UNITED WAY OF AMERICA AND SUBSIDIARIES

Consolidated Financial Statements

Years ended December 31, 2004 and 2003 with Report of Independent Auditors

United Way
of America

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September 13, 2005

United Way of America Financial Statement Certification

We certify that the financial information presented in this report accurately reflects the financial position and results of operations of United Way of America as of the fiscal year ended December 31, 2004.

Our independent certified public accountants, Ernst & Young, LLP, have audited our financial statements in accordance with auditing standards generally accepted in the United States of America. Based on our knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations and cash flows of United Way of America as of December 31, 2004.

Brian A. Gallagher	Joseph V. Haggerty
President & Chief Executive Officer	Chief Operating Officer
9/13/05	Sept 13, 2005
Date	Date

United Way of America and Subsidiaries

Consolidated Financial Statements

Years ended December 31, 2004 and 2003

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Report of Independent Auditors

Board of Trustees
United Way of America

We have audited the accompanying consolidated statements of financial position of United Way of America (a New York not-for-profit corporation) and its subsidiaries, Sales Service/America, Inc. (a Virginia for-profit corporation); Charities Funds Transfer, Inc. (a Virginia not-for-profit corporation); and United eWay.org (an Arizona not-for-profit corporation) as of December 31, 2004 and 2003 and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of United Way of America's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of United Way of America's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of America's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Way of America and its subsidiaries, Sales Service/America, Inc.; Charities Funds Transfer, Inc.; and United eWay.org as of December 31, 2004 and 2003, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The consolidating details appearing in conjunction with the consolidated financial statements and the schedules of functional expenses of United

Way of America are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

June 10, 2005, except for Note 1,
as to which the date is July 1, 2005

United Way of America and Subsidiaries

Consolidated Statements of Financial Position—with Consolidating Details

(In Thousands)

	December 31, 2004					December 31, 2003					
	United Way of America	**Sales Service/ America**	**Charities Funds Transfer/eWay**	**Consolidation Eliminations**	**Consolidated**	**United Way of America**	**Sales Service/ America**	**Charities Funds Transfer**	**eWay**	**Consolidation Eliminations**	**Consolidated**
Assets											
Current assets:											
Cash and cash equivalents	$ 11,773	$ 872	$ 177	$ –	$ 12,822	$ 11,790	$ 1,922	$ –	$ 4	$ –	$ 13,716
Custodial funds	3,183	–	24,119	–	27,302	2,201	–	14,355	–	–	16,556
Membership support receivables, net	2,075	–	–	–	2,075	2,705	–	–	–	–	2,705
Contributions receivable	231	–	–	–	231	1,200	–	–	–	–	1,200
Other receivables, net	775	1,195	660	–	2,630	861	199	–	462	–	1,522
Inventory	–	625	–	–	625	–	549	–	–	–	549
Prepaid expenses and other current assets	288	239	–	–	527	463	109	–	–	–	572
Due from affiliates	2,130	2	–	(2,132)	–	66	3	33	–	(102)	–
Total current assets	20,455	2,933	24,956	(2,132)	46,212	19,286	2,782	14,388	466	(102)	36,820
Noncurrent assets:											
Endowment and other long-term investments	–	–	–	–	–	2,500	–	–	–	–	2,500
Custodial assets	1,639	–		–	1,639	1,182	–	–	–	–	1,182
Land, building, equipment, and leasehold improvements, net	8,050	161	1,184	–	9,395	8,815	80	–	1,104	–	9,999
Contributions receivable	176	–	–	–	176	–	–	–	–	–	–
Investment in subsidiary	1,527	–	–	(1,527)	–	1,527	–	–	–	(1,527)	–
Other noncurrent assets	–	23	–	–	23	–	17	–	–	–	17
Prepaid pension asset	–	6	–	–	6	–	206	–	–	–	206
Due from affiliates	–	–	–	–	–	1,028	–	–	–	(1,028)	–
Total noncurrent assets	11,392	190	1,184	(1,527)	11,239	15,052	303	–	1,104	(2,555)	13,904
Total assets	$ 31,847	$ 3,123	$ 26,140	$ (3,659)	$ 57,451	$ 34,338	$ 3,085	$ 14,388	$ 1,570	$ (2,657)	$ 50,724

See accompanying notes.

United Way of America and Subsidiaries

Consolidated Statements of Financial Position—with Consolidating Details (continued)

(In Thousands)

	December 31, 2004					December 31, 2003					
	United Way of America	**Sales Service/ America**	**Charities Funds Transfer/eWay**	**Consolidation Eliminations**	**Consolidated**	**United Way of America**	**Sales Service/ America**	**Charities Funds Transfer**	**eWay**	**Consolidation Eliminations**	**Consolidated**
Liabilities and net assets and equity											
Current Liabilities:											
Accounts payable and accrued liabilities	**$ 3,337**	**$ 299**	**$ 838**	**$ –**	**$ 4,474**	$ 5,899	$ 230	$ 5	$ 889	$ –	$ 7,023
Custodial funds	**3,183**	**–**	**24,119**	**–**	**27,302**	2,201	–	14,388	–	–	16,589
Postretirement benefits	**188**	**–**	**–**	**–**	**188**	131	–	–	–	–	131
Income taxes payable	**–**	**103**	**–**	**–**	**103**	–	69	–	–	–	69
Deferred revenue:											
Membership support and other	**7**	**–**	**–**	**–**	**7**	185	–	26	–	–	211
Training programs, conference, and service fees	**2,047**	**–**	**–**	**–**	**2,047**	3,080	–	–	172	–	3,252
Due to affiliates	**2**	**139**	**1,991**	**(2,132)**	**–**	36	66	–	–	(102)	–
Total current liabilities	**8,764**	**541**	**26,948**	**(2,132)**	**34,121**	11,532	365	14,419	1,061	(102)	27,275
Noncurrent liabilities:											
Custodial liability	**1,639**	**–**	**–**	**–**	**1,639**	1,182	–	–	–	–	1,182
Accrued pension	**3,822**	**36**	**2**	**–**	**3,860**	3,166	–	6	–	–	3,172
Postretirement benefits, net of current portion	**2,805**	**–**	**–**	**–**	**2,805**	3,000	–	–	–	–	3,000
Debt	**–**	**–**	**3,850**	**–**	**3,850**	–	–	–	–	–	–
Noncurrent deferred tax liability	**–**	**44**	**–**	**–**	**44**	–	92	–	–	–	92
Other noncurrent liabilities	**45**	**–**	**–**	**–**	**45**	30	–	–	–	–	30
Due to affiliates	**–**	**–**	**–**	**–**	**–**	–	–	–	1,028	(1,028)	–
Total noncurrent liabilities	**8,311**	**80**	**3,852**	**–**	**12,243**	7,378	92	6	1,028	(1,028)	7,476
Total liabilities	**$ 17,075**	**$ 621**	**$ 30,800**	**$ (2,132)**	**$ 46,364**	$ 18,910	$ 457	$ 14,425	$ 2,089	$ (1,130)	$ 34,751
Commitments and contingencies *(Note 8)*											
Net assets and equity:											
Unrestricted:											
Land, building, equipment, and leasehold improvements, net	**$ 8,050**	**$ –**	**$ –**	**$ –**	**$ 8,050**	$ 8,815	$ –	$ –	$ –	$ –	$ 8,815
Minimum pension liability	**(6,127)**	**–**	**–**	**–**	**(6,127)**	(4,968)	–	(4)	–	–	(4,972)
General/operating	**6,100**	**–**	**(4,660)**	**–**	**1,440**	4,919	–	(33)	(519)	–	4,367
Total unrestricted	**8,023**	**–**	**(4,660)**	**–**	**3,363**	8,766	–	(37)	(519)	–	8,210
Temporarily restricted	**6,749**	**–**	**–**	**–**	**6,749**	4,162	–	–	–	–	4,162
Permanently restricted	**–**	**–**	**–**	**–**	**–**	2,500	–	–	–	–	2,500
Common stock	**–**	**10**	**–**	**(10)**	**–**	–	10	–	–	(10)	–
Additional paid-in capital	**–**	**1,517**	**–**	**(1,517)**	**–**	–	1,517	–	–	(1,517)	–
Retained earnings—SS/A	**–**	**1,153**	**–**	**–**	**1,153**	–	1,101	–	–	–	1,101
Accumulated other comprehensive income (loss)	**–**	**(178)**	**–**	**–**	**(178)**	–	–	–	–	–	–
Total net assets and equity	**14,772**	**2,502**	**(4,660)**	**(1,527)**	**11,087**	15,428	2,628	(37)	(519)	(1,527)	15,973
Total liabilities and net assets and equity	**$ 31,847**	**$ 3,123**	**$ 26,140**	**$ (3,659)**	**$ 57,451**	$ 34,338	$ 3,085	$ 14,388	$ 1,570	$ (2,657)	$ 50,724

