,910)
Net proceeds from sale of land, building, and equipment	367,642	-
Proceeds from insurance recovery	-	67,587
Purchase of investments	(1,578,254)	(5,921,351)
Proceeds from sales of investments	6,167,868	2,763,709
Net cash provided by (used in) investing activities	4,576,874	(3,475,965)
Cash flows from financing activities		
Payments on mortgages and loans payable	(390,734)	(160,451)
Contributions restricted for endowment	25,379	34,678
Net cash used in financing activities	(365,355)	(125,773)
Net Decrease in Cash and Cash Equivalents	(932,243)	(918,399)
Cash and Cash Equivalents, beginning of year	10,739,736	11,658,135
Cash and Cash Equivalents, end of year	\$ 9,807,493	\$ 10,739,736
Supplemental Cash Flow Disclosure		
Cash paid for interest was \$ 12,938 and \$ 28,821 for the years ended June 30, 2017 and 2016, respectively.		

See accompanying notes to consolidated financial statements.

**United Way of Greater Philadelphia and Southern New Jersey
and Affiliate**

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2017**

	Program Services				Support Services			2017 Total
	Community Impact	Other Program Services	Grants	Total	General and Administrative	Fundraising	Total	
Distributions to agencies	\$ 29,229,286	\$ -	\$ -	\$ 29,229,286	\$ -	\$ -	\$ -	\$ 29,229,286
Less: Donor designated distributions	(20,407,720)	-	-	(20,407,720)	-	-	-	(20,407,720)
Special distributions and projects	8,907,288	-	-	8,907,288	-	-	-	8,907,288
Total Distributions	17,728,854	-	-	17,728,854	-	-	-	17,728,854
Salaries	2,381,085	113,088	453,671	2,947,844	2,163,264	3,177,945	5,341,209	8,289,053
Employee health & retirement benefits	456,612	31,845	65,783	554,240	440,132	597,548	1,037,680	1,591,920
Payroll taxes	186,033	12,256	42,216	240,505	154,955	251,296	406,251	646,756
Total Salaries and Related Benefits	3,023,730	157,189	561,670	3,742,589	2,758,351	4,026,789	6,785,140	10,527,729
Other Operating Expenses								
Professional services and contract payments	131,629	156,274	155,219	443,122	381,029	587,522	968,551	1,411,673
Donated professional services and contract payments	-	-	-	-	446,072	-	446,072	446,072
Office Services	-	-	-	-	259,460	-	259,460	259,460
Supplies	87,359	20,135	198,249	305,743	9,114	11,497	20,611	326,354
Telephone	30,088	4,107	1,327	35,522	18,194	37,436	55,630	91,152
Postage and shipping	2,626	1,528	269	4,423	15,044	25,470	40,514	44,937
Occupancy	287,856	37,904	8,772	334,532	247,100	336,148	583,248	917,780
Donated occupancy	-	-	-	-	-	21,055	21,055	21,055
Outside printing, artwork and advertising	43,112	46,454	34,781	124,347	15,929	229,768	245,697	370,044
Donated outside printing, artwork and advertising	508,218	-	-	508,218	-	687,531	687,531	1,195,749
Travel, training and meetings	74,395	92,888	96,109	263,392	30,774	356,202	386,976	650,368
Grant overhead reimbursement	27,879	-	554,794	582,673	(582,673)	-	(582,673)	-
Membership dues	18,217	7,354	100	25,671	3,994	8,672	12,666	38,337
Equipment rental and repairs	43,477	23,178	4,560	71,215	35,523	42,545	78,068	149,283
Miscellaneous	-	-	90	90	28,925	701	29,626	29,716
Depreciation of building and equipment	176,303	25,578	-	201,881	150,586	264,791	415,377	617,258
United Way Worldwide dues	184,409	22,293	-	206,702	131,244	230,781	362,025	568,727
Total Other Operating Expenses	1,615,568	437,693	1,054,270	3,107,531	1,190,315	2,840,119	4,030,434	7,137,965
Total Operating Expenses	4,639,298	594,882	1,615,940	6,850,120	3,948,666	6,866,908	10,815,574	17,665,694
Total Expenses	22,368,152	594,882	1,615,940	24,578,974	3,948,666	6,866,908	10,815,574	35,394,548

See accompanying notes to consolidated financial statements.

**United Way of Greater Philadelphia and Southern New Jersey
and Affiliate**

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2016**

	Program Services				Support Services			2016 Total
	Community Impact	Other Program Services	Grants	Total	General and Administrative	Fundraising	Total	
Distributions to agencies	\$ 31,832,107	\$ -	\$ 31,832,107	\$ -	\$ -	\$ -	\$ -	\$ 31,832,107
Less: Donor designated distributions	(20,725,698)	-	(20,725,698)	-	-	-	-	(20,725,698)
Special distributions and projects	15,139,537	-	15,139,537	-	-	-	-	15,139,537
Total Distributions	26,245,946	-	-	26,245,946	-	-	-	26,245,946
Salaries	2,918,230	110,660	192,883	3,221,773	2,208,712	3,189,451	5,398,163	8,619,936
Employee health & retirement benefits	542,787	35,902	17,101	595,790	425,615	550,247	975,862	1,571,652
Payroll taxes	231,726	13,824	21,531	267,081	153,784	252,953	406,737	673,818
Total Salaries and Related Benefits	3,692,743	160,386	231,515	4,084,644	2,788,111	3,992,651	6,780,762	10,865,406
Other Operating Expenses								
Professional services and contract payments	97,038	259,062	287,803	643,903	294,846	337,675	632,521	1,276,424
Donated professional services and contract payments	-	-	-	-	233,991	-	233,991	233,991
Office services	-	-	-	-	256,462	-	256,462	256,462
Supplies	18,782	135,530	177,443	331,755	13,220	17,739	30,959	362,714
Telephone	43,543	4,621	668	48,832	21,722	49,973	71,695	120,527
Postage and shipping	3,624	904	676	5,204	19,172	40,652	59,824	65,028
Occupancy	320,120	40,897	22,933	383,950	254,673	347,694	602,367	986,317
Donated occupancy	-	-	-	-	-	18,333	18,333	18,333
Outside printing, artwork and advertising	21,448	86,611	73,887	181,946	21,824	280,251	302,075	484,021
Donated outside printing, artwork and advertising	1,169,078	-	-	1,169,078	-	368,337	368,337	1,537,415
Travel, training and meetings	91,632	67,148	99,831	258,611	38,894	408,904	447,798	706,409
Grant overhead reimbursement	-	26,170	848,705	874,875	(876,303)	1,428	(874,875)	-
Membership dues	11,425	18,059	-	29,484	4,324	6,810	11,134	40,618
Equipment rental and repairs	42,646	17,939	2,480	63,065	33,522	42,807	76,329	139,394
Miscellaneous	2,658	-	-	2,658	22,630	2,685	25,315	27,973
Depreciation of building and equipment	184,888	34,773	-	219,661	139,027	235,244	374,271	593,932
United Way Worldwide dues	202,284	32,404	-	234,688	114,435	219,208	333,643	568,331
Total Other Operating Expenses	2,209,166	724,118	1,514,426	4,447,710	592,439	2,377,740	2,970,179	7,417,889
Total Operating Expenses	5,901,909	884,504	1,745,941	8,532,354	3,380,550	6,370,391	9,750,941	18,283,295
Total Expenses	\$ 32,147,855	\$ 884,504	\$ 1,745,941	\$ 34,778,300	\$ 3,380,550	\$ 6,370,391	\$ 9,750,941	\$ 44,529,241

See accompanying notes to consolidated financial statements.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

1. Organization

The United Way of Greater Philadelphia and Southern New Jersey (UWGPSNJ) is a voluntary organization whose mission is to improve people's lives by mobilizing the caring power of donors, volunteers, and communities. UWGPSNJ is a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly-supported organization. UWGPSNJ is governed by a volunteer Board of Directors.

UWGPSNJ conducts an annual campaign that raises funds to address the most pressing needs in the community through its Community Impact Fund. Donors to the campaign who contribute to the Community Impact Fund allow their funds to be allocated in accordance with UWGPSNJ's Community Solutions Agenda developed by UWGPSNJ's Community Impact Committee, which reports to the Board of Directors. Donors may also designate their funds to one or more tax-exempt organizations.

The accompanying consolidated financial statements include the accounts of United Way of Greater Philadelphia and Southern New Jersey ("UWGPSNJ"), and Strategic Community Solutions ("SCS"), collectively the "United Way". SCS is an entity controlled by UWGPSNJ.

