United Way Worldwide – Consolidated Financial Statements – 2012
A Message from the Chief Financial Officer

The consolidated financial statements of United Way Worldwide include the international organization, a New York regional office, Tri-State, which raises charitable funds via workplace corporate campaigns, and a for-profit subsidiary, the United Way Store, providing sales fulfillment services to local United Ways. The United Way network of nearly 1,800 local United Ways in 41 countries and territories raised more than $5 billion in 2012 in an effort to improve lives by mobilizing the caring power of communities around the world to advance the common good.

Some of the key highlights of the opportunities, successes and challenges relating to our financial operations during 2012 include:

Results of Operations:
United Way Worldwide experienced an increase of $700 thousand in total revenues to $95.5 million in 2012. Total program service expenses increased by $4.2 million while administrative supporting expenses decreased more than $400 thousand in 2012. Support from member United Ways totaled $28.6 million. United Way Worldwide ended the year with total net assets of $39.5 million, a $900 thousand increase in total net assets from 2011.

International Donor Advised Giving Program:
The international donor advised giving (IDAG) program continued to grow in 2012. Total contributions were $32.8 million, a $1.5 million increase over 2011, and more than 650 grants were processed to charities, schools and orphanages, including $1.5 million of disaster funding.

Program Initiatives:
United Way Worldwide continued to empower families seeking financial security through myfreetaxes.org, partnered with nearly 100 United Way's to promote the campaign for grade level reading, and continued to increase awareness of county health rankings and guiding communities to health roadmaps. In addition, United Way Worldwide coordinated the Fifth International Day of Action, engaging 725,000 volunteers in 10 countries.

Coming Out of a Recessive Economy:
United Way Worldwide experienced a $900 thousand decrease in restricted grants received while investment returns increased $584 thousand from 2011. As a result of increased investment returns, pension assets increased and United Way Worldwide was able to maintain pension funding at a reasonable level recommended by the Pension Benefit Guaranty Trust. Non-operating pension expenses of $587 thousand were reported in 2012.

Non-operating Item:
United Way Worldwide sold its ownership interest in Truist, Inc., a for-profit corporation providing donor and volunteer management tools and funds processing for employee giving campaigns, for a gain of $3.3 million and invested in a smaller ownership interest for $243 thousand.

Looking ahead:
There is a strategic effort currently underway to ensure long-term growth and sustainability of United Way programs to advance the common good and to meet its strategic goals in the areas of education, income and health. Two partnerships involving more than 30 United Way Member Organizations are working to maximize corporate relationships and increase high school graduation rates. These major initiatives will help shape United Way Worldwide strategy for 2013 and beyond. United Way Worldwide looks forward to another successful year to help support our network around the world.

Robert Berdelle
Executive Vice President and Chief Financial Officer

United Way Worldwide and Subsidiaries

Consolidated Financial Statements

Years Ended December 31, 2012 and 2011

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

United Way Worldwide
and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2012 and 2011

United Way Worldwide and Subsidiaries

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Independent Auditor's Report

To the Board of Trustees
United Way Worldwide and Subsidiaries
Alexandria, Virginia

We have audited the accompanying consolidated financial statements of **United Way Worldwide and Subsidiaries** (collectively "the Organization"), which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **United Way Worldwide and Subsidiaries** as of December 31, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

Bethesda, Maryland
April 10, 2013

Consolidated
Financial Statements

United Way Worldwide and Subsidiaries

Consolidated Statements of Financial Position

December 31,	**2012**	2011
Assets		
Current assets:		
Cash and cash equivalents	**$ 14,400,098**	$ 13,688,209
Short-term investments	**7,789,020**	9,723,140
Custodial funds	**3,926,770**	15,159,626
Local United Way receivables, net	**892,383**	2,210,518
Campaign receivables		
Amounts raised on behalf of others	**6,499,756**	19,846,428
Unrestricted campaign receivables	**11,546,044**	6,828,212
Contributions receivable, net	**3,815,766**	3,702,604
Accounts receivable, net	**538,964**	281,308
Inventory, net	**115,109**	272,116
Notes receivable, net	**-**	713,458
Deferred income tax	**-**	13,707
Prepaid expenses and other current assets	**570,077**	628,010
Due from participating local United Ways	**378,488**	520,566
Due from affiliates	**180,820**	343,524
Total current assets	**50,653,295**	73,931,426
Noncurrent assets:		
Custodial funds	**1,499,915**	1,688,891
Notes receivable, net	**556,041**	97,860
Investments	**10,890,988**	6,953,494
Property and equipment, net	**16,293,240**	17,558,443
Contributions receivable, net	**515,584**	1,785,632
Deferred income tax	**-**	542,600
Investment in Truist	**243,529**	-
Other noncurrent assets	**924,708**	910,193
Total noncurrent assets	**30,924,005**	29,537,113
Total assets	**$ 81,577,300**	$ 103,468,539