See accompanying notes.

United Way of America and Subsidiaries

Consolidated Statements of Activities—with Consolidating Details

Year ended December 31, 2004

(In Thousands)

	United Way of America							
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**Sales Service/ America**	**Charities Funds Transfer/eWay**	**Consolidation Eliminations**	**Consolidated**
Revenues								
Public support:								
Membership support, net	$ 22,966	$ –	$ –	$ 22,966	$ –	$ 49	$ –	$ 23,015
Contributions	1,674	7,931	–	9,605	–	167	–	9,772
Total public support	24,640	7,931	–	32,571	–	216	–	32,787
Other revenue:								
Promotional material sales	1,820	–	–	1,820	5,720	–	(15)	7,525
Program service fees	1,076	–	–	1,076	–	–	(301)	775
Investment income	258	18	–	276	10	233	(200)	319
Conferences	1,366	–	–	1,366	–	81	–	1,447
Rental and service income	408	–	–	408	–	–	–	408
Transaction fees	–	–	–	–	–	1,234	–	1,234
Miscellaneous and other	121	–	–	121	–	26	–	147
Total other revenue	5,049	18	–	5,067	5,730	1,574	(516)	11,855
Net assets released from restrictions	7,862	(5,362)	(2,500)	–	–	–	–	–
Total revenues	37,551	2,587	(2,500)	37,638	5,730	1,790	(516)	44,642
Expenses								
Program services:								
Philanthropic and volunteer leadership	5,446	–	–	5,446	–	–	–	5,446
Community impact lab	9,051	–	–	9,051	–	–	–	9,051
Center for Community Leadership	4,987	–	–	4,987	–	–	(15)	4,972
External services	2,258	–	–	2,258	–	–	–	2,258
Brand leadership	6,156	–	–	6,156	–	–	–	6,156
Field leadership	3,683	–	–	3,683	–	–	–	3,683
Enterprise services	2,927	–	–	2,927	–	–	–	2,927
Cost of goods sold	–	–	–	–	3,241	–	(301)	2,940
Selling expenses	–	–	–	–	1,123	–	–	1,123
Funds distribution	–	–	–	–	–	5,157	–	5,157
Total program services	34,508	–	–	34,508	4,364	5,157	(316)	43,713
Supporting services:								
General and administrative	2,638	–	–	2,638	1,114	737	–	4,489
Fundraising	78	–	–	78	–	–	–	78
Total supporting services	2,716	–	–	2,716	1,114	737	–	4,567
Total expenses	37,224	–	–	37,224	5,478	5,894	(316)	48,280
Changes in net assets before changes in additional minimum pension liability	327	2,587	(2,500)	414	252	(4,104)	(200)	(3,638)
Changes in additional minimum pension liability, net of tax	(1,159)	–	–	(1,159)	(178)	–	–	(1,337)
Transfer from affiliate	89	–	–	89	–	–	–	89
Changes in net assets	(743)	2,587	(2,500)	(656)	74	(4,104)	(200)	(4,886)
Net assets, retained earnings, and accumulated other comprehensive income beginning of year	8,766	4,162	2,500	15,428	1,101	(556)	–	15,973
Dividend to United Way of America	–	–	–	–	(200)	–	200	–
Net assets, retained earnings, and accumulated other comprehensive income end of year	$ 8,023	$ 6,749	$ –	$ 14,772	$ 975	$ (4,660)	$ –	$ 11,087

See accompanying notes.