SCS is a not-for-profit organization incorporated as a separate but supporting organization of UWGPSNJ. SCS was formed to accept non-traditional gifts, such as real estate, art, etc. in support of UWGPSNJ's Community Impact Plan. SCS is a tax-exempt organization under the Internal Revenue Code Section 501(c)(3).

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

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

All intercompany accounts and transactions are eliminated for consolidation.

Not-for-profit accounting standards require reporting of total assets, liabilities, and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting sources and uses of cash and cash equivalents in a statement of cash flows. Net assets, revenues and gains, and expenses and losses are classified as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets include expendable resources used to support UWGPSNJ's operations. These assets are not externally restricted, although their use may be limited by Board designations.

Board designated net assets: As part of UWGPSNJ's annual grant process, the Board of Directors reviews the detail of funding available for distribution, which is determined as part of a process called the Resource Table Calculation. In addition to funding allocated to UWGPSNJ's network of agencies, the Board of Directors may also designate a portion of available funds to be set aside

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

for special initiatives outside of the annual grant process. Such amounts are raised as part of the annual campaign and then shown on the accompanying consolidated statements of activities and changes in net assets as a transfer to Board designated net assets in the line item “transfer of campaign contributions earmarked for initiatives”. Spending from these funds is shown primarily within distributions and related items, also within Board designated net assets.

Temporarily restricted net assets result from contributions to UWGPSNJ that carry donor-imposed restrictions that expire upon the passage of time or upon occurrence of a stated event as specified by the donor.

Permanently restricted net assets are those whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of UWGPSNJ.

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 UWGPSNJ until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for UWGPSNJ’s fiscal years beginning after December 15, 2019 with early adoption permitted. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for UWGPSNJ's financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on their consolidated financial statements.

Use of Estimates

The preparation of consolidated 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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

UWGPSNJ considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value in the consolidated statements of financial position (see Note 3). Realized and unrealized gains and losses on investments are reported as increases or decreases in the consolidated statements of activities and changes in net assets. The gains and losses are recorded in the net asset category where the related investment income is reported, in accordance with donor stipulations.

Investment income is shown net of related expenses of \$159,986 and \$165,031 for the years ended June 30, 2017 and 2016, respectively, on the consolidated statements of activities and changes in net assets. Related expenses consist of bank fees, custodian fees, and investment advisory fees.

Fair Value of Financial Instruments

Financial instruments consist of cash and cash equivalents, pledges receivable, grants receivable, legacies and bequests receivable, investments, distributions payable, accounts payable, and loan payable. The carrying amounts reported in the consolidated statements of financial position for cash and cash equivalents, pledges receivable, grants receivable, legacies and bequests receivable, investments, distributions payable, accounts payable, and loan payable approximate fair value.

Concentration of Credit Risk

UWGPSNJ is required to disclose significant concentrations of credit risk regardless of the degree of such risk. From time to time, UWGPSNJ maintains bank deposits at financial institutions that exceed the limit of insurability under the Federal Deposit Insurance Corporation. In addition, UWGPSNJ's investments consist of a variety of financial instruments. The related values, as

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

presented in the consolidated financial statements, are subject to various market fluctuations that include changes in equity markets, the interest rate environment, and general economic conditions.

Pledges Receivable/Promises to Give

Contributions are recognized as revenue when they are received or unconditionally pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using the effective interest rate applicable to the donor in the year in which the promise is received. Amortization of the discount is included in public support revenue. Conditional promises to give are not included in public support revenue until such time as the conditions are substantially met. An allowance for uncollectible pledges/promises to give is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Land, Building and Equipment

Land, building and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets as follows:

Building	50 years
Building improvements	10 years
Equipment, furniture, and fixtures	3 to 10 years

UWGPSNJ follows the practice of capitalizing all expenditures for building and equipment in excess of \$1,000. Repairs and maintenance are charged to expense when incurred.

Donated property and equipment is recorded at fair value on the date of receipt as an increase in unrestricted net assets, unless the donor stipulates otherwise. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, UWGPSNJ reports expiration of donor restrictions when the asset is placed into service. The cost and accumulated depreciation of property, sold or retired, is removed from the related asset and accumulated depreciation accounts, and the resulting gain or loss is recorded in the period of disposal.

Building held for sale is recorded at the lower of the undepreciated net book value or fair value less cost to sell.

Impairment of Long-Lived Assets

In accordance with the accounting standard related to the accounting for the impairment or disposal of long-lived assets, management assesses whether there are indicators that the value of UWGPSNJ's long-lived assets may be impaired whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The value of a long-lived asset may be impaired if management's estimate of the aggregate, undiscounted future cash flows to be generated from the use or disposition of a long-lived asset are less than the carrying value

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

of the asset. If impairment has occurred, the loss shall be measured as the excess of the carrying amount of the asset over its fair value.

Distributions Payable

Distributions payable represent amounts that are due periodically to UWGPSNJ's network of agencies and others. UWGPSNJ records distributions payable to agencies upon approval by the Board of Directors. Also included in this balance is the amount payable related to donor designations. This amount represents the liability relating to funds to be distributed according to the designations stipulated by individual donors pursuant to UWGPSNJ's Donor Choice Program.

Deferred Revenue

Deferred revenue represents advanced funding under federal, state and local grant contracts.

Postretirement Benefits

UWGPSNJ accounts for its postretirement benefits under the recognition and measurement provisions of Financial Accounting Standards Board, Accounting Standards Codification ("ASC") Topic 958-715, *Compensation Retirement Benefits*.

Annual Campaign

Contributions to the annual campaign (conducted in the fall of the preceding calendar year) are recorded in the consolidated statements of activities and changes in net assets as unrestricted, temporarily restricted, and permanently restricted, depending on the existence and/or nature of any donor restrictions. These contributions to the annual campaign, which are in the form of cash and pledges, are recorded as support when the cash or pledges are received, and are considered to be available for unrestricted use unless specifically restricted by the donor. Allowances for uncollectible contributions receivable are provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Contributions with donor stipulations that limit the use of the donated assets are reported as restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statements of activities and changes in net assets as "gross campaign results in prior year-released from restrictions", or "program restricted campaign gifts raised in prior year released from restrictions". UWGPSNJ classifies all contributions with donor-imposed restrictions as unrestricted support if those restrictions are satisfied in the same reporting period in which the contribution is made.

Amounts Raised on Behalf of Others

Amounts raised on behalf of others represent designated pledges and are deducted from gross annual campaign revenues on the accompanying consolidated statements of activities and changes in net assets in accordance with US GAAP.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

Grants and Other Contributions

Grants and other contributions include all grants and non-campaign contributions (other than legacies and bequests) that have been committed to UWGPSNJ during the fiscal year. Multi-year grants representing non-exchange transactions and non-campaign contributions committed during the fiscal year to be used for specific purposes at some point in the future are reported as temporarily restricted until used for the intended purpose as stated above. Federal, state and local grants are reported as revenue only to the extent that expenditures are incurred. They are deemed exchange contracts and thus are not temporarily restricted.

Donated Materials and Services

A substantial number of volunteers have donated significant amounts of time to UWGPSNJ's fundraising campaign and other program services. No amounts have been reflected in the accompanying consolidated financial statements since the cost of these services does not meet the criteria for recognition under US GAAP. UWGPSNJ does include the fair value of definitive donations such as professional services, printed materials, and advertising related to its annual campaign, which was \$1,662,876 and \$1,789,739 for the years ended June 30, 2017 and 2016, respectively.

Program Services

Program services expenses include costs incurred to provide training and technical assistance to local youth, to provide low cost training to local human service agencies, to provide resources for union members, families, and leaders, and to promote volunteer and civic engagement.

Allocation of Certain Expenses

The costs of providing the various programs and other activities of UWGPSNJ are presented on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that are deemed allocable to programs and services are allocated based on distribution of staff time. These allocations are presented in the consolidated statements of functional expenses.