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiaries

Consolidated Statements of Financial Position

December 31,	**2012**	2011
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 4,203,299**	$ 4,393,399
Distributions payable to local United Ways	**1,137,962**	888,444
Amounts raised on behalf of others	**10,753,025**	18,500,312
Advances on grants not awarded	**-**	3,359,747
Custodial funds	**2,236,540**	9,426,279
Current portion, liability for pension benefits	**1,437,900**	1,440,140
Current portion, postretirement benefits	**158,000**	218,000
Deferred revenue	**3,174,904**	4,039,405
Current portion of grants payable	**107,336**	98,614
Due to affiliates	**-**	477,532
Other current liabilities	**23,570**	33,505
Total current liabilities	**23,232,536**	42,875,377
Noncurrent liabilities:		
Custodial liability	**1,499,915**	1,688,891
Liability for pension benefits, net of current portion	**13,726,613**	14,600,796
Postretirement benefits, net of current portion	**2,127,420**	2,309,684
Long term debt, net of current portion	**706,000**	2,306,000
Grants payable, net of current portion	**552,125**	659,461
Other noncurrent liabilities	**231,443**	420,862
Total noncurrent liabilities	**18,843,516**	21,985,694
Total liabilities	**42,076,052**	64,861,071
Commitments and contingencies		
Net assets:		
Unrestricted	**18,900,685**	18,042,289
Unrestricted - Board Designated	**887,188**	868,724
Temporarily restricted	**15,923,829**	16,026,417
Permanently restricted	**3,789,546**	3,670,038
Total net assets	**39,501,248**	38,607,468
Total liabilities and net assets	**$ 81,577,300**	$ 103,468,539

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiaries

Consolidated Statement of Activities

Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Public support:				
Membership support, net	$ 28,608,133	$ -	$ -	$ 28,608,133
Campaign efforts of Tri-State	-	21,704,177	-	21,704,177
Less: gross amounts raised on behalf of others	-	(13,567,207)	-	(13,567,207)
Add: reversal of allowance for uncollectible pledges	-	20,193	-	20,193
Additional write off from prior year campaigns	(650,637)	-	-	(650,637)
Contributions	36,790,138	13,022,260	119,508	49,931,906
Total public support	64,747,634	21,179,423	119,508	86,046,565
Other revenue:				
Promotional material sales	2,995,160	-	-	2,995,160
Program service fees	2,001,786	210,000	-	2,211,786
Investment income, net	372,620	372,037	-	744,657
Conferences	2,638,556	-	-	2,638,556
Miscellaneous and other	895,319	-	-	895,319
Total other revenue	8,903,441	582,037	-	9,485,478
Net assets released from restrictions	21,864,048	(21,864,048)	-	-
Total revenues	95,515,123	(102,588)	119,508	95,532,043
Expenses				
Program services:				
Investor Relations	39,333,059	-	-	39,333,059
International Network	2,831,097	-	-	2,831,097
Community Impact Leadership & Learning	26,272,340	-	-	26,272,340
Public Policy	1,028,650	-	-	1,028,650
Brand Leadership	10,685,047	-	-	10,685,047
Campaign and Public Relations	4,887,944	-	-	4,887,944
Promotional Material Sales	2,765,479	-	-	2,765,479
Total program services	87,803,616	-	-	87,803,616
Supporting services:				
General and administrative	7,188,432	-	-	7,188,432
Fund-raising	2,364,007	-	-	2,364,007
Total supporting services	9,552,439	-	-	9,552,439
Total expenses	97,356,055	-	-	97,356,055
Changes in net assets before non-operating items	(1,840,932)	(102,588)	119,508	(1,824,012)
Non-operating items				
Pension-related changes other than net periodic pension cost	(596,750)	-	-	(596,750)
Gain on sale of investment in Truist	3,314,542	-	-	3,314,542
Changes in net assets	876,860	(102,588)	119,508	893,780
Net assets, beginning of year	18,911,013	16,026,417	3,670,038	38,607,468
Net assets, end of year	$ 19,787,873	$ 15,923,829	$ 3,789,546	$ 39,501,248

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiaries

Consolidated Statement of Activities

Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Public support:				
Membership support, net	$ 28,378,680	$ -	$ -	$ 28,378,680
Campaign efforts of Tri-State	-	44,757,497	-	44,757,497
Less: gross amounts raised on behalf of others	-	(36,379,931)	-	(36,379,931)
Less: allowance for uncollectible pledges	-	(859,535)	-	(859,535)
Additional revenue from prior year campaigns	698,835	-	-	698,835
Contributions	35,867,434	14,560,380	53,038	50,480,852
Total public support	64,944,949	22,078,411	53,038	87,076,398
Other revenue:				
Promotional material sales	3,363,975	-	-	3,363,975
Program service fees	3,075,683	200,000	-	3,275,683
Investment income, net	153,324	7,770	-	161,094
Conferences	2,061,051	-	-	2,061,051
Miscellaneous and other	870,204	-	-	870,204
Total other revenue	9,524,237	207,770	-	9,732,007
Net assets released from restrictions	20,312,284	(20,312,284)	-	-
Total revenues	94,781,470	1,973,897	53,038	96,808,405
Expenses				
Program services:				
Investor Relations	40,364,301	-	-	40,364,301
International Network	2,454,616	-	-	2,454,616
Community Impact Leadership & Learning	23,331,369	-	-	23,331,369
Public Policy	1,162,824	-	-	1,162,824
Brand Leadership	9,700,644	-	-	9,700,644
Campaign and Public Relations	4,183,375	-	-	4,183,375
Promotional Material Sales	2,438,722	-	-	2,438,722
Total program services	83,635,851	-	-	83,635,851
Supporting services:				
General and administrative	7,898,882	-	-	7,898,882
Fund-raising	2,083,835	-	-	2,083,835
Total supporting services	9,982,717	-	-	9,982,717
Total expenses	93,618,568	-	-	93,618,568
Changes in net assets before non-operating items	1,162,902	1,973,897	53,038	3,189,837
Non-operating items				
Change in tax liability	114,147	-	-	114,147
Pension-related changes other than net periodic pension cos	(6,935,191)	-	-	(6,935,191)
Changes in net assets	(5,658,142)	1,973,897	53,038	(3,631,207)
Net assets, beginning of year	24,569,155	14,052,520	3,617,000	42,238,675
Net assets, end of year	$ 18,911,013	$ 16,026,417	$ 3,670,038	$ 38,607,468