United Way of America and Subsidiaries

Consolidated Statements of Activities—with Consolidating Details (continued)

Year ended December 31, 2003

(In Thousands)

	United Way of America								
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**Sales Service/ America**	**Charities Funds Transfer**	**eWay**	**Consolidation Eliminations**	**Consolidated**
Revenues									
Public support:									
Membership support, net	$ 21,992	$ –	$ –	$ 21,992	$ –	$ –	$ –	$ –	$ 21,992
Contributions	168	1,545	–	1,713	–	–	2,138	(1,556)	2,295
Total public support	22,160	1,545	–	23,705	–	–	2,138	(1,556)	24,287
Other revenue:									
Promotional material sales	1,476	–	–	1,476	5,561	–	–	(18)	7,019
Program service fees	1,037	–	–	1,037	–	–	–	(294)	743
Investment income	161	111	–	272	5	129	–	(125)	281
Conferences	1,764	–	–	1,764	–	–	–	–	1,764
Rental and service income	299	–	–	299	–	–	–	(65)	234
Federal grants	13	–	–	13	–	–	–	–	13
Transaction fees	–	–	–	–	–	–	591	–	591
Miscellaneous and other	31	–	–	31	–	–	–	–	31
Total other revenue	4,781	111	–	4,892	5,566	129	591	(502)	10,676
Net assets released from restrictions	16,176	(16,176)	–	–	–	–	–	–	–
Total revenues	43,117	(14,520)	–	28,597	5,566	129	2,729	(2,058)	34,963
Expenses									
Program services:									
Philanthropic and volunteer leadership	5,749	–	–	5,749	–	–	–	–	5,749
Community impact lab	15,098	–	–	15,098	–	–	–	(18)	15,080
Center for Community Leadership	4,365	–	–	4,365	–	–	–	–	4,365
External services	2,954	–	–	2,954	–	–	–	–	2,954
Brand leadership	6,121	–	–	6,121	–	–	–	–	6,121
Field leadership	3,755	–	–	3,755	–	–	–	–	3,755
Enterprise services	3,218	–	–	3,218	–	–	–	(1,556)	1,662
Cost of goods sold	–	–	–	–	3,079	–	–	(294)	2,785
Selling expenses	–	–	–	–	1,203	–	–	–	1,203
Funds distribution	–	–	–	–	–	424	2,558	(65)	2,917
Total program services	41,260	–	–	41,260	4,282	424	2,558	(1,933)	46,591
Supporting services:									
General and administrative	2,658	–	–	2,658	1,074	–	690	–	4,422
Fundraising	75	–	–	75	–	–	–	–	75
Provision for income taxes	–	–	–	–	52	–	–	–	52
Total supporting services	2,733	–	–	2,733	1,126	–	690	–	4,549
Total expenses	43,993	–	–	43,993	5,408	424	3,248	(1,933)	51,140
Changes in net assets before postretirement and pension adjustments	(876)	(14,520)	–	(15,396)	158	(295)	(519)	(125)	(16,177)
Postretirement benefit curtailment gain	2,244	–	–	2,244	–	–	–	–	2,244
Minimum pension liability change, net of tax	1,817	–	–	1,817	149	3	–	–	1,969
Transfer (to) from affiliate	(89)	–	–	(89)	–	89	–	–	–
Changes in net assets	3,096	(14,520)	–	(11,424)	307	(203)	(519)	(125)	(11,964)
Net assets, retained earnings, and accumulated other comprehensive income beginning of year	5,670	18,682	2,500	26,852	919	166	–	–	27,937
Dividend to United Way of America	–	–	–	–	(125)	–	–	125	–
Net assets, retained earnings, and accumulated other comprehensive income end of year	$ 8,766	$ 4,162	$ 2,500	$ 15,428	$ 1,101	$ (37)	$ (519)	$ –	$ 15,973

See accompanying notes.

United Way of America and Subsidiaries

Consolidated Statements of Cash Flows—with Consolidating Details

(In Thousands)

	Year ended December 31, 2004					**Year ended December 31, 2003**					
	United Way of America	**Sales Service/ America**	**Charities Funds Transfer/eWay**	**Consolidation Eliminations**	**Consolidated**	**United Way of America**	**Sales Service/ America**	**Charities Funds Transfer**	**eWay**	**Consolidation Eliminations**	**Consolidated**
Cash flows from operating activities											
Changes in net assets/net income	**$ (656)**	**$ 252**	**$ (4,104)**	**$ (200)**	**$ (4,708)**	$ (11,424)	$ 158	$ (203)	$ (519)	$ (125)	$ (12,113)
Adjustments to reconcile changes in net assets/net income to net cash flows provided by (used in) operating activities:											
Depreciation and amortization	**970**	**85**	**598**	**–**	**1,653**	1,208	72	–	249	–	1,529
Custodial fund receipts	**153,652**	**–**	**142,315**	**(3,853)**	**292,114**	153,124	–	128,418	–	(4,649)	276,893
Custodial fund disbursements	**(152,213)**	**–**	**(132,587)**	**3,853**	**(280,947)**	(154,663)	–	(128,865)	–	4,649	(278,879)
Deferred tax provisions	**–**	**(64)**	**–**	**–**	**(64)**	–	49	–	–	–	49
Realized investment loss	**–**	**–**	**3**	**–**	**3**	25	–	–	–	–	25
Changes in assets and liabilities:											
Custodial funds	**(1,439)**	**–**	**(9,764)**	**–**	**(11,203)**	1,539	–	480	–	–	2,019
Membership support receivable, net	**630**	**–**	**–**	**–**	**630**	501	–	–	–	–	501
Other receivables, net	**86**	**(996)**	**(198)**	**–**	**(1,108)**	(194)	75	–	(462)	–	(581)
Contributions receivable	**793**	**–**	**–**	**–**	**793**	9,684	–	–	–	–	9,684
Inventory	**–**	**(76)**	**–**	**–**	**(76)**	–	331	–	–	–	331
Prepaid expenses and other current assets	**175**	**(19)**	**–**	**–**	**156**	(212)	(5)	–	–	–	(217)
Other noncurrent assets	**–**	**(6)**	**–**	**–**	**(6)**	–	5	–	–	–	5
Due to/from affiliates	**(1,070)**	**74**	**996**	**–**	**–**	(914)	(28)	(86)	1,028	–	–
Accounts payable and accrued liabilities	**(2,562)**	**69**	**(56)**	**–**	**(2,549)**	2,667	(217)	(9)	889	–	3,330
Deferred revenue	**(1,211)**	**–**	**(198)**	**–**	**(1,409)**	264	–	26	172	–	462
Postretirement benefits	**(138)**	**–**	**–**	**–**	**(138)**	(1,858)	–	–	–	–	(1,858)
Net accrued/prepaid pension	**656**	**(37)**	**(4)**	**–**	**615**	(2,281)	(73)	(14)	–	–	(2,368)
Other liabilities	**15**	**34**	**–**	**–**	**49**	30	(24)	–	–	–	6
Net cash flows provided by (used in) operating activities	**(2,312)**	**(684)**	**(2,999)**	**(200)**	**(6,195)**	(2,504)	343	(253)	1,357	(125)	(1,182)
Cash flows from investing activities											
Sales and maturities of investments	**–**	**–**	**–**	**–**	**–**	2,475	–	–	–	–	2,475
Purchase of equipment	**(205)**	**(166)**	**(678)**	**–**	**(1,049)**	(416)	(26)	–	(1,353)	–	(1,795)
Cash restricted for endowments	**2,500**	**–**	**–**	**–**	**2,500**	(2,500)	–	–	–	–	(2,500)
Net cash flows provided by (used in) investing activities	**2,295**	**(166)**	**(678)**	**–**	**1,451**	(441)	(26)	–	(1,353)	–	(1,820)
Cash flow from financing activities											
Dividend to UWA	**–**	**(200)**	**–**	**200**	**–**	–	(125)	–	–	125	–
Proceeds on issuance of debt	**–**	**–**	**3,850**	**–**	**3,850**	–	–	–	–	–	–
Net cash flows used in financing activities	**–**	**(200)**	**3,850**	**200**	**3,850**	–	(125)	–	–	125	–
			–	**–**	**–**	–	–	–	–	–	–
Net increase (decrease) in cash and cash equivalents	**(17)**	**(1,050)**	**173**	**–**	**(894)**	(2,945)	192	(253)	4	–	(3,002)
Cash and cash equivalents:											
Beginning of year	**11,790**	**1,922**	**4**	**–**	**13,716**	14,735	1,730	253	–	–	16,718
End of year	**$ 11,773**	**$ 872**	**$ 177**	**$ –**	**$ 12,822**	$ 11,790	$ 1,922	$ –	$ 4	$ –	$ 13,716