Operating Indicator

UWGPSNJ utilizes unrestricted changes in net assets from operating activities as its performance indicator. This amount is composed of revenue and expenses resulting from the annual campaign, rental and miscellaneous income, and investment income used for operations through the annual spending policy on endowment funds. It excludes such activity as realized and unrealized gains or losses not used for operations through the spending policy and gains and losses resulting from the disposal of fixed assets. In general, unrestricted changes in net assets from operating activities should be at or near zero, as funds raised through the annual campaign, net of expenses, are distributed to the community.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

3. Investments - Fair Value Measurements

Generally accepted accounting principles defines fair value as 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. The guidance establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish a classification of fair value measurements for disclosure purposes. The hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.
- Level 3: Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The following table presents information about UWGPSNJ's investment securities that were measured at fair value on a recurring basis as of June 30, 2017 and 2016 by level within the fair value hierarchy:

June 30, 2017	Total Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 168,492	\$ 168,492	\$ -	\$ -
Mutual funds:				
Bond	13,117	13,117	-	-
U.S. Treasury securities	2,379,215	2,379,215	-	-
Corporate debt securities	4,360,966	-	4,360,966	-
Government agency securities	560,182	560,182	-	-
Pooled income fund	10,715	-	10,715	-
Limited partnership/LLC interest	31,230,901	-	-	31,230,901
Beneficial interests in trusts	2,250,936	-	-	2,250,936
 Total investments at fair value	 40,974,524	 3,121,006	 4,371,681	 33,481,837
Multi-asset fund*	22,207,784	-	-	-
 Less: short-term investments	 (7,481,972)	 (3,121,006)	 (4,360,966)	 -
 Long-Term Investments	 \$ 55,700,336	 \$ -	 \$ 10,715	 \$ 33,481,837

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

<i>June 30, 2016</i>	Total Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 78,506	\$ 78,506	\$ -	\$ -
Mutual funds:				
Bond	13,297	13,297	-	-
U.S. Treasury securities	4,861,096	4,861,096	-	-
Corporate debt securities	4,871,323	-	4,871,323	-
Government agency securities	867,306	867,306	-	-
Pooled income fund	10,405	-	10,405	-
Limited partnership/LLC interest	28,633,051			28,633,051
Beneficial interests in trusts	2,151,895	-	-	2,151,895
Total investments at fair value	41,486,879	5,820,205	4,881,728	30,784,946
Multi-asset fund*	20,457,149	-	-	-
Less: short-term investments	(10,691,528)	(5,820,205)	(4,871,323)	-
Long-Term Investments	\$ 51,252,500	\$ -	\$ 10,405	\$ 30,784,946

* Certain investments for which fair value is measured using the NAV per share as the practical expedient have not been categorized within the fair value hierarchy. The fair value amounts presented in this table are intended to reconcile the fair value hierarchy to the amounts presented in the Statement of Financial Position.

The following table presents a reconciliation of the beginning and ending balance of assets with fair value measurements using unobservable inputs (Level 3) as of June 30, 2017:

	Limited Partnership/ LLC Interest	Beneficial Interests in Trusts	Total
Balance at July 1, 2016	\$ 28,633,051	\$ 2,151,895	\$ 30,784,946
Total realized and unrealized gains	3,459,323	185,441	3,644,764
Purchase of level 3 securities	876,927	-	876,927
Distributions	(1,738,400)	(86,400)	(1,824,800)
Balance at June 30, 2017	\$ 31,230,901	\$ 2,250,936	\$ 33,481,837

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

The following table presents a reconciliation of the beginning and ending balance of assets with fair value measurements using unobservable inputs (Level 3) as of June 30, 2016:

	Limited Partnership/ LLC Interest	Beneficial Interests in Trusts	Total
Balance at July 1, 2015	\$ 25,905,704	\$ 2,241,665	\$ 28,147,369
Total realized and unrealized losses	(593,281)	(14,492)	(607,773)
Purchase of level 3 securities	4,643,008	-	4,643,008
Distributions	(1,322,380)	(75,278)	(1,397,658)
Balance at June 30, 2016	\$ 28,633,051	\$ 2,151,895	\$ 30,784,946

The level within which the fair value measurement falls is determined based on the lowest level that is significant to the fair value measurement.

Cash and Cash Equivalents represent short-term securities purchased with an original maturity of three months or less and money market mutual funds. They are classified within Level 1 as fair values and are based on quoted market prices.

Mutual Funds represent an actively managed portfolio of registered securities. These securities trade in active markets. They are classified within Level 1 as fair values are based on quoted market prices.

U.S. Treasury Securities and *Government Agency Securities* represent an actively managed portfolio of registered securities. The individual issues within the portfolio are actively traded bonds among broker dealers. These securities are classified within Level 1 as fair values are based upon quoted market prices.

Corporate Debt Securities represent bonds that are sold in a dealer market. These bonds trade based upon a bid-ask spread. The dealers use matrix pricing in determining their value. As such, these securities are classified as Level 2 as inputs are obtained from other valuation methodologies.

Beneficial Interests in Trusts - The underlying trusts include: money markets, equity securities, and mutual funds. The interests in the trusts are valued using a market approach. These financial instruments are considered to be Level 3 in the fair value hierarchy.

Limited Partnership/LLC Interest - The underlying partnership includes investments organized by type (cash and investments in other funds) with an indication of whether they were valued with Level 1, Level 2, or Level 3 inputs. The interest in the partnership is valued from a macro perspective due to the nature of the investment type. These financial instruments are valued as level 3 as they are not freely transferable and require approval before withdraw.

Multi-Asset Fund - The underlying assets of the fund includes investments organized by type (cash and investments in other funds). The interest in the fund is valued from a macro perspective due

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

to the nature of the investment type. These financial instruments are considered to be valued at NAV and are, therefore, excluded from the fair value hierarchy.

The following provides a description of the types of non-recurring financial instruments UWGPSNJ holds, the methodology for estimating fair value, and the level within the hierarchy of the estimate:

Pledges receivable/grants receivable/legacies and bequests receivable - All multi-year pledges, grants, and legacies and bequests received in fiscal years 2017 and 2016 are recorded at the present value of future cash flows with a discount rate adjusted for any market conditions to arrive at fair value. These are considered Level 2 inputs.

Distributions payable - All multi-year distributions committed in fiscal years 2017 and 2016 are recorded at the present value of future cash flows with a discount rate adjusted for any market conditions to arrive at fair value. These are considered Level 2 inputs.

Investments Measured at NAV

UWGPSNJ has a policy which permits investments that do not have a readily determinable fair value, as such, to use the NAV per share as calculated on the reporting entity's measurement date as the fair value of the investment. UWGPSNJ measures the fair value of an investment that does not have a readily determinable fair value, based on the NAV of the investments as a practical expedient, without further adjustments, unless it is probable that the investment will be sold at an amount significantly different than the NAV. If the practical expedient NAV is not as of the reporting entity's measurement date, then the NAV is adjusted to reflect any significant events that would materially affect the value of the security and the NAV of UWGPSNJ as of the valuation date. In using the NAV as a practical expedient, certain attributes of the investments, that may impact the fair value of the investment, are not considered in measuring fair value. Attributes of those investments include the investment strategies of the investees and may also include, but are not limited to, restrictions on the investor's ability to redeem its investments at the measurement date at NAV as well as any unfunded commitments. A listing of the investments held by UWGPSNJ and their attributes, that may qualify for these valuations consist of the following as of June 30, 2017 and June 30, 2016:

<i>June 30, 2017</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-asset fund	\$ 22,207,784	\$ -	Daily	N/A

<i>June 30, 2016</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-asset fund	\$ 20,457,149	\$ -	Daily	N/A

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

4. Pledges Receivable

Pledges receivable represent unconditional promises to give. Pledges receivable consist of the following as of June 30, 2017 and 2016:

<u>June 30,</u>	<u>2017</u>	<u>2016</u>
Pledges receivable related to current campaign	\$ 14,272,165	\$ 15,936,892
Pledges receivable related to dollars processed on behalf of other United Ways	6,710,567	6,024,246
Allowance for uncollectible pledges	(2,606,090)	(2,675,799)
 Net pledges receivable related to current campaign, current	 18,376,642	 19,285,339
 Pledges receivable related to prior campaigns	 5,638,964	 5,339,826
Allowance for uncollectible pledges	(5,165,984)	(5,239,823)
 Net pledges receivable related to prior campaigns, current	 472,980	 100,003
 Pledges receivable related to future campaigns due in less than one year	 1,197,555	 1,130,660
Pledges receivable related to future campaigns due in two to four years	3,165,000	2,960,000
Discount on pledges	(99,115)	(98,410)
 Net pledges receivable related to future campaigns	 4,263,440	 3,992,250
 Total pledges receivable, net	 \$ 23,113,062	 \$ 23,377,592

Included in "net pledges receivable related to current campaign" are donor designations totaling \$8,405,186 and \$8,783,798 net of the related allowance for uncollectible pledges, for the years ended June 30, 2017 and 2016, respectively. Also included within this number are donor designations for the Combined Federal Campaign, net of the related allowance for uncollectible pledges of \$1,329,885 and \$1,530,157 for the years ended June 30, 2017 and 2016, respectively (see Note 15).