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31,	**2012**	2011
Cash flows from operating activities		
Changes in net assets	**$ 893,780**	$ (3,631,207)
Adjustments to reconcile changes in net assets to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	**1,600,122**	1,952,588
Provision for (reversal of) allowance for doubtful accounts	**(2,382,922)**	381,368
Bad debt (recovery) expense	**(20,950)**	201,000
Provision for allowance for inventory	**23,200**	(3,686)
Inventory write-off	**29,878**	25,000
Realized and unrealized (gain) loss on investments	**(268,018)**	345,972
Permanently restricted contributions received	**(119,508)**	(53,038)
Gain on sale of investment in Truist	**(3,314,542)**	-
Changes in assets and liabilities:		
Custodial funds	**4,043,117**	3,637,491
Local United Way receivables	**1,343,775**	(873,290)
Amounts raised on behalf of others	**5,599,385**	(5,798,368)
Campaign receivables	**(2,358,667)**	595,476
Contributions receivable	**1,157,436**	(1,383,796)
Accounts receivable	**(239,139)**	285,141
Inventory	**103,929**	31,326
Deferred income tax asset	**556,307**	(197,899)
Prepaid expenses and other current assets	**57,933**	(118,100)
Due from participating local United Ways	**142,078**	(325,298)
Due from affiliates	**162,704**	149,417
Other noncurrent assets	**5,309**	(112,645)
Accounts payable and accrued liabilities	**(181,858)**	(2,757,110)
Distributions payable to local United Ways	**249,518**	(1,339,993)
Grants payable	**(98,614)**	(126,551)
Advances on grants not awarded	**(3,359,747)**	2,941,161
Deferred revenue	**(864,501)**	312,946
Due to affiliates	**(477,532)**	93,695
Liability for pension benefits	**(876,423)**	5,244,679
Postretirement benefits	**(242,264)**	169,866
Other liabilities	**(199,354)**	(173,571)
Net cash flows provided by (used in) operating activities	**964,432**	(527,426)
Cash flows from investing activities		
Purchase of property and equipment	**(334,919)**	(598,636)
Proceeds from sale of investments	**17,418,261**	7,983,745
Purchase of investments	**(19,173,441)**	(14,265,295)
Proceeds from sale of investment in Truist	**3,306,300**	-
Investment in Truist	**(243,529)**	-
Issuance of and interest on notes receivable	**255,277**	(55,807)
Net cash flows provided by (used in) investing activities	**1,227,949**	(6,935,993)
Cash flows from financing activities		
Repayment of debt	**(1,600,000)**	(1,718,833)
Permanently restricted contributions received	**119,508**	53,038
Proceeds from borrowing	**-**	1,165,000
Net cash flows used in financing activities	**(1,480,492)**	(500,795)
Net increase (decrease) in cash and cash equivalents	**711,889**	(7,964,214)
Cash and cash equivalents:		
Beginning of year	**13,688,209**	21,652,423
End of year	**$ 14,400,098**	$ 13,688,209