See accompanying notes.

1. Organization and Purpose

United Way of America (UWA) is a national organization supported primarily by local United Ways through membership dues. UWA serves the United Way movement by being an exemplary leader in philanthropy and an outstanding mobilizer of resources, helping to shape the nation's health and human services agenda and create a better quality of life for all. UWA's mission is to improve lives by mobilizing the caring power of communities.

UWA has received an exemption from the Internal Revenue Service (IRS) from federal income taxes under Section 501(a), as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. No provision for income taxes is provided in UWA's financial statements.

UWA receives annual membership support through a licensing arrangement with local United Ways to use the name and service marks owned by UWA. Membership support calculations are performed by all member organizations and payments are made from donor contributions. If any local United Way does not remit membership support, the organization's right to use the name and service marks may be revoked.

UWA uses the following program service categories for reporting purposes:

Philanthropic and Volunteer Leadership—Support for system-wide programs including National Corporate Leadership, major gifts, Alexis de Tocqueville program, planned giving, and community and public sector campaigns.

Community Impact Lab—Grant distribution services, community building, national agencies' support, volunteer development, Mobilization for America's Children, housing, literacy programs, 2-1-1 initiative, crisis response, and Success by 6.

Center for Community Leadership—Training programs for volunteers and staff, national conferences, and organizational learning.

External Services—Specific services provided to local United Ways including system business plan implementation, public policy initiatives, research, and consultation.

Brand Leadership—Branding and promotion, public relations, publishing and production of campaign films and materials, production of National Football League television spots, and internal communication.

1. Organization and Purpose (continued)

Field Leadership—Regional and technical consultative support to local United Ways, coordination of national activities at the regional level, and labor relations.

Enterprise Services—Encompasses both the technology assets as well as the alternative services delivery structures associated with specific product groups. The technology assets include the internal technology operations, the national Web site, and the extranet connecting local United Ways.

Sales Service/America, Inc. (SS/A) is a wholly owned, for-profit subsidiary of UWA. SS/A's purpose is to provide sales fulfillment services to UWA and other organizations. Sales to UWA and local United Way agencies accounted for approximately 51% and 49% of SS/A's sales in 2004 and 2003, respectively.

Charities Funds Transfer, Inc. (CFT) was a national service center used to simplify and speed the distribution of corporate, employee, retiree, and foundation donations throughout the United Way movement. CFT was a Virginia not-for-profit organization with the sole member being UWA. CFT had received an exemption from federal income taxes under Section 501(c)(3), as an entity described in Section 509(a)(3) of the Internal Revenue Code of 1986, as amended.

CFT also distributed funds designated by participating federal government employees through the UWA federation as part of the Combined Federal Campaign (CFC). Funds received as part of the CFC were initially deposited in a UWA bank account as mandated by an Act of Congress. UWA distributed those funds daily to CFT for distribution to specified recipient charitable organizations on a semimonthly basis.

CFT paid rental and service fees to UWA. These rental and service fees were $10,142 and $65,197 in 2004 and 2003, respectively. During 2003, UWA forgave a receivable from CFT in the amount of $55,680, which is reported as a transfer (to) from affiliate within the consolidated statements of activities. In addition, as of December 31, 2003, CFT had a receivable from UWA for $33,415 to fund the shortfall between custodial assets held by CFT and the custodial liability, which was also reported as a transfer (to) from affiliate within the consolidated statements of activities.

In December 2003, the Board decided to consolidate the operations of CFT into United eWay.org (eWay) and dissolve the CFT Board. CFT customers began using the fund distribution services of eWay (discussed below) on April 1, 2004.

1. Organization and Purpose (continued)

eWay combines advanced online giving with integrated pledge processing and fund distribution services for corporate philanthropic programs. eWay is a wholly owned subsidiary of UWA and was originally an Arizona not-for-profit organization that merged with CFT in November 2004 to become a Virginia not-for-profit organization. The Arizona organization was dissolved in November 2004. eWay has received an exemption from federal income taxes under Section 501(a), as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

UWA acquired eWay, effective on January 1, 2003, and the eWay operations have been consolidated in the UWA statements since that date. The purchase price, $250,000 (for discounted fees), was allocated to the acquired assets and liabilities using the purchase method of accounting for the combination. During 2003, UWA contributed $1.5 million to eWay, which was reported by eWay as a contribution within the consolidated statements of activities. eWay had payables of approximately $1.8 million and $1.0 million to UWA as of December 31, 2004 and December 31, 2003, respectively, which is reflected as due to affiliates in the consolidated statements of financial position.

In June 2005, the Executive Committee of UWA's Board of Trustees approved a resolution for UWA to enter into a management agreement to perform the day-to-day operations of TriState. Under this agreement, which was entered into on July 1, 2005, the TriState Board of Directors retained fiduciary oversight of the organization and provision was made for the reimbursement of certain expenses incurred by UWA in the performance of its obligations. These actions do not impact 2004 UWA financial statements and are not expected to have a material impact on 2005 UWA financial statements. The subsequent structural and financial implications of these actions will be determined by March 31, 2006.

2. Summary of Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements include UWA, SS/A, CFT, and eWay (the Companies). All intercompany transactions are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and

2. Summary of Significant Accounting Policies (continued)

Use of Estimates (continued)

assumptions that affect the reported liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

Net assets are classified in three categories: unrestricted, temporarily restricted, or permanently restricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets are contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted when the time restrictions expire or the contributions are used for their restricted purposes, at which time they are reported in the consolidated statements of activities as net assets released from restrictions.