Long-term pledges receivable at June 30, 2017 represent the balance of multi-year campaign pledges received for the Fall, 2016, 2017, 2018, 2019, 2020 and 2021 Campaigns. The gross amount of these pledges for the year ended June 30, 2017 was \$3,165,000, and is reported net of a discount on future payments of \$99,115. The discount was calculated using the interest rate range of 0.86% to 2.00%. There was no provision for uncollectible accounts as of June 30, 2017.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

An analysis of changes in the allowance for uncollectible pledges is as follows:

<i>June 30,</i>	<i>2017</i>	<i>2016</i>
Balance, beginning of year	\$ 7,915,622	\$ 8,444,223
Allowance for uncollectible pledges:		
Designated	1,266,532	1,212,830
Undesignated	1,339,559	1,462,969
Pledges written off	(2,548,270)	(2,654,166)
Additions to (reversal of) prior years' designated reserve	78,127	(385,650)
Reversals of prior years' undesignated reserve	(279,496)	(164,584)
 Balance, end of year	 \$ 7,772,074	 \$ 7,915,622

The allowance for uncollectible pledges is computed based upon a five-year historical average, applied to gross campaign pledges.

Reversal of prior years' reserves represents a change in the estimated allowance for uncollectible pledges for prior years' campaigns.

5. Grants Receivable

Grants receivable represents amounts receivable for various grants awarded to UWGPSNJ. Based on historical collections, no provision for uncollectible accounts has been reserved for grants receivable as of June 30, 2017 and 2016.

6. Legacies and Bequests Receivable

Legacies and bequests receivable consist of the following as of June 30, 2017 and 2016:

<i>June 30,</i>	<i>2017</i>	<i>2016</i>
Due in less than one year	\$ 765,646	\$ 765,646
Due in one to five years	1,250,000	2,000,000
 Legacies and bequests receivable gross	 2,015,646	 2,765,646
Less: unamortized discount	(22,376)	(47,755)
 Legacies and bequests receivable, net	 \$ 1,993,270	 \$ 2,717,891

Legacies and bequests receivable that are expected to be received in more than one year are discounted at a rate of 1.30% as of June 30, 2017 and 2016. Amortization of the discount is recorded as additional contributed revenue. An allowance for uncollectible pledges is recorded based on management's assessment of each commitment and the probability that it could change prior to collection. No provision for uncollectible accounts has been reserved as of June 30, 2017 and 2016.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

7. Land, Building and Equipment

Land, building and equipment consisted of the following as of June 30, 2017 and 2016:

<u>June 30,</u>	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 244,752	\$ 382,752
Building and improvements	10,487,800	11,061,134
Equipment, furniture and fixtures	3,696,726	3,740,473
Less: accumulated depreciation	14,429,278 (11,286,036)	15,184,359 (11,361,153)
	\$ 3,143,242	\$ 3,823,206

Depreciation expense was \$617,259 and \$593,932 for the years ended June 30, 2017 and 2016, respectively.

8. Pension Plans

UWGPSNJ sponsors both a defined contribution 403(b) plan and a defined benefit pension plan for all eligible employees. Employees may elect to defer up to \$17,500 in pretax contributions to the 403(b) plan. Employees over 50 years of age may contribute \$23,000 in pretax contributions to the 403(b) plan. UWGPSNJ matches 50% of pretax employee contributions not to exceed the lesser of (i) 6% of salary or \$3,000 for full-time employees or (ii) 6% of compensation or \$1,500 for part-time employees.

UWGPSNJ may also make a discretionary contribution to the 403(b) plan on behalf of all eligible employees, based upon a percentage of their compensation for the calendar year. In addition, all eligible employees who, as of June 30, 2003, (i) had completed 15 years of service or (ii) were age 50 and completed 10 years of service received an additional amount equal to 10% of their compensation for the year. UWGPSNJ contributions to the 403(b) plan were \$307,157 and \$331,474 for the years ended June 30, 2017 and 2016, respectively.

The defined benefit pension plan (the “Plan”) provides for benefits to be paid to eligible employees at retirement based primarily upon years of service and compensation levels near retirement. Plan assets consist primarily of common stocks and bonds. The projected benefit obligation is actuarially calculated on an accumulated versus projected benefit basis as required per US GAAP.

The Plan was frozen effective October 31, 2003. As of that date, no new participants may be enrolled in the Plan. Current participants continued to vest in prior service, but no new additional benefits accrued. UWGPSNJ contributed \$3,243,283 and \$365,000 to the Plan in 2017 and 2016, respectively. The Plan was terminated as of March 31, 2017. The remaining obligation at June 30, 2017 primarily consists of amounts to be relinquished to the PBGC for participants who could not be located.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

The following table sets forth the Plan's funded status and amounts recognized in the consolidated financial statements:

<u>June 30,</u>	<u>2017</u>	<u>2016</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 9,100,447	\$ 9,159,640
Interest cost	273,334	352,880
Actuarial loss	(93,854)	685,636
Settlements	(8,827,257)	(751,648)
Benefits paid	(353,058)	(346,061)
Benefit obligation at end of year	99,612	9,100,447
Change in plan assets		
Fair value of plan assets at beginning of year	6,118,655	6,314,510
Actual return on plan assets	(243,873)	536,854
Employer contribution	3,243,283	365,000
Settlements	(8,758,950)	(751,648)
Benefits paid	(321,753)	(346,061)
Fair value of plan assets at end of year	37,362	6,118,655
Funded status	(62,250)	(2,981,792)
Unrecognized actuarial loss	-	4,526,312
Net amount recognized	\$ (62,250)	\$ 1,544,520

The following table provides the amounts recognized in the consolidated financial statements at June 30:

<u>June 30,</u>	<u>2017</u>	<u>2016</u>
Amounts recognized in the statement of financial position consist of:		
Pension fund assets	\$ 48,987	\$ -
Accrued benefit liability	-	(2,981,792)
Accounts payable	(111,237)	-
Unrestricted net assets	-	4,526,312
	\$ (62,250)	\$ 1,544,520

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

<u>June 30,</u>	<u>2017</u>	<u>2016</u>
Net periodic benefit cost:		
Service cost	\$ 146,473	\$ 104,000
Interest cost	273,334	352,880
Expected return on plan assets	(326,604)	(338,452)
Recognized due to settlements	4,587,743	373,849
Recognized actuarial loss	169,107	169,391
Net periodic benefit cost	\$ 4,850,053	\$ 661,668

As of June 30, 2017 and 2016, \$-0- and \$170,740, respectively, of actuarial loss through amortization will be recognized as a component of UWGPSNJ benefit expense.

The weighted average assumptions used in the measurement of UWGPSNJ's benefit obligation as of and for the years ended June 30 are:

<u>June 30,</u>	<u>2017</u>	<u>2016</u>
Discount rate	-%	4.00%
Expected asset return	-%	5.50%

Postretirement benefit payments that will be paid by the employer under the Plan subsequent to June 30, 2017 are estimated as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 99,612
	\$ 99,612

All plan assets were considered Level 1 securities within the fair value measurement hierarchy.

Fair Value of Plan Assets

The asset allocations at June 30, 2017 and 2016, by asset category are as follows:

	2017	2016
Equity securities	-%	19.67%
Fixed income securities	-%	78.12%
Cash and cash equivalents	100.00%	2.21%
	100.00%	100.00%

UWGPSNJ accounts for the fair value of its financial instruments in accordance with the guidance in ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

This hierarchy consists of three broad levels:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.
- Level 3: Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

UWGPSNJ uses appropriate valuation techniques based on the available inputs to measure the fair value of its investment portfolio. When available, UWGPSNJ measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are derived principally from or corroborated by observable market data by correlation or other means. At June 30, 2017 and 2016, the investment portfolio of UWGPSNJ did not utilize any Level 3 inputs to measure its fair value.

The following is a description of the valuation methodologies used for investments measured at fair value at June 30, 2017 and 2016:

Level 1 Fair Value Measurements

Government Securities includes bonds issued by a federal agency, local government, or local government agency and represents an actively managed portfolio of registered securities. The individual issues within the portfolio are actively traded bonds among broker dealers. Registered investment companies are valued based on quoted net asset values of the shares held by UWGPSNJ at year-end.

Level 2 Fair Value Measurements

Corporate bonds, including domestic and international, that are sold in a dealer market. These bonds trade based upon a bid-ask spread. The dealers use matrix pricing in determining their value.