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended December 31, 2012

	Program Services								Supporting Services			
	Investor Relations	International Network	Community Impact Leadership & Learning	Public Policy	Brand Leadership	Campaign and Public Relations	Promotional Material Sales	Total Program Services	General and Administrative	Fund-Raising	Total Supporting Services	Total Expenses
Salaries	3,951,056	1,007,374	8,191,376	647,758	4,098,555	413,785	361,497	18,671,401	3,602,917	1,577,741	5,180,658	23,852,059
Employee benefits and taxes	896,394	192,228	1,828,173	149,262	932,518	77,575	24,932	4,101,082	640,157	341,593	981,750	5,082,832
Professional fees and contract services	386,005	885,465	3,579,438	44,728	2,701,507	12,500	67,478	7,677,121	1,213,468	118,053	1,331,521	9,008,642
Conferences and travel	480,061	389,682	1,814,172	46,064	555,198	26,850	21,435	3,333,462	139,264	109,884	249,148	3,582,610
Subscriptions, dues, and staff development	30,492	6,468	53,965	21,715	56,283	1,069	-	169,992	91,501	22,787	114,288	284,280
Scholarships, grants, and awards	32,890,012	152,018	9,513,235	14,344	1,704,899	4,050,796	-	48,325,304	87,771	20,082	107,853	48,433,157
Supplies	79,856	22,536	128,622	10,522	112,588	18,261	20,590	392,975	73,637	19,123	92,760	485,735
Telephone	123,271	44,262	252,281	16,013	83,871	21,801	23,807	565,306	84,669	44,977	129,646	694,952
Postage and shipping	10,459	3,213	31,271	1,080	7,425	891	29,543	83,882	23,647	1,717	25,364	109,246
Occupancy	109,403	30,385	185,248	16,248	91,071	209,723	-	642,078	561,135	22,767	583,902	1,225,980
Cost of goods sold	-	-	-	-	-	-	1,659,890	1,659,890	-	-	-	1,659,890
Depreciation and amortization	304,847	73,902	526,554	46,189	258,658	52,990	-	1,263,140	272,317	64,665	336,982	1,600,122
Income taxes	-	-	-	-	-	-	556,307	556,307	-	-	-	556,307
Other expenses	71,203	23,564	168,005	14,727	82,474	1,703	-	361,676	397,949	20,618	418,567	780,243
Total expenses	$ 39,333,059	$ 2,831,097	$ 26,272,340	$ 1,028,650	$ 10,685,047	$ 4,887,944	$ 2,765,479	$ 87,803,616	$ 7,188,432	$ 2,364,007	$ 9,552,439	$ 97,356,055

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended December 31, 2011

	Program Services								Supporting Services			
	Investor Relations	International Network	Community Impact Leadership & Learning	Public Policy	Brand Leadership	Campaign and Public Relations	Promotional Material Sales	Total Program Services	General and Administrative	Fund-Raising	Total Supporting Services	Total Expenses
Salaries	$ 4,220,099	$ 1,019,184	$ 7,577,243	$ 715,756	$ 3,454,938	$ 570,251	$ 478,358	$ 18,035,829	$ 3,650,222	$ 1,240,634	$ 4,890,856	$ 22,926,685
Employee benefits and taxes	937,294	201,424	1,744,335	161,909	774,956	51,998	118,522	3,990,438	782,388	279,803	1,062,191	5,052,629
Professional fees and contract services	878,811	548,817	5,977,732	74,155	4,148,162	226,001	126,095	11,979,773	1,441,780	211,439	1,653,219	13,632,992
Conferences and travel	597,550	392,045	2,050,201	51,322	386,596	20,533	19,834	3,518,081	161,620	195,885	357,505	3,875,586
Subscriptions, dues, and staff development	42,313	15,063	43,946	16,982	24,426	5,352	-	148,082	99,780	17,730	117,510	265,592
Scholarships, grants, and awards	32,721,446	23,898	4,374,867	1,851	310,200	2,912,893	-	40,345,155	5,078	1,001	6,079	40,351,234
Supplies	61,118	16,997	187,893	9,150	83,970	15,523	11,836	386,487	79,419	26,493	105,912	492,399
Telephone	173,875	50,761	285,220	20,132	87,359	35,517	19,073	671,937	98,486	17,312	115,798	787,735
Postage and shipping	42,167	7,666	49,041	4,655	19,705	1,646	37,290	162,170	33,582	4,080	37,662	199,832
Occupancy	145,383	36,826	213,589	22,095	84,699	293,579	-	796,171	849,269	18,413	867,682	1,663,853
Cost of goods sold	-	-	-	-	-	-	1,759,852	1,759,852	-	-	-	1,759,852
Depreciation and amortization	417,719	108,498	629,290	65,099	249,546	48,508	-	1,518,660	379,679	54,249	433,928	1,952,588
Income taxes	-	-	-	-	-	-	(132,138)	(132,138)	-	-	-	(132,138)
Other expenses	126,526	33,437	198,012	19,718	76,087	1,574	-	455,354	317,579	16,796	334,375	789,729
Total expenses	$ 40,364,301	$ 2,454,616	$ 23,331,369	$ 1,162,824	$ 9,700,644	$ 4,183,375	$ 2,438,722	$ 83,635,851	$ 7,898,882	$ 2,083,835	$ 9,982,717	$ 93,618,568

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

Organization

United Way Worldwide (UWW) is an international organization supported primarily by local United Ways (LUW's) through membership dues. UWW serves the United Way movement by being a leader in philanthropy and a mobilizer of resources, helping to shape the world's health and human services agenda and create a better quality of life for all. UWW's mission is to improve lives by mobilizing the caring power of communities around the world to advance the common good.

UWW's Tri-State regional office (Tri-State) is responsible for raising charitable funds from employees and companies through United Way campaigns at a group of participating companies whose employees live and/or work in the New York Tri-State region and elect to participate in this specific regional campaign. Workplace campaigns at participating companies are organized in cooperation with local participating United Ways in the Tri-State region.

Tri-State which had generated approximately $40 million of annual gross campaign revenue and expenses for UWW has substantially ceased its campaign operations effective June 30, 2012. The remaining promises to give for the 2011/2012 campaign of $14,487,193 have been recorded in 2012. Tri-State is managing one corporate 2012/2013 campaign. The remaining promises to give for this campaign of $7,216,984 have been recorded in 2012. Funds for the 2011/2012 and 2012/2013 campaigns will be disbursed to participating United Ways through year 2013 and the final campaign close out is expected by December 2013.