In March 2004, UWA received communication from the original donor of a $2.5 million permanently restricted endowment which relieved the permanent restriction and placed no formal restriction on the use of those funds. This release of restriction is reported in the consolidated statements of activities as net assets released from restrictions.

Temporarily restricted net assets are restricted by the donors as follows (in thousands):

Type of Restriction	2004	2003
Disaster preparedness	**$ 4,727**	$ 431
Initiative to benefit children, youth, and families	**500**	2,220
Initiatives to generate major donations to local United Way member organizations	**451**	242
Scholarships	**75**	115
Initiatives to assist communities in determining their social needs	**162**	295
Technology initiatives	**–**	86
National Corporate Leadership expansion	**–**	81
Economic self-sufficiency	**203**	51
Organizational transformation	**341**	521
Other	**290**	120
Total temporarily restricted net assets	**$ 6,749**	$ 4,162

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash equivalents consist of investment with original maturities of three months or less.

As of December 31, 2004 and 2003, cash equivalents include $7.5 million and $5.8 million, respectively, of cash restricted or designated for specific purposes.

Custodial Funds

Custodial Funds at December 31, 2004 and 2003, included cash held by UWA for Emergency Food and Shelter ($3.2 million and $2.2 million, respectively), cash held by CFT ($0 and $14.4 million, respectively), and cash held by eWay ($24.1 million and $0, respectively) (see Note 3).

Investments

Investments are reported at market value. Cash and cash equivalents include funds to be used to fulfill the purpose of temporarily restricted contributions. Endowment and other long-term investments represent the endowment (permanently restricted) portion of the investment portfolio (including cash equivalents and short-term investments) and government agency bonds with maturities of greater than one year.

UWA's investment policy authorizes investment in U.S. Treasury issues, U.S. government agency issues, certificates of deposit, bankers' acceptances, commercial paper, corporate notes and debentures, foreign commercial paper, Eurodollar certificates of deposit and time deposits of select banks, and money market funds. Repurchase agreements are backed by U.S. Treasury or U.S. government agency issues and are collateralized at 100% of the repurchase price.

2. Summary of Significant Accounting Policies (continued)

Investments (continued)

Investment income for the years ended December 31, 2004 and 2003, consisted of the following (in thousands):

	2004				
	UWA	**SS/A**	**CFT/eWay**	**Eliminations**	**Total**
Interest income	**$ 52**	**$ 10**	**$ –**	**$ –**	**$ 62**
Dividend income	**224**	**–**	**236**	**(200)**	**260**
Realized investment income	**276**	**10**	**236**	**(200)**	**322**
Unrealized loss	**–**	**–**	**(3)**	**–**	**(3)**
Net investment income	**$ 276**	**$ 10**	**$ 233**	**$ (200)**	**$ 319**

	2003				
	UWA	**SS/A**	**CFT**	**Eliminations**	**Total**
Interest income	$ 66	$ 5	$ 98	$ –	$ 169
Dividend income	231	–	31	(125)	137
Realized loss	(25)	–	–	–	(25)
Net investment income	$ 272	$ 5	$ 129	$ (125)	$ 281

Membership Support Receivable and Revenue

Membership support receivable is recorded in the year in which commitments from local United Ways are received. Membership support revenue from amounts pledged for future years is deferred and is recognized as revenue in the year to which the pledge relates.

A reserve for doubtful accounts is maintained, and the membership support receivable is shown net of this reserve in the accompanying consolidated statements of financial position.

2. Summary of Significant Accounting Policies (continued)

Membership Support Receivable and Revenue (continued)

The major components of membership support receivable at December 31 were as follows (in thousands):

	2004	2003
Membership support receivable	**$ 2,180**	$ 2,818
Reserve for doubtful accounts	**(105)**	(113)
Membership support receivable, net	**$ 2,075**	$ 2,705

Membership support revenue in the accompanying consolidated statements of activities is net of a credit provided for future training of members. The amount of the credit was approximately $2.1 million in 2004 and $3.3 million in 2003. Credits are reflected as deferred revenue in the accompanying consolidated statements of financial position until used or expired, at which time program service fee revenue or expired credit revenue is recognized, respectively.

Contributions

UWA recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as unrestricted support, temporarily restricted support, or permanently restricted support. Temporarily restricted contributions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as temporarily restricted contributions and are reclassified as net assets released from restrictions in the same year. Promises to contribute that stipulated conditions to be met before the contribution is made are not accrued until the conditions are met. As of December 31, 2004 and 2003, UWA had received no conditional promises to give.

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable

Unconditional promises to give are recorded at their net realizable values. Unconditional promises to give that are expected to be collected in future years are discounted to their estimated present values using a risk-free interest rate.

Contributions receivable in the accompanying consolidated statements of financial position included the following unconditional promises to give (in thousands):

	2004	**2003**
Amounts due in:		
Less than one year	**$ 231**	$ 1,200
One to five years	**176**	–
Total	**$ 407**	$ 1,200

Inventory

Inventory is accounted for at the lower of cost or net realizable value. Costs applicable to inventory on hand are determined principally using the weighted-average cost method.

2. Summary of Significant Accounting Policies (continued)

Land, Building, Equipment, and Leasehold Improvements

The Companies capitalize expenditures for land, building, equipment, and leasehold improvements at cost, in excess of certain thresholds specified below. Depreciation is calculated using the straight-line method over the following useful life for each entity:

	UWA	SS/A	CFT	eWay
Building	35 years	N/A	N/A	N/A
Furniture, equipment, and software	3-5 years	3-7 years	3-5 years	3 years
Leasehold improvements, and/or building improvements, and capital leases	5-15 years	The lesser of the term of the lease or the life of the asset	N/A	N/A
Capitalization threshold	$2,500	$250	$200	$2,500

Web Site Development Costs

UWA accounts for its Web site development costs as it relates to eWay in accordance with Emerging Issues Task Force (EITF) 00-02, *Accounting for Web Site Development Costs.* As such, UWA expenses all costs incurred that relate to the planning and post-implementation phases of development. Costs incurred in the development phase are capitalized to the extent their estimated useful life exceeds one year. Any capitalized costs are amortized over the asset's useful lives of three years. Cost incurred associated with repairs and maintenance of the existing site or the development of Web site content, is expensed as incurred.

2. Summary of Significant Accounting Policies (continued)

Custodial Funds

Since 1983, Congress has allocated $2.63 billion to the Federal Emergency Management Agency (FEMA) to provide emergency food and shelter to needy individuals throughout the country. In 1983, a national board was convened to distribute these funds through the Emergency Food and Shelter (EF&S) program, a separate congressionally authorized program of FEMA, which is not consolidated into UWA's financial statements. UWA was appointed fiscal agent for the EF&S program. In addition to UWA, other members of the national board include The Salvation Army; the National Council of the Churches of Christ; Catholic Charities USA; the Council of Jewish Federations, Inc.; the American Red Cross; and FEMA.