The preceding methods for the Level 1 and Level 2 fair value measurements described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plans believe its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of the Plans' investment portfolio could result in a different fair value measurement at the reporting date.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

The following table sets forth by level, within the fair value hierarchy, total assets held by the Plans at fair value at June 30:

<u>June 30, 2017</u>	Level 1	Total
Cash and cash equivalents	\$ 37,362	\$ 37,362
Total assets at fair value	\$ 37,362	\$ 37,362

<u>June 30, 2016</u>	Level 1	Level 2	Total
Cash and cash equivalents	\$ 135,635	\$ -	\$ 135,635
Government securities	1,853,888	-	1,853,888
Registered investment companies	1,203,383	-	1,203,383
Corporate bonds	-	2,925,749	2,925,749
Total assets at fair value	\$ 3,192,906	\$ 2,925,749	\$ 6,118,655

9. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30:

	2017	2016
Accounts payable	\$ 609,171	\$ 928,462
Accrued salaries and vacation	676,493	633,698
Fundraising fee reimbursements due to other United Ways	602,503	523,419
Other accrued expenses	1,513,773	857,223
	\$ 3,401,940	\$ 2,942,802

10. Loan Payable

In June 2014, UWGPSNJ borrowed \$500,000 for building renovations. The loan is payable in equal monthly principal payments of \$10,417 with the final payment due in May 2018. The interest rate on this loan is fixed at 3.95% annually.

Scheduled future principal payments under the mortgages and loan are as follows:

<u>Year ending June 30,</u>
<u>2018</u> \$ 114,583

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

11. Board Designated Net Assets

A portion of unrestricted net assets has been designated by the Board of Directors for the following purposes as of June 30:

	2017	2016
Memorial/Endowment funds	\$ 32,186,578	\$ 33,844,290
Land, Building and Equipment	3,551,177	3,887,632
Education	2,193,235	2,722,896
Basic Needs	1,295,791	1,235,584
Financial Stability	1,339,365	1,200,904
Health	1,161,570	1,034,371
Opportunity Fund	-	857,087
Stabilization Reserve	736,191	586,016
Capacity Building	165,400	497,600
Civic Engagement	315,000	470,000
Public Policy Advocacy	96,500	90,000
Board Designated Depreciation Reserve	100,000	100,000
Other	5,049	5,052
 Subtotal	 43,145,856	 46,531,432
Less: unrecognized actuarial loss	-	(4,526,312)
Less: amounts set aside for agency transitional funding	(145,586)	(344,112)
 Total board designated net assets	 \$ 43,000,270	 \$ 41,661,008

Board designated net assets are reported net of the unrecognized actuarial loss, estimated by UWGPSNJ's actuary. The change in this unrecognized actuarial loss of \$- and \$160,006 for the years ended June 30, 2017 and 2016, respectively, is shown within "other changes in net assets" on the accompanying consolidated statements of activities and changes in net assets.

Board designated net assets are reported net of amounts set aside for transitional funding to agencies related to the Fall 2007 Campaign. These funds were set aside to provide additional support to historically funded agencies that received no funding or reduced funding through the Fall 2007 Campaign. The transitional funding obligation was funded from Board designated net assets and is being paid back over 10 years through the annual campaign. Repayment will be completed with the 2018 annual campaign. \$198,526 was repaid in each of the years ended June 30, 2017 and 2016.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

In order to honor the bequests of significant donors and the amounts received in relationship to the distribution of the net assets, the Board has established several memorial funds. The Board has also established a General Fund for various bequests, memorial, and donor gifts. These funds had the following values as of June 30:

Name of Memorial Fund	2017	2016
General Fund	\$ 23,189,646	\$ 26,000,066
Gladys L. Lit Fund	4,399,818	4,125,351
1956 Otto Haas Charitable Fund	1,216,214	1,140,345
Lon Greenberg Fund	1,005,755	943,015
James Stewart Fund	630,813	-
Western Home Fund	495,428	464,523
Rebecca C. Daly Fund	389,705	365,395
Linda and Tony Conti Fund	249,001	233,467
Jacob Gimbel Fund	237,788	222,954
Peritz S. Berman Fund	186,812	175,158
Mrs. Gerald F. Rorer Fund	185,598	174,016
	<hr/>	<hr/>
	\$ 32,186,578	\$ 33,844,290

12. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes as of June 30:

	2017	2016
Time restrictions	\$ 7,055,903	\$ 5,734,450
Program restrictions	9,883,398	8,625,842
	<hr/>	<hr/>
	\$ 16,939,301	\$ 14,360,292

Net assets are released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrences of other events specified by donors were as follows:

	2017	2016
Fulfillment of program restrictions	\$ 4,445,135	\$ 10,780,733
Fulfillment of time restrictions	-	1,820
Gross campaign results received in prior year released from restrictions (time)	1,729,105	1,234,304
	<hr/>	<hr/>
	\$ 6,174,240	\$ 12,016,857

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

13. Permanently Restricted Net Assets

Permanently restricted net assets are restricted to funds held in perpetuity. The values of these funds as of June 30, 2017 and 2016 are as follows:

	2017	2016
John Haas Fund	\$ 8,713,770	\$ 8,331,810
United Way of Camden County Irrevocable Trusts	2,250,936	2,151,895
Mr. & Mrs. Robert E. Cawthorn Fund	1,244,606	1,166,965
Solomon Allinger Fund	813,900	763,127
United Way of Western Montgomery County Endowment Fund	606,322	566,101
Frederick McOwen Fund	499,688	468,516
United Way of Camden County Poverty Fund	121,383	113,811
Alma and Sylvan Cohen Fund	80,882	75,836
Samuel Fels Fund	21,239	19,914
Hannah Merzbacher Fund	14,439	13,538
Gustav Soulas Fund	14,048	13,171
 Total, at fair value	 14,381,213	 13,684,684
Less: cumulative appreciation reported in temporarily restricted net assets	(2,652,695)	(1,981,545)
 Total	 \$ 11,728,518	 \$ 11,703,139

UWGPSNJ transfers accumulated capital appreciation on these funds from permanently restricted net assets to temporarily restricted net assets each year.

14. Endowments

UWGPSNJ's endowments consist of approximately 30 individual funds established for a variety of purposes. The endowments consist of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Board of Directors of UWGPSNJ has interpreted Pennsylvania Act 141 as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, to the extent that there are no donor stipulations to the contrary. UWGPSNJ classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts made to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by UWGPSNJ in a manner consistent with the standard of prudence described by Pennsylvania Act 141.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

The following tables provide endowment composition by fund and endowment activity as of and for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net composition by type of fund as of June 30, 2017:				
Undesigned endowment funds	\$ 4,526,312	\$ -	\$ -	\$ 4,526,312
Donor restricted endowment funds	15,344	9,592,892	11,728,518	21,336,754
Board designated endowment funds	32,186,578	-	-	32,186,578
Total funds	\$ 36,728,234	\$ 9,592,892	\$ 11,728,518	\$ 58,049,644
Changes in endowment net assets for the year ended June 30, 2017:				
Endowment net assets, July 1, 2016	\$ 33,858,679	\$ 8,456,852	\$ 11,703,139	\$ 54,018,670
Investment return:				
Investment income	107,708	24,348	-	132,056
Net appreciation (realized and unrealized)	4,018,868	1,964,272	-	5,983,140
Total investment return	4,126,576	1,988,620	-	6,115,196
Contributions	801,720	49,851	25,379	876,950
Appropriation of assets for expenditure in accordance with the spending policy	(2,058,741)	(902,431)	-	(2,961,172)
Endowment net assets, June 30, 2017	\$ 36,728,234	\$ 9,592,892	\$ 11,728,518	\$ 58,049,644

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

The following tables provide endowment composition by fund and endowment activity as of and for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net composition by type of fund as of June 30, 2016:				
Donor restricted endowment funds	\$ 14,387	\$ 8,456,852	\$ 11,703,139	\$ 20,174,378
Board designated endowment funds	<u>33,844,292</u>	-	-	<u>33,844,292</u>
Total funds	<u>\$ 33,858,679</u>	<u>\$ 8,456,852</u>	<u>\$ 11,703,139</u>	<u>\$ 54,018,670</u>
Changes in endowment net assets for the year ended June 30, 2016:				
Endowment net assets, July 1, 2015	\$ 36,418,074	\$ 5,314,634	\$ 11,668,461	\$ 53,401,169
Investment return:				
Investment income	123,055	41,541	-	164,596
Net appreciation (realized and unrealized)	<u>(909,709)</u>	<u>(551,133)</u>	<u>-</u>	<u>(1,460,842)</u>
Total investment return	<u>(786,654)</u>	<u>(509,592)</u>	<u>-</u>	<u>(1,296,246)</u>
Contributions	98,182	4,400,000	34,678	4,532,860
Appropriation of assets for expenditure in accordance with the spending policy	<u>(1,870,923)</u>	<u>(748,190)</u>	<u>-</u>	<u>(2,619,113)</u>
Endowment net assets, June 30, 2016	<u>\$ 33,858,679</u>	<u>\$ 8,456,852</u>	<u>\$ 11,703,139</u>	<u>\$ 54,018,670</u>