United Way Store (UW Store) is a wholly owned, for-profit subsidiary of UWW. UW Store's purpose is to provide sales fulfillment services to local United Ways, UWW, and other organizations. Sales to UWW and local United Ways accounted for approximately 76% and 70% of UW Store's sales for 2012 and 2011, respectively.

United eWay (eWay) combined advanced online giving with integrated pledge processing and fund distribution services for corporate philanthropic programs. eWay was a wholly owned subsidiary of UWW. Effective June 30, 2008, eWay sold substantially all its assets and transferred certain of its liabilities to Create Hope, Inc., a for-profit Delaware corporation. eWay received a 49% preferred stock ownership with voting rights in Truist Inc. (Truist). Subsequent to the sale, eWay transferred its ownership interest to UWW. As part of the transaction in 2008, UWW wrote off its investment in eWay and recorded a loss, net of the value of the Truist stock received. During 2009, the Organization determined that the investment in Truist was impaired and wrote the investment down to $0. eWay was subsequently dissolved effective March 24, 2011.

On July 31, 2012, Truist merged with Truist Holdings, LLC and Truist continued as the surviving corporation. As part of the merger transaction, the outstanding notes and accrued interest payable by Truist to UWW were converted into preferred stock, increasing UWW's ownership interest in Truist to 53.80%. UWW sold its ownership interest in Truist on August 1, 2012 for a gain of $3,314,542 and invested in a smaller ownership interest of 14.8% for $243,529.

United Way Worldwide (Asia) Limited (UWW Asia) is a wholly owned subsidiary of UWW incorporated in Hong Kong on January 19, 2010. UWW Asia obtained tax exempt status on March 21, 2011. There has been no activity by UWW Asia since the date of its incorporation.

Consolidation Policy

The consolidated financial statements include the accounts of UWW, UW Store, and UWW Asia (collectively referred to as "the Organization"). Significant transactions between the companies, including all intercompany balances, have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents are liquid investments with original maturities at the date of purchase of three months or less and consist primarily of money market funds.

Custodial Funds – UWW

Since 1983, Congress has allocated $3.8 billion to the Department of Homeland Security's 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 Program (EFSP), a separate congressionally authorized program of FEMA, which is not consolidated into the Organization's financial statements. UWW was appointed fiscal agent for EFSP. In addition to UWW, other members of the national board include the American Red Cross; Catholic Charities USA; the Jewish Federations of North America; the National Council of Churches of Christ in the U.S.A.; the Salvation Army; and FEMA. As fiscal agent, UWW is the custodian of the funds and is responsible for the administration and disbursement of grants as directed by the national board. UWW charged certain administrative expenses to EFSP totaling $286,000 and $272,000 for the years ended December 31, 2012 and 2011, respectively. In 2012 and 2011 approximately $37,521,000 and $80,747,000, respectively, were distributed in the form of grants to other charitable organizations. As of December 31, 2012 and 2011, undistributed balances of $2,236,540 and $9,426,279, respectively, were included in custodial funds, with a corresponding liability in the accompanying consolidated statements of financial position.

As of December 31, 2012 and 2011, UWW's custodial funds totaled $5,426,685 and $16,848,517, respectively. This total as of December 31, 2012 and 2011 included $1,690,230 and $5,733,347, respectively, designated for amounts raised on behalf of others. Short term custodial funds consist of cash and cash equivalents. Long term custodial funds consist of U.S. Government agency notes, U.S. Treasury notes, common collective trusts, corporate bonds and equity securities.

UWW acts as trustee for certain planned giving investments. Annuity payments are made to the donor, and any residual restricted by the donor benefits LUW's. For the years ended December 31, 2012 and 2011, $1,499,915 and $1,688,891, respectively, of such annuities are included as noncurrent custodial assets and noncurrent custodial liabilities.

Under the Tri-State distribution formula, undesignated campaign pledges from participating companies and their employees, after provision for collection losses and operating expenses, are distributed by a formula based on relative needs and geographic area in which the funds were raised. The formula distribution to participating Local United Ways is recorded when the formula calculation is finalized and approved by the Finance Committee of the UWW Board of Trustees (the Board). The 2011/2012 campaign distribution is reflected in the consolidated statements of activities as distributions to participating local United Ways. Funds for each campaign year are disbursed over a twelve-month period beginning in March of the following year. Distributions payable to local United Ways include the balance of undesignated funds from the 2011/2012 campaign yet to be paid. All of the campaign pledges from the 2012/2013 campaign are designated and will be distributed to specific organizations; therefore, there is no formula distribution to participating local United Ways.

Local United Way Receivables

Local United Way (LUW) receivables consist of amounts due from LUW's for the use of the name and service marks owned by UWW, registration fees for conferences and other miscellaneous charges. An allowance for uncollectible local United Way receivables is provided based on management's judgment, including such factors as prior collection history.

Campaign Receivables

Campaign receivables consist of amounts due from companies and employees for charitable giving campaigns facilitated by Tri-State. The allowance for doubtful accounts is calculated based upon historical collection information from previous campaigns. Once a campaign has been completed, remaining balances in campaign receivables and donor designation payable (which is shown in the consolidated statements of financial position as Amounts Raised on Behalf of Others - ARBO), net of allowances for doubtful accounts and estimated future collections or distributions, are written off through Campaign efforts revenue.