As fiscal agent, UWA is the custodian of the funds and is responsible for the administration and disbursement of grants as directed by the national board. UWA charged certain administrative expenses to EF&S (approximately $167,600 in 2004 and $170,000 in 2003). During 2004 and 2003, approximately $152 million and $153 million, respectively, were distributed in the form of grants to other charitable organizations. As of December 31, 2004 and 2003, undistributed balances of $3.2 million and $2.2 million, respectively, were included in custodial funds, with a corresponding liability in the accompanying consolidated statements of financial position.

At December 31, 2004 and 2003, CFT/eWay's custodial funds included approximately $24.1 million and $14.4 million, respectively, of cash restricted for distribution to specified recipient charitable organizations.

During 1989, UWA entered into an agreement with CFT that provides for distribution of funds by CFT designated for the United Way of America Federation (the Federation) as part of the CFC. The Federation, created by UWA, is a group of approximately 25 voluntary charitable human health and welfare organizations that supply common fundraising, administration, and management services to its constituent members. UWA receives funds designated for members of the Federation and transfers those funds to CFT for distribution to the members. In 2004 and 2003, UWA received approximately $3.8 million and $4.6 million, respectively, in custodial funds to be distributed by CFT or eWay, all of which were transferred to CFT or eWay by year-end. The funds received by UWA and transferred to CFT or eWay were primarily raised by the CFC and designated for members of the Federation.

2. Summary of Significant Accounting Policies (continued)

Custodial Funds (continued)

UWA acts as trustee for certain planned giving investments. Annuity payments are made to the donor and any residual restricted by the donor benefits local United Ways. As of December 31, 2004 and 2003, approximately $1.4 million and $1.2 million, respectively, of such annuities are reflected in the consolidated statements of financial position as noncurrent custodial assets and custodial liabilities.

UWA receives funds that they manage for other entities and are excluded from net assets. Since UWA merely acts as the custodial agent of these funds, the related revenues and expenses are not recognized in the accompanying consolidated statements of activities. As of December 31, 2004, approximately $0.2 million of such funds are reflected in the consolidated statements of financial position as noncurrent custodial assets and custodial liabilities.

3. Land, Building, Equipment, and Leasehold Improvements

At December 31, 2004 and 2003, land, building, equipment, and leasehold improvements, at cost, were as follows (in thousands):

	2004			
	UWA	**SS/A**	**CFT**	**eWay**
Land	**$ 2,102**	**$ –**	**$ –**	**$ –**
Building/building improvements	**12,360**	**–**	**–**	**–**
Leasehold improvements	**681**	**38**	**–**	**–**
Furniture, equipment, and software	**4,452**	**778**	**–**	**487**
Web site development costs	**–**	**–**	**–**	**1,543**
Less: accumulated depreciation	**(11,545)**	**(655)**	**–**	**(846)**
Net totals	**$ 8,050**	**$ 161**	**$ –**	**$ 1,184**

3. Land, Building, Equipment, and Leasehold Improvements (continued)

	2003			
	UWA	**SS/A**	**CFT**	**eWay**
Land	$ 2,102	$ –	$ –	$ –
Building/building improvements	12,472	–	–	–
Leasehold improvements	451	38	–	–
Furniture, equipment, and software	4,365	756	76	391
Web site development costs	–	–	–	962
Less: accumulated depreciation	(10,575)	(714)	(76)	(249)
Net totals	$ 8,815	$ 80	$ –	$ 1,104

4. Income Taxes

SS/A follows Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes.* This statement requires the recognition of deferred tax liabilities and deferred tax assets, net of applicable valuation allowances, for certain temporary differences and net operating loss carry forwards.

The provision for income taxes includes federal and state income taxes and those deferred as a result of temporary differences in the recognition of income and expenses for financial accounting and income tax purposes. The provision for income taxes included the following components (in thousands):

	2004	**2003**
Current tax provision:		
Federal	**$ 83**	$ 2
State	**10**	1
Total current provision	**93**	3
Deferred tax provision:		
Federal	**(93)**	49
State	**–**	–
Total deferred provision	**(93)**	49
Total provision for income taxes	**$ –**	$ 52

4. Income Taxes (continued)

Deferred income taxes result from timing differences in the recognition of revenues and expenses for tax return and financial reporting purposes. The sources of these differences and the tax effect of each at December 31, 2004 and 2003 were as follows (in thousands):

	2004	2003
Tax depreciation and amortization	**$(32)**	$(17)
Prepaid pension	**(11)**	(76)
Accounts receivable allowances	**24**	27
Inventory reserve	**60**	24
Other	**3**	22
Net deferred tax (liabilities) assets	**44**	(20)
Current deferred tax asset	**87**	72
Noncurrent deferred tax liability	**$(43)**	$(92)

The SS/A tax provision varies from the U.S. statutory federal income tax rate as a result of state taxes and, in 2003, a reduction in current taxes payable.

5. Debt

On August 30, 2004, UWA renewed an unsecured line-of-credit agreement for $5 million. Borrowings under this line are payable upon expiration of the agreement and are subject to certain conditions. The line of credit bears interest at LIBOR plus 1.2%. The line is unsecured and expires on August 30, 2005. There were no borrowings outstanding on the line at December 31, 2004.

SS/A has a $250,000 line-of-credit agreement. The interest rate on the line is prime plus 1%, payable monthly. The line expires on June 30, 2005. SS/A had pledged a first security interest in all of its assets as collateral on the line. There were no borrowings under the line of credit in 2004 and 2003.

eWay entered into a $5.0 million line-of-credit agreement on May 18, 2004. The interest rate on the line is prime plus 2.5%, payable monthly. The line of credit expires on May 1, 2011. UWA has given its guarantee for the entire line of credit and as a condition of the line, UWA must maintain a cash balance of $5.0 million on December 31 of each year. eWay has an outstanding balance under the line of credit of $3.85 million as of December 31, 2004.

5. Debt (continued)

UWA, SS/A, and CFT incurred no interest expense in 2004 and 2003. eWay incurred $66,400 and $0 interest expense in 2004 and 2003, respectively.

6. Pension and Other Postretirement Benefits

The Pension Plan of the United Way of America is a qualified, noncontributory defined benefit pension plan, which includes SS/A, eWay, and CFT, and covers employees who have reached the age of 21 and completed one year of employment. An employee's interest becomes fully vested upon the completion of three years or five years of service, depending on the date of hire, and is nonforfeitable upon attainment of early retirement age. Contributions to the plan are based on actuarially determined amounts.