Endowment balances classified as permanently restricted and temporarily restricted consisted of the following at June 30:

June 30, 2017

Permanently restricted net assets:	
The portion of perpetual endowment funds that is required to be retained	\$ 11,728,518
Total endowment funds classified as permanently restricted net assets	<u>11,728,518</u>
Temporarily restricted net assets:	
Term endowment funds	6,940,197
Cumulative appreciation on permanently restricted endowment fund	<u>2,652,695</u>
Total endowment funds classified as temporarily restricted net assets	<u>\$ 9,592,892</u>

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

June 30, 2016

Permanently restricted net assets:

The portion of perpetual endowment funds that is required to be retained	\$ 11,703,139
Total endowment funds classified as permanently restricted net assets	11,703,139
<hr/>	
Temporarily restricted net assets:	
Term endowment funds	6,475,306
Cumulative appreciation on permanently restricted endowment fund	1,981,546
Total endowment funds classified as temporarily restricted net assets	\$ 8,456,852

UWGPSNJ has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to partially offset annual campaign and administrative overhead costs while maintaining the purchasing power of the endowment. Endowment assets include those assets of donor-restricted funds that must be held in perpetuity or for a donor-specified period, as well as Board designated funds. Under this policy, endowment assets are invested in a manner that is intended to yield a long-term average annual rate of return of 5% above inflation over a rolling ten year period on a net of fees basis while assuming a moderate level of investment risk. Actual results in any given year may vary from this amount.

To satisfy long-term rate of return objectives, UWGPSNJ relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UWGPSNJ targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve long-term strategies.

UWGPSNJ utilizes a spending policy on its Board designated, temporarily restricted and permanently restricted endowment funds in order to calculate the portion of net appreciation that is appropriated to partially fund operating expenses. This amount is generally calculated as 5% of the five-year average market value of the Board designated, temporarily restricted and permanently restricted endowment funds as of September 30th of each year, except where donor restrictions specify otherwise. The spending policy is a total return policy, such that investment income and realized and unrealized gains are reinvested and included in the investment balances on which the spending policy is calculated. Any cumulative realized and unrealized gains and losses and investment income remaining after the 5% draw remains in the respective endowment fund. This is consistent with UWGPSNJ's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return. These funds are recorded as a transfer to unrestricted net assets (application of spending policy) on the accompanying consolidated statements of activities and changes in net assets.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

15. Combined Federal Campaign

UWGPSNJ administers the Combined Federal Campaign (“CFC”), which is an annual fundraising campaign for federal employees in the Philadelphia area. Similar to UWGPSNJ’s annual campaign, federal employees may designate their funds to specific agencies or groups of agencies in the region; and, pursuant to the United States Office of Personnel Management guidelines, undesignated contributions are distributed pro-rata to agencies that receive designated donations. Total contributions raised through the CFC reported on the consolidated statements of activities and changes in net assets within “Gross Annual Campaign” were \$2,793,519 and \$3,035,125 for the years ended June 30, 2017 and 2016, respectively, and are deducted from total gross annual campaign within “Amounts Raised on Behalf of Others.”

The consolidated statements of financial position include the following amounts related to the CFC as of June 30:

	2017	2016
Cash and cash equivalents	\$ 996,600	\$ 1,141,435
Pledges receivable, net	1,329,885	1,530,157
Distributions payable to agencies	2,051,669	2,346,065

16. Annual Campaign

UWGPSNJ reports to the local community the amount raised in its annual campaign. This amount differs from the amount as reported in the accompanying consolidated statements of activities and changes in net assets. The reconciliation of the annual campaign as reported to the community consisted of the following for the years ended June 30:

	2017	2016
Annual campaign per consolidated financial statements	\$ 50,760,101	\$ 57,467,689
Amounts raised in prior years for current campaign	1,729,105	1,234,304
Amounts raised for future campaigns	(1,971,116)	(4,649,750)
Amounts recorded for prior campaigns	(603,301)	(725,818)
Endowed campaign gifts in investment income	1,079,638	1,046,270
<u>Adjustment from resource table projection to final results</u>	<u>5,573</u>	<u>127,305</u>
 Annual campaign reported to the local community	 \$ 51,000,000	 \$ 54,500,000

Revenue recognition related to amounts reported in the gross annual campaign is mandated by United Way Worldwide reporting guidelines and is in accordance with accounting principles generally accepted in the United States of America. In accordance with these guidelines, Local United Way organizations (“LUWs”), such as UWGPSNJ, report gross annual campaign revenues in accordance with their respective geographic areas in order to avoid duplicative reporting of campaign results. As such, UWGPSNJ only reports amounts that it raises within its service area as gross annual campaign in the consolidated statements of activities and changes in net assets. Amounts raised outside its service area are not reported as public support by UWGPSNJ, but rather, by the LUW in the region in which it was raised. Although some level of effort is expended in raising such funds, the effort is generally shared with the LUW, and UWGPSNJ recuperates most of its costs through processing fees on the dollars distributed for those campaigns. Amounts raised outside UWGPSNJ service area by the UWGPSNJ or other LUWs that are available for distribution by UWGPSNJ are reported as a separate line item in public support, since the related funds are

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

reported as a distribution to agencies by UWGPSNJ. The net impact on net assets of not reporting the effect of these transactions is zero, since these are all effectively agency transactions under US GAAP, and the amounts raised on behalf of others is offset by the amount reported as donor designated distributions to agencies. All designated funding is reported as amounts raised on behalf of others, thus not reported in the net annual campaign.

The annual campaign amount includes all amounts raised by UWGPSNJ, including some amounts that are paid directly to agencies either by the donating company or by third-party processors. These are considered to be “paydirects” by UWGPSNJ and are recorded as gross annual campaign only by the party who raises the funds. All designated funding is reported as amounts raised on behalf of others, thus not reported in the net annual campaign. The revenue recorded by the third-party processor is limited to the processing fee, thus campaign results are not duplicated by multiple parties within or outside of the UWGPSNJ system. For the Fall 2016 and 2015 Campaigns, the paydirects totaled \$8,977,572 and \$8,476,883, respectively.

17. Related Parties

UWGPSNJ’s Board of Directors includes volunteers from the local business community who provide valuable assistance to UWGPSNJ in the development of policies and programs. UWGPSNJ has adopted a policy that defines how Board members may participate in decisions regarding allocations and grants to agencies with which they are affiliated.

During the year, UWGPSNJ contracted to receive services from various companies in which Board members are employed. There have been no excess benefits to Board members as a result of these relationships.

SCS contracts certain administrative services, such as accounting and recordkeeping from UWGPSNJ. The nature of such services is specified in an administrative services agreement between SCS and UWGPSNJ. SCS paid UWGPSNJ an administrative services fee of \$2,500 in both 2017 and 2016.

During 2015, UWGPSNJ contracted certain information technology services from the IT Collaborative, of which LLC was a partner. UWGPSNJ paid the IT Collaborative \$82,470 for such services of which the LLC benefit received was \$41,235 for the year ended June 30, 2015. Additionally, UWGPSNJ provided LLC with certain management services, as described in the operating agreement. UWGPSNJ did not charge LLC a fee for these services. LLC’s interest in the IT Collaborative was sold in January of 2015.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

18. Commitments

UWGPSNJ leases certain office space and equipment under various non-cancellable operating leases expiring through fiscal year 2019. Rent expense associated with these operating leases was \$100,693 and \$112,728 for the years ended June 30, 2017 and 2016, respectively. Future minimum rental payments under these leases are as follows:

<i>Year ending June 30,</i>	
2018	\$ 95,934
2019	76,440
	\$ 172,374

In addition, UWGPSNJ has a non-cancellable professional service fee arrangement for the outsourcing of some of its administrative services, such as printing, copying, equipment leasing, etc. Future minimum commitments under this agreement are as follows:

<i>Year ending June 30,</i>	
2018	\$ 113,733
	\$ 113,733

UWGPSNJ has a line of credit with a financial institution with a limit of \$5,000,000, bearing interest at the rate of LIBOR plus 1.5% with a floor of 2%. No amount was outstanding at June 30, 2017 and 2016. The line of credit has no expiration date.