Contributions Receivable

Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of the estimated future cash flows was 2.72% and 2.80% for pledges received in 2012 and 2011, respectively. The discount will be recognized as contributions revenue in future fiscal years as the discount is amortized over the duration of the contributions. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Accounts Receivable

Accounts receivable consist primarily of amounts due from the sale of services or goods. The allowance method is used to determine the uncollectible amounts. An allowance for uncollectible accounts receivable is provided based on management's judgment, including such factors as prior collection history. Accounts receivable are written off if reasonable collection efforts prove unsuccessful.

Inventory

Inventory consists of United Way products and campaign materials as well as other promotional materials held for sale. Inventory is stated at the lower of cost or market, and is valued using the weighted-average cost method. When inventory is determined to be excessive or obsolete, it is reduced by an allowance for estimated excess or obsolete inventory.

UW Store wrote off $29,878 and $25,000 of obsolete inventory for the years ended 2012 and 2011, respectively, and had an allowance of $28,107 and $4,907 at December 31, 2012 and 2011, respectively.

Investments

Investments are reported at fair value based on quoted market prices. Investments classified as short-term are available for operations in the next fiscal year. Unrealized and realized gains and losses are included in the accompanying consolidated statements of activities. Investment earnings are reported net of related expenses, such as custodial, commission, and investment advisory fees.

Property and Equipment

Property and equipment are recorded at cost. The Organization capitalizes expenditures for property and equipment in excess of certain thresholds specified below. Depreciation and amortization are calculated using the straight-line method over the following useful lives for each entity:

	UWW	UW Store
Building	35 years	N/A
Furniture, equipment, and software	3-7 years	3-7 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
Capitalization threshold	$ 2,500	$ 1,000

When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

UWW has art work valued at $256,450 that is not considered to be a collection as per Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-360-25, *Works of Art, Historical Treasures and Similar Items*. The art work is included in property and equipment in the consolidated statements of financial position. The art work was appraised in 1994 and is recorded at the appraisal value. As per FASB ASC Topic 958-360-35, the art work is not depreciated.

Investment in Truist

The investment in Truist is reported at fair value that reflects the present value of Truist's projected future cash inflows and earnings, which approximates its carrying value of $243,529 at December 31, 2012.

Noncurrent Assets

Other noncurrent assets include a trademark, which was initially measured based on its fair value. UWW has one trademark that was purchased in 2008, relating to the "Born Learning" campaign which strives to help parents, care-givers and communities to create quality early learning opportunities for young children. The trademark allows UWW to brand certain products and apparel with the "Born Learning" brand.

The trademark is not amortized as it has an indefinite useful life due to the fact that the "Born Learning" campaign will continue until an undeterminable date in the future. Also included in noncurrent assets are the cash surrender value of life insurance contracts and the plan assets of UWW's deferred compensation plan which are stated at net asset value, which approximates the fair market value.

Impairment of Long-Lived Assets

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the consolidated statements of activities, to its current fair value.

Deferred Revenue

Deferred revenue consists of training programs and conferences as well as deferred service revenue. The Organization recognizes training programs and conference revenues upon their completion. All unexpended training programs and conference and service revenues at year end are deferred and recognized when the related expenditures occur.

Other Noncurrent Liabilities

Other noncurrent liabilities consist of deferred rent, accrued reorganization costs and deferred compensation.

A deferred rent liability has been recorded to reflect the benefit of lease incentives included in the office space lease. The benefits of these incentives, including free rent and a tenant improvement allowance, were recognized ratably over the term of the lease that expired on July 31, 2012.

Net Assets

Unrestricted Net Assets

Unrestricted net assets are available for use in general operations. Board designated net assets is a component of unrestricted net assets, which is a quasi-endowment, established by the Board of Trustees for the purpose of securing the Organization's long-term financial viability.

The International Donor Advised Giving (IDAG) program is a component of unrestricted net assets and was established by the Board of Trustees. Companies, foundations and individuals contribute to IDAG to achieve their philanthropic goals outside of the United States. IDAG provides comprehensive grant-making services to ensure compliance with both U.S. and international laws and UWW retains variance power of all contributions to IDAG.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts that are subject to donor restrictions. The Organization is permitted to use or expend the donated assets in accordance with the donor restriction.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets consist of assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreement.

Revenue Recognition

UWW Membership Revenue

Membership revenue is recorded ratably over the calendar year membership term. Membership of UWW allows local United Ways to use the name owned by UWW, during the period of membership. Membership support is based on a formula driven process. If any LUW does not remit its annual membership support, the LUW's ability to utilize the United Way name can be revoked. Membership revenue is recognized net of training credits provided to the members. These training credits are recorded as deferred revenue until the credit expires or is used by the LUW, at which time the related training revenue is recognized. As of December 31, 2012 and 2011, the amount of the deferred training credit was $2,568,848 and $2,938,165, respectively.

UWW Contributions Revenue

UWW 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 stipulate conditions to be met before the contribution is made are not accrued until the conditions are met. As of December 31, 2012 and 2011, UWW had received conditional promises to give totaling $5,800,000 for the renovation of the office building in Alexandria, Virginia.