During 2004 the Board approved changes to the above defined benefit pension plan that will be effective July 1, 2005. In this change, the benefit levels of participants in the plan are frozen as of the effective date of the change and preclude new employees subsequent to the effective date from participating in the plan.

Employees retiring from UWA on or after attaining age 55 and with five years of credited service are entitled to postretirement life insurance and medical and dental benefit coverage. These benefits are subject to deductibles, co-payment provisions, and other limitations. Effective December 31, 2003, UWA amended the postretirement health and life insurance plan to limit benefits to current retirees only and freeze UWA contributions to 50% of the 2003 premiums. UWA recognized a corresponding curtailment gain of $2,243,709 within the consolidated statements of activities related to this change. UWA may amend or change the plan periodically and does not fund this plan in advance.

6. Pension and Other Postretirement Benefits (continued)

The following table summarizes the actuarially determined benefit obligations, the fair value of plan assets, and the funded status of the pension and other postretirement benefit plans and accrued benefit costs at October 31, 2004 and 2003, respectively (in thousands):

	Pension Benefits		Postretirement Benefits	
	2004	**2003**	**2004**	**2003**
Benefits obligation	**$ 29,673**	$ 25,133	**$ 1,449**	$ 1,185
Fair value of plan assets[(a)]	**19,215**	17,232	**–**	–
Funded status	**(10,458)**	(7,901)	**(1,449)**	(1,185)
Accrued benefit cost recognized in the consolidated statements of financial position, net as of December 31	**(3,860)**	(3,172)	**(2,993)**	(3,131)

(a) Plan assets consist of investments in funds administered by State Street Bank and Trust and Mutual of America Life Insurance Company. Mutual of America investments consist of a general account, a pooled separate account (pooled common stock fund), and a pooled mid-term bond account. State Street Bank investments consist of a Russell 3000 Index-Fund, a SSGA EAFE Fund, a SSGA Bond Market Fund, and cash and cash equivalents.

At December 31, 2004 and 2003, the accumulated benefit obligation of $23,009,166 and $19,588,150, respectively, of the UWA noncontributory defined benefit plan exceeded the fair value of the plan assets. As a result, an additional minimum pension liability adjustment was required to be recorded, which resulted in a (reduction) increase in net assets of $(1,158,366) in 2004 and $1,817,429 in 2003 for UWA and accumulated other comprehensive (loss) gain, net of tax, of $(178,000) in 2004 and $149,000 in 2003 for SS/A.

6. Pension and Other Postretirement Benefits (continued)

The amounts of contributions, benefit payments, and benefit cost reflected in the consolidated statements of activities for the years ended December 31, 2004 and 2003, were as follows (in thousands):

	Pension Benefits		Postretirement Benefits	
	2004	**2003**	**2004**	**2003**
Interest costs	**$ 1,563**	$ 1,487	**$ 70**	$ 284
Service costs	**1,001**	933	**–**	257
Expected return on assets	**(1,395)**	(1,210)	**–**	–
Amortization of prior service costs	**(54)**	(54)	**(59)**	78
Amortization of losses (gains)	**683**	799	**(63)**	(54)
Amortization of transition obligation	**(29)**	(29)	**–**	–
Total benefit cost	**$ 1,769**	$ 1,926	**$ (52)**	$ 565
Employer contribution	**$ 2,651**	$ 2,865	**$ 120**	$ 190
Benefits Paid	**(1,211)**	(516)	**(120)**	(190)

UWA's share of expenses in the pension plans for 2004 and 2003 was approximately $1,635,000 and $1,763,000, respectively, ($0 and $54,000, respectively, of which was allocated to EF&S – see Note 3). SS/A's share of the expenses in the pension plans for 2004 and 2003 was $118,000 and $148,000, respectively.

UWA expects to make contributions to the pension plan totaling $2,061,000 and $161,600 to the postretirement plan during 2005.

6. Pension and Other Postretirement Benefits (continued)

The weighted-average assumptions used in the measurement of the benefit obligations are shown in the following table:

	Pension Benefits		Postretirement Benefits	
	2004	**2003**	**2004**	**2003**
Discount rate	**5.75%**	6.25%	**5.75%**	6.25%
Expected return on plan assets	**8.0**	8.0	**N/A**	N/A
Rate of compensation increase	**5.0**	5.0	**N/A**	N/A

To develop the expected long-term rate of return on asset assumptions, UWA considered the historical returns and the future expectations for returns for each asset class, as well as target asset allocation of the pension portfolio. This resulted in the selection of the 8% long-term rate of return on assets assumption.

For measurement purposes, the 2004 annual rates of increase in the per capita cost of covered health care claims for 2004 were as follows:

Age under 65	8.5%
Age 65 and older	7.0%

The rate was assumed to decrease gradually from 9.1% to 5.5% for medical coverage through 2013 and remain at that level thereafter and increase 5.5% per year for dental coverage.

The assets held by the pension plan, by category, as of December 31 were:

Asset Category	2004	2003
Equities	**63%**	61%
Fixed income/cash	**37**	39
Total	**100%**	100%

The pension plan assets are diversified to minimize risk and maximize returns. The targeted asset allocation is 60% equities and 40% fixed income/cash. The pension plan assets are managed by professional investment managers and are monitored by management and UWA's Finance, Audit, and Compliance Committee.

6. Pension and Other Postretirement Benefits (continued)

Estimated future benefit payments expected to be paid over the next 10 years under the pension plans and the postretirement plan as of December 31 (in thousands):

	Pension Plans	Postretirement Plan
2005	$ 629	$ 123
2006	603	119
2007	1,299	116
2008	816	113
2009	2,223	110
2010 to 2014	8,013	514
Total	$ 13,583	$ 1,095

The United Way of America 415 Replacement Plan is a non-qualified, noncontributory defined benefit pension plan established to restore the pension benefits lost under the qualified plan due to the limitations arising from Section 415 of the Tax Equity and Fiscal Responsibility Act of 1982 and to restore the pension benefits lost, if any, from the definition of compensation under the qualified plan.

The United Way of America Senior Vice President's Plan is a non-qualified, noncontributory plan established for senior vice president-grade employees and above. The Plan was designed to restore benefits eliminated by a change in the qualified plan formula required by the Tax Reform Act of 1986.

The United Way of America supplemental Pension Benefit Plan is a non-qualified, noncontributory plan established in 2000. This plan was established to replace benefits in the qualified plan for participants affected by IRS salary limits, as well as benefit limits.

In 1997, SS/A approved a 401(k) plan for all employees. SS/A accrued contributions of $10,000 for the plan in 2004 and 2003.