19. Beneficial Interests in Trusts

UWGPSNJ has a beneficial interest in two trusts.

UWGPSNJ has a one-third beneficial interest in a certain trust fund established by a donor. The fund provides the irrevocable right for UWGPSNJ to receive one-third of the income earned on the trust asset in perpetuity. UWGPSNJ's portion of the trust, which is held and administered by a trustee, was approximately \$306,730 and \$288,398 at June 30, 2017 and 2016, respectively.

UWGPSNJ has a beneficial interest in a trust which provides the irrevocable right to receive income earned on the trust asset in perpetuity. The value of the trust was \$1,944,206 and \$1,863,201 at June 30, 2017 and 2016, respectively.

The value of each trust is included in long-term investments on the consolidated statements of financial position at June 30, 2017 and 2016.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2017 and 2016

20. Cost Deduction Standards

The United Way Worldwide Membership Standard M - Cost Deduction Requirements ("Standard") sets forth uniform standards for local United Ways to calculate the amount of fundraising and management and general expenses to deduct from donor pledges. The UWGPSNJ complies with the guidelines outlined in the Standard.

21. Income Taxes

For the year ended June 30, 2017, UWGPSNJ, LLC, and SSC did not identify any uncertain tax positions taken or expected to be taken, which would require adjustment or disclosure in the consolidated financial statements. UWGPSNJ, LLC, and SSC are potentially subject to federal, state and local examination for years subsequent to June 30, 2012.

22. Subsequent Events

On June 13, 2017 UWGPSNJ's Board of Directors voted to merge with North Penn United Way into UWGPSNJ as of July 1, 2017. The decision to merge will allow UWGPSNJ to serve all of Montgomery County, PA through a single organization with a unified approach to fighting poverty. In adding this portion of Montgomery County to our regional service area, UWGPSNJ will be able to engage more donors, volunteers and community partners to address the issues of poverty from a local community, countywide and regional perspective, while offering more comprehensive and cohesive support to all of Montgomery County. There is no impact on these financial statements as of June 30, 2017 as a result of the merger.

UWGPSNJ has evaluated the impact of subsequent events through November 15, 2017, the date the consolidated financial statements herein were issued, and has determined that there are no other material events that would require disclosure.

Supplemental Information

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidating Schedule of Financial Position

June 30, 2017	United Way of Greater Philadelphia and Southern New Jersey	Strategic Community Solutions	Consolidating Eliminations	2017 Consolidated	2016 Consolidated
Assets					
Current Assets					
Cash and cash equivalents	\$ 9,791,057	\$ 16,436	\$ -	\$ 9,807,493	\$ 10,739,736
Short term investments, at fair value	7,481,972	-	-	7,481,972	10,691,528
Building held for sale	451,995	-	-	451,995	233,485
Pledges receivable, net	20,047,177	-	-	20,047,177	20,516,002
Grants receivable	664,602	-	-	664,602	342,423
Legacies and bequests receivable	765,646	-	-	765,646	765,646
Other current assets	626,089	-	(7,545)	618,544	554,380
Total Current Assets	39,828,538	16,436	(7,545)	39,837,429	43,843,200
Long-term investments, at fair value	55,700,336	-	-	55,700,336	51,252,500
Long-term pledges receivable, net	3,065,885	-	-	3,065,885	2,861,590
Land, building, and equipment, net	3,143,242	-	-	3,143,242	3,823,206
Long-term legacies and bequests receivable, net	1,227,624	-	-	1,227,624	1,952,245
Total Assets	\$ 102,965,625	\$ 16,436	\$ (7,545)	\$ 102,974,516	\$ 103,732,741
Liabilities and Net Assets					
Current Liabilities					
Distributions payable to agencies	\$ 22,964,243	\$ -	\$ -	\$ 22,964,243	\$ 25,101,384
Deferred revenue	36,121	-	-	36,121	122,945
Accounts payable and accrued expenses	3,401,940	7,545	(7,545)	3,401,940	2,942,802
Short-term portion of loans payable	114,583	-	-	114,583	292,765
Total Current Liabilities	26,516,887	7,545	(7,545)	26,516,887	28,459,896
Long-term distributions payable to agencies	771,591	-	-	771,591	1,136,890
Long-term portion of loans payable	-	-	-	-	212,552
Long-term accrued pension obligation	-	-	-	-	2,981,792
Total Liabilities	27,288,478	7,545	(7,545)	27,288,478	32,791,130
Net Assets					
Unrestricted					
Undesignated	4,009,058	8,891	-	4,017,949	3,217,172
Board designated	43,000,270	-	-	43,000,270	41,661,008
Total Unrestricted	47,009,328	8,891	-	47,018,219	44,878,180
Temporarily restricted	16,939,301	-	-	16,939,301	14,360,292
Permanently restricted	11,728,518	-	-	11,728,518	11,703,139
Total Net Assets	75,677,147	8,891	-	75,686,038	70,941,611
Total Liabilities and Net Assets	\$ 102,965,625	\$ 16,436	\$ (7,545)	\$ 102,974,516	\$ 103,732,741

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidating Schedule of Activities and Changes in Net Assets

	United Way of Greater Philadelphia and Southern New Jersey (UWGPSNJ)					Total 2017	Strategic Community Solutions	Consolidation Eliminations	Total 2017 Consolidated
	Unrestricted	Board Designated	Temporarily Restricted	Permanently Restricted					
Operating Activities									
Public Support									
Annual campaign	\$ 44,216,797	\$ -	\$ 6,543,304	\$ -	\$ 50,760,101	\$ -	\$ -	\$ -	\$ 50,760,101
Gross campaign results in prior year - released from restriction	1,729,105	-	(1,729,105)	-	-	-	-	-	-
Program restricted campaign gifts raised in prior year released from restriction	1,169,584	-	(1,169,584)	-	-	-	-	-	-
Less - Amounts raised on behalf of others	(22,594,084)	-	365,298	-	(22,228,786)	-	-	-	(22,228,786)
Gross undesignated annual campaign	24,521,402	-	4,009,913	-	28,531,315	-	-	-	28,531,315
Provision for uncollectable pledges	(1,114,625)	-	-	-	(1,114,625)	-	-	-	(1,114,625)
Net annual campaign	23,406,777	-	4,009,913	-	27,416,690	-	-	-	27,416,690
Grants and other contributions	244,646	-	708,296	-	952,942	-	-	-	952,942
Total Public Support	23,651,423	-	4,718,209	-	28,369,632	-	-	-	28,369,632
Revenue									
Amounts received from other United Ways	247,161	-	-	-	247,161	-	-	-	247,161
Administrative fees on amounts raised on behalf of others	2,186,365	-	-	-	2,186,365	-	-	-	2,186,365
Legacies and bequests	-	801,720	49,851	25,379	876,950	-	-	-	876,950
Rental and miscellaneous income	552,087	-	-	-	552,087	-	(2,500)	-	549,587
Application of spending policy	2,961,172	-	-	-	2,961,172	-	-	-	2,961,172
Investment income	(12,167)	-	-	-	(12,167)	1	-	-	(12,166)
Transfer of campaign contributions earmarked for initiatives	(4,791,719)	4,791,719	-	-	-	-	-	-	-
Transfer of funding for capital transactions	336,454	(336,454)	-	-	-	-	-	-	-
Transfer of stabilization reserve	73,800	(73,800)	-	-	-	-	-	-	-
Recovery of transitional funding to agencies	(198,526)	198,526	-	-	-	-	-	-	-
Donated materials and services	1,662,876	-	-	-	1,662,876	-	-	-	1,662,876
Net assets released from restrictions	3,275,551	-	(3,275,551)	-	-	-	-	-	-
Total Revenue	6,293,054	5,381,711	(3,225,700)	25,379	8,474,444	1	(2,500)	8,471,945	
Total Public Support and Revenue	29,944,477	5,381,711	1,492,509	25,379	36,844,076	1	(2,500)	36,841,577	

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidating Schedule of Activities and Changes in Net Assets