Temporarily restricted campaign efforts, as shown in the consolidated statements of activities, reflect the portion of the final campaign processed through Tri-State that was partially recognized in 2012. The 2011/2012 campaign, substantially distributed during 2012, consists of donations pledged by companies and their employees. Only pledges that were supported by documentation substantiating both the donor's unconditional promise to give and the instructions on the use of those funds were recorded in 2011. The remaining promises to give for the 2011/2012 campaign were recorded in 2012 as supporting documentation became available. Similarly, for the 2012/2013 campaign only those pledges that provide both the documentation for the supporting unconditional promise to give and donor instructions on the use of funds were recorded at December 31, 2012.

Campaign efforts include contributions, amounts raised on behalf of others (ARBO), and amounts raised by participating companies paid directly to recipient organizations. Contributions and pledges are recognized as revenue in the period received or promised. Pledges received where the donor designates that the gift is for a specific United Way or nonprofit agency are accounted for as agency transactions. Accordingly, while such amounts raised on behalf of others are included in total campaign efforts in the accompanying consolidated financial statements they are deducted prior to reporting net distributable contributions. Amounts paid directly are contributions raised in the Tri-State region as part of the Tri-State's annual campaign.

In 2012 and 2011, unrestricted revenue includes additional (expense)/income of ($650,637) and $698,835, respectively, recorded as additional write off/revenue from prior year campaigns and a change to the allowance for uncollectible pledges. The amounts are losses/gains realized from worse/better than anticipated pledge collections and an adjustment in the liability amounts raised on behalf of others for the 2010/2011 and 2009/2010 Tri-State campaigns, which were closed out during 2012 and 2011, respectively. Included within the net assets released from restrictions in 2012 and 2011 are the total Tri-State 2011/2012 and 2009/2011 campaign efforts, respectively, as well as amounts raised on behalf of others and the change in allowance for uncollectible pledges.

Expenses

Expenses are recognized by the Organization during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

Functional Allocation of Expenses

The costs of providing various program and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services and Materials

A substantial number of volunteers have donated significant amounts of time to the Organization's program services and to its fund-raising campaigns. No amounts have been recognized in the consolidated statements of activities since time contributed by Organization volunteers do not fall into the criteria established by the Financial Accounting Standards Board in this area.

Donated materials, including software, are recorded at fair value at the date of donation.

The Organization records donated services, including advertising, at the fair market value of the services received.

Endowment

The Organization's endowment consists of one fund established for the purpose of providing home care and assisted living to the elderly poor, with specific reference to assisting older people to remain in their own homes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees has determined that an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the Organization's endowment fund. UPMIFA provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organizations, and UPMIFA imposes additional duties on those who manage and invest charitable funds. These duties provide additional protections for charities and also protect the interests of donors who want to see their contributions used wisely.

The Organization classifies as permanently restricted net assets the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets, generally investment income, is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

When a donor expresses intent clearly in a written gift instrument, the Organization follows the donor's instructions. When a donor's intent is not so expressed, the Organization shall spend an amount from the fund that is prudent, consistent with the purposes of the fund, relevant economic factors, and the donor's intent that the fund continues in perpetuity. As a result of the determination that an enacted version of UPMIFA applies in accounting for endowment funds, the Organization follows ASC 958-205.

Investment Policy Statement

The fundamental investment objectives for investments are to ensure safety and preservation of principal, meet liquidity needs, apply diversification and risk limits appropriate to the investment pools and achieve optimal net investment returns subject to the risk tolerance, investment pool objectives and policy constraints. The asset pools in which the endowment funds are invested require current income which is the minimum needed for expenses and prudent liquidity, growth of income for planning and execution of distributions, and capital growth for long term growth and sustainability.

Spending Policy Statement

In making expenditures from endowment funds, the Board of Trustees shall first comply with any restrictions or requirements in the gift instrument as to purpose and amount. Except as otherwise provided by the gift instrument, in making expenditures from endowment funds, the Board shall take into account all relevant considerations including but not limited to the long and short term needs of the Organization in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions. The Board shall conduct an annual analysis of the historic dollar value of the endowment funds plus an inflation factor of three percent (3%) and may spend any amount in excess of inflation-adjusted historic dollar value so long as such amount is attributable to net realized gains from any property or unrealized gains attributable to marketable securities.

In order to provide for consistent expenditures from endowment funds from year to year, the Board may elect to adopt a “take-down” schedule that would provide for expenditure of a specified percentage of the 3 year’s end of year average of the Fund’s market value of Donor Restricted Funds, subject to the limitations of the gift instruments and applicable state law, not to exceed the amount that could be expended under the provisions above. The Board is not required to appropriate any amount.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments and Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, custodial funds and investments held at creditworthy financial institutions. The majority of financial investments are held in trust in the name of UWW which protects against credit risk of the financial institution holding the investments. There is also limited credit risk associated with LUW, campaign, contributions and accounts receivable. The credit risk with respect to receivables is limited because the Organization deals with a large number of LUW’s, donors and customers in a wide geographic area.

Reclassifications

Certain accounts in the 2011 consolidated financial statements have been reclassified to conform with the current year consolidated financial statement presentation.