7. Licenses

United Way International (UWI) is a separate charitable organization and is not controlled by UWA. UWI was incorporated as a District of Columbia not-for-profit corporation in 1974. The purpose of UWI is to promote voluntary charitable services through united fundraising, fund allocation, leadership, and planning activities in countries and territories outside the United States. The functions and funding of UWI are complementary to, but not part of UWA's mission. UWA does not provide any financial support to UWI. UWI purchases services and parking from UWA, as available to other charitable organizations. UWA leases office space to UWI at a monthly rent of approximately $4,000.

8. Commitments and Contingencies

UWA has entered into operating lease arrangements for office space and office equipment. Office space rentals include leases for its regional offices and local storage in Alexandria, Virginia. Leased office equipment includes the telephone system and computer components. The leases for office space and equipment expire over the next year. Rent expense was approximately $294,000 and $255,000 in 2004 and 2003, respectively.

SS/A moved its main office to a leased facility in November of 1993. The original 60-month lease was extended through November of 2003 and, during 2002, was additionally extended through November 30, 2008. Rent expense amounted to approximately $117,000 and $98,000 for 2004 and 2003, respectively.

Future minimum lease payments under the operating leases as of December 31, 2004 are as follows (in thousands):

	UWA	SS/A
2005	$ 200	$ 114
2006	190	117
2007	172	121
2008	172	114
Thereafter	–	–
Total future minimum lease payments	$ 734	$ 466

9. In-Kind Donations

UWA has maintained a mutually beneficial relationship with the National Football League (NFL) where UWA underwrites the cost to produce the Public Service Announcements (PSA) for broadcast during televised NFL games. The PSAs promote volunteerism in local United Way communities and feature NFL players involved in various local United Way community volunteer activities. The NFL donates the air time for the PSA to run during NFL games throughout the NFL season. UWA does not record this donation of the air time as an In-Kind gift due to the lack of direct benefit to UWA from the ads and UWA's financial inability to purchase such advertising, were it not to be donated. The estimated value of the donated air time is estimated to be $26 million and $41 million for the 2004/2005 and 2003/2004 NFL seasons, respectively.

Supplemental Schedule

United Way of America

Schedule of Functional Expenses

For the year ended December 31, 2004

(In Thousands)

	Program Services								Supporting Services			
	Philanthropic and Volunteer Leadership	**Community Impact Labs**	**Center for Community Leadership**	**External Services**	**Brand Leadership**	**Field Leadership**	**Enterprise Services**	**Total Program Services**	**General and Administrative**	**Fundraising**	**Total Supporting Services**	**Total Expenses**
Salaries	**$ 2,616**	**$ 2,513**	**$ 1,878**	**$ 1,149**	**$ 1,573**	**$ 2,029**	**$ 684**	**$ 12,442**	**$ 1,206**	**$ 30**	**$ 1,236**	**$ 13,678**
Employee benefits and taxes	**767**	**762**	**544**	**350**	**489**	**631**	**206**	**3,749**	**407**	**10**	**417**	**4,166**
Professional fees and contract services	**660**	**2,452**	**1,084**	**360**	**3,384**	**118**	**1,203**	**9,261**	**316**	**22**	**338**	**9,599**
Conferences and travel	**501**	**269**	**968**	**66**	**135**	**311**	**115**	**2,365**	**46**	**6**	**52**	**2,417**
Subscriptions, dues, and staff development	**53**	**40**	**48**	**63**	**28**	**47**	**8**	**287**	**26**	**1**	**27**	**314**
Scholarships, grants and awards	**96**	**2,307**	**41**	**18**	**2**	**1**	**597**	**3,062**	**1**	**–**	**1**	**3,063**
Supplies	**98**	**71**	**54**	**29**	**155**	**125**	**16**	**548**	**30**	**1**	**31**	**579**
Telephone	**201**	**138**	**55**	**36**	**83**	**93**	**29**	**635**	**40**	**2**	**42**	**677**
Postage and shipping	**30**	**13**	**16**	**13**	**14**	**20**	**2**	**108**	**10**	**–**	**10**	**118**
Occupancy	**219**	**194**	**149**	**89**	**154**	**176**	**35**	**1,016**	**182**	**3**	**185**	**1,201**
Other expenses	**2**	**112**	**28**	**1**	**11**	**3**	**–**	**157**	**284**	**1**	**285**	**442**
Depreciation and amortization	**203**	**180**	**122**	**84**	**128**	**129**	**32**	**878**	**90**	**2**	**92**	**970**
Total expenses	**$ 5,446**	**$ 9,051**	**$ 4,987**	**$ 2,258**	**$ 6,156**	**$ 3,683**	**$ 2,927**	**$ 34,508**	**$ 2,638**	**$ 78**	**$ 2,716**	**$ 37,224**

See accompanying notes.

United Way of America

Schedule of Functional Expenses (continued)

For the year ended December 31, 2003

(In Thousands)

	Program Services								Supporting Services			
	Philanthropic and Volunteer Leadership	**Community Impact Labs**	**Center for Community Leadership**	**External Services**	**Brand Leadership**	**Field Leadership**	**Enterprise Services**	**Total Program Services**	**General and Administrative**	**Fundraising**	**Total Supporting Services**	**Total Expenses**
Salaries	$ 2,781	$ 2,260	$ 1,623	$ 1,395	$ 1,544	$ 2,041	$ 817	$ 12,461	$ 1,165	$ 31	$ 1,196	$ 13,657
Employee benefits and payroll taxes	956	790	547	456	520	696	263	4,228	387	11	398	4,626
Professional fees and contract services payments	632	1,540	846	521	3,395	128	262	7,324	542	18	560	7,884
Conferences and travel	592	486	909	83	144	325	98	2,637	41	6	47	2,684
Subscriptions, dues, and staff development	35	59	31	48	9	30	2	214	15	1	16	230
Scholarships, grants, and awards	1	9,397	–	190	–	–	1,556	11,144	–	–	–	11,144
Supplies	71	70	52	26	134	101	47	501	21	1	22	523
Telephone	189	87	50	40	69	94	40	569	40	1	41	610
Postage and shipping	31	16	14	14	18	19	3	115	9	–	9	124
Occupancy	203	172	123	80	126	164	52	920	151	2	153	1,073
Other expenses	4	4	23	1	15	2	1	50	179	1	180	230
Depreciation and amortization	254	217	147	100	147	155	77	1,097	108	3	111	1,208
Total expenses	$ 5,749	$ 15,098	$ 4,365	$ 2,954	$ 6,121	$ 3,755	$ 3,218	$ 41,260	$ 2,658	$ 75	$ 2,733	$ 43,993

See accompanying notes.