Distributions and Expenses								
Distributions and related items -								
Distributions to agencies	29,229,286	-	-	-	29,229,286	-	-	29,229,286
Less - donor designated distributions to agencies	(20,407,720)	-	-	-	(20,407,720)	-	-	(20,407,720)
Net distributions to agencies	8,821,566	-	-	-	8,821,566	-	-	8,821,566
Special distributions and projects	3,078,841	5,828,447	-	-	8,907,288	-	-	8,907,288
Total Distributions and Related Items	11,900,407	5,828,447	-	-	17,728,854	-	-	17,728,854
Expenses								
Fundraising	6,158,322	-	-	-	6,158,322	-	-	6,158,322
Donated fundraising and marketing materials and services	708,586	-	-	-	708,586	-	-	708,586
General and administrative	3,502,219	-	-	-	3,502,219	2,875	(2,500)	3,502,594
Donated general and administrative materials and services	446,072	-	-	-	446,072	-	-	446,072
Total Cost of Campaign	10,815,199	-	-	-	10,815,199	2,875	(2,500)	10,815,574
Program Services								
Community impact	4,131,080	-	-	-	4,131,080	-	-	4,131,080
Donated program related materials and services	508,218	-	-	-	508,218	-	-	508,218
Other program services	314,004	280,878	-	-	594,882	-	-	594,882
Grant expenditures	1,615,940	-	-	-	1,615,940	-	-	1,615,940
Total Program Services	6,569,242	280,878	-	-	6,850,120	-	-	6,850,120
Total Expenses and Program Services	17,384,441	280,878	-	-	17,665,319	2,875	(2,500)	17,665,694
Total Distributions and Expenses	29,284,848	6,109,325	-	-	35,394,173	2,875	(2,500)	35,394,548
Change in net assets from operating activities	659,629	(727,614)	1,492,509	25,379	1,449,903	(2,874)	-	1,447,029
Non-Operating Activities								
Investment income, net of spending policy	957	2,066,876	1,086,500	-	3,154,333	-	-	3,154,333
Other income/expenses	143,065	-	-	-	143,065	-	-	143,065
Change in Net Assets from Non-Operating Activities	144,022	2,066,876	1,086,500	-	3,297,398	-	-	3,297,398
Change in Net Assets	803,651	1,339,262	2,579,009	25,379	4,747,301	(2,874)	-	4,744,427
Net Assets, beginning of year	3,205,407	41,661,008	14,360,292	11,703,139	70,929,846	11,765	-	70,941,611
Net Assets, end of year	\$ 4,009,058	\$ 43,000,270	\$ 16,939,301	\$ 11,728,518	\$ 75,677,147	\$ 8,891	\$ -	\$ 75,686,038

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidating Schedule of Cash Flows

<i>Year ended June 30, 2017</i>	United Way of Greater Philadelphia and Southern New Jersey	Strategic Community Solutions	Consolidating Eliminations	2017 Consolidated
Cash Flows from Operating Activities				
Total changes in net assets	\$ 4,747,301	\$ (2,874)	\$ -	\$ 4,744,427
Adjustments to reconcile total changes in net assets to net cash used by operating activities:				
Depreciation	617,258	-	-	617,258
Net realized and unrealized gains/losses on investments	(5,827,893)	-	-	(5,827,893)
Net realized gains from sale of property	(143,065)	-	-	(143,065)
Provision for uncollectible pledges, net of recoveries	1,114,625	-	-	1,114,625
Contributions restricted for endowment	(25,379)	-	-	(25,379)
Changes in assets and liabilities:				
Increase in pledges receivable	(850,095)	-	-	(850,095)
Increase in grants receivable, net	(322,179)	-	-	(322,179)
(Increase) decrease in other assets	(66,679)	-	2,515	(64,164)
Decrease in legacies and bequests receivable	724,621	-	-	724,621
Decrease in distributions payable to agencies	(2,502,440)	-	-	(2,502,440)
Decrease in deferred revenue	(86,824)	-	-	(86,824)
Increase (decrease) in accounts payable and accrued expenses	459,138	2,515	(2,515)	459,138
Postretirement benefit obligation	(2,981,792)	-	-	(2,981,792)
Net cash used in operating activities	(5,143,403)	(359)	-	(5,143,762)
Cash Flows from Investing Activities				
Purchases of land, building and equipment	(380,382)	-	-	(380,382)
Purchases of investments	(1,578,254)	-	-	(1,578,254)
Net proceeds from sale of land, building, and equipment	367,642	-	-	367,642
Proceeds from sales of investments	6,167,868	-	-	6,167,868
Net cash provided by investing activities	4,576,874	-	-	4,576,874
Cash Flows from Financing Activities				
Payments on mortgages and loans payable	(390,734)	-	-	(390,734)
Contributions restricted for endowment	25,379	-	-	25,379
Net cash used in financing activities	(365,355)	-	-	(365,355)
Net Decrease in Cash and Cash Equivalents	(931,884)	(359)	-	(932,243)
Cash and Cash Equivalents, beginning of year	10,722,941	16,795	-	10,739,736
Cash and Cash Equivalents, end of year	\$ 9,791,057	\$ 16,436	\$ -	\$ 9,807,493

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidating Schedule of Functional Expenses

Years ended June 30, 2017	United Way of Greater Philadelphia and Southern New Jersey (UWGPSNJ)							Strategic Community Solutions (SCS)		
	Program Services				Support Services			UWGPSNJ June 30, 2017	Support Services	
	Community Impact	Other Program Services	Grants	Total	General and Administrative	Fundraising	Total		General and Administrative	Consolidation Eliminations
Distributions to agencies	\$ 29,229,286	\$ -	\$ -	\$ 29,229,286	\$ -	\$ -	\$ -	\$ 29,229,286	\$ -	\$ -
Less: Donor designated distributions	(20,407,720)	-	-	(20,407,720)	-	-	-	(20,407,720)	-	-
Special distributions and projects	8,907,288	-	-	8,907,288	-	-	-	8,907,288	-	-
Total Distributions	17,728,854	-	-	17,728,854	-	-	-	17,728,854	-	-
Salaries	2,381,085	113,088	453,671	2,947,844	2,163,264	3,177,945	5,341,209	8,289,053	-	-
Employee health & retirement benefits	456,612	31,845	65,783	554,240	440,132	597,548	1,037,680	1,591,920	-	-
Payroll taxes	186,033	12,256	42,216	240,505	154,955	251,296	406,251	646,756	-	-
Total Salaries and Related Benefits	3,023,730	157,189	561,670	3,742,589	2,758,351	4,026,789	6,785,140	10,527,729	-	-
Professional services and contract payments	131,629	156,274	155,219	443,122	381,029	587,522	968,551	1,411,673	2,500	(2,500)
Donated professional services and contract payments	-	-	-	-	446,072	-	446,072	446,072	-	446,072
Office Services	-	-	-	-	259,460	-	259,460	259,460	-	259,460
Supplies	87,359	20,135	198,249	305,743	9,114	11,497	20,611	326,354	-	-
Telephone	30,088	4,107	1,327	35,522	18,194	37,436	55,630	91,152	-	-
Postage and shipping	2,626	1,528	269	4,423	15,044	25,470	40,514	44,937	-	-
Occupancy	287,856	37,904	8,772	334,532	247,100	336,148	583,248	917,780	-	-
Donated occupancy	-	-	-	-	-	21,055	21,055	21,055	-	21,055
Outside printing, artwork and advertising	43,112	46,454	34,781	124,347	15,929	229,768	245,697	370,044	-	-
Donated outside printing, artwork and advertising	508,218	-	-	508,218	-	687,531	687,531	1,195,749	-	-
Travel, training and meetings	74,395	92,888	96,109	263,392	30,774	356,202	386,976	650,368	-	-
Grant overhead reimbursement	27,879	-	554,794	582,673	(582,673)	-	(582,673)	-	-	-
Membership dues	18,217	7,354	100	25,671	3,994	8,672	12,666	38,337	-	-
Equipment rental and repairs	43,477	23,178	4,560	71,215	35,523	42,545	78,068	149,283	-	-
Miscellaneous	-	-	90	90	28,550	701	29,251	29,341	375	-
Depreciation of building and equipment	176,303	25,578	-	201,881	150,586	264,791	415,377	617,258	-	-
United Way Worldwide dues	184,409	22,293	-	206,702	131,244	230,781	362,025	568,727	-	-
Total Other Operating Expenses	1,615,568	437,693	1,054,270	3,107,531	1,189,940	2,840,119	4,030,059	7,137,590	2,875	(2,500)
Total Operating Expenses	4,639,298	594,882	1,615,940	6,850,120	3,948,291	6,866,908	10,815,199	17,665,319	2,875	(2,500)
Total Expenses	\$ 22,368,152	\$ 594,882	\$ 1,615,940	\$ 24,578,974	\$ 3,948,291	\$ 6,866,908	\$ 10,815,199	\$ 35,394,173	\$ 2,875	\$ (2,500)
										\$ 35,394,548