1. Uninsured Cash and Cash Equivalents

The Organization maintains its cash balances at several financial institutions which, at times, may exceed federally insured limits. On November 9, 2010, the Federal Deposit Insurance Corporation (FDIC) Board of Directors issued a final rule to implement Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited deposit insurance coverage for non-interest bearing transaction accounts at all FDIC-insured depository institutions. The separate coverage for non-interest-bearing transaction accounts became effective on December 31, 2011 and terminates on December 31, 2012. Beginning 2013, insurance coverage will revert to $250,000 per depositor at each financial institution and the non-interest bearing cash balances may again exceed federally insured limits. At December 31, 2012 and 2011, the Organization held $6,628,903 and $4,618,264, respectively, in uninsured cash and cash equivalents. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents.

2. Investments

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

December 31,	**2012**	2011
Corporate bonds	**$ 7,495,552**	$ 6,656,481
Government agency notes	**4,913,885**	2,543,284
Equity securities	**3,136,698**	2,580,633
Bond funds	**2,530,218**	2,228,292
U.S. Treasury notes	**507,846**	2,350,904
Corporate stocks	**95,809**	317,040
	18,680,008	16,676,634
Less: short-term investments	**7,789,020**	9,723,140
	$ 10,890,988	$ 6,953,494

Interest income, net of investment expenses, for the years ended December 31, 2012 and 2011 was $476,639 and $507,066, respectively. The realized and unrealized gain (loss) for the years ended December 31, 2012 and 2011 was $268,018 and $(345,972), respectively.

3. Custodial Funds

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

December 31,	**2012**	2011
Cash and cash equivalents	**$ 3,926,770**	$ 15,159,626
Equity securities	**318,329**	505,924
Corporate bonds	**325,574**	325,385
U.S. Government agency notes	**230,586**	448,282
U.S. Treasury notes	**198,020**	-
Common collective trusts	**427,406**	409,300
	5,426,685	16,848,517
Less: short-term custodial funds	**3,926,770**	15,159,626
	$ 1,499,915	$ 1,688,891

4. Fair Value Measurements

The following methods and assumptions were used by the Organization in estimating the fair value of other financial instruments, which consist of investments and custodial funds. As defined in FASB ASC Topic 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Organization primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information.

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

Level 1 Inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level 3 Inputs: Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

A summary of investments and custodial fund investments summarized by input level as of December 31, 2012 is as follows:

December 31,	Level 1	Level 2	Total
Investments:			
Corporate bonds			
Large cap	$ 7,495,552	$ -	$ 7,495,552
Equity securities			
Large cap	1,783,643	-	1,783,643
Mid cap	432,209	-	432,209
Small cap	219,724	-	219,724
International	467,161	-	467,161
Emerging markets	233,961	-	233,961
Government agency notes	4,913,885	-	4,913,885
U.S. Treasury notes	507,846	-	507,846
Bond funds	1,657,785	872,433	2,530,218
Corporate stocks	95,809	-	95,809
Total investments	$ 17,807,575	$ 872,433	$ 18,680,008
Custodial funds:			
Equity securities			
Large cap	$ 318,329	$ -	$ 318,329
Corporate bonds			
Large cap	325,574	-	325,574
U.S. Government agency notes	230,586	-	230,586
U.S. Treasury notes	198,020	-	198,020
Common collective trusts	-	427,406	427,406
Total custodial funds	$ 1,072,509	$ 427,406	$ 1,499,915

A summary of investments and custodial fund investments summarized by input level as of December 31, 2011 is as follows:

December 31,	Level 1	Level 2	Total
Investments:			
Corporate bonds			
Large cap	$ 6,656,481	$ -	$ 6,656,481
Equity securities			
Large cap	1,534,896	-	1,534,896
Mid cap	358,464	-	358,464
Small cap	180,515	-	180,515
International	342,302	-	342,302
Emerging markets	164,456	-	164,456
Government agency notes	2,543,284	-	2,543,284
U.S. Treasury notes	2,350,904	-	2,350,904
Bond funds	1,590,598	637,694	2,228,292
Corporate stocks	317,040	-	317,040
Total investments	$ 16,038,940	$ 637,694	$ 16,676,634
Custodial funds:			
Equity securities			
Large cap	$ 505,924	$ -	$ 505,924
U.S. Government agency notes	448,282	-	448,282
Common collective trusts	-	409,300	409,300
Corporate bonds			
Large cap	325,385	-	325,385
Total custodial funds	$ 1,279,591	$ 409,300	$ 1,688,891

The fair market value of a financial instrument is defined in FASB ASC Topic 825, *Financial Instruments,* as "the amount at which the instrument could be exchanged in a current transaction between willing parties." The carrying amounts reported in the accompanying consolidated statements of financial position for local United Way receivables, campaign receivables, contributions receivable, accounts receivable, notes receivable and debt, approximate fair value given the short-term nature of the financial instruments or conversely are based on a non-recurring assessment of fair value.

Level 2 Valuation Process

Bond Funds

The bond funds' primary investment objective is to provide as high a level of current income over time as is believed to be consistent with prudent investment risk. A secondary objective is preservation of capital. The underlying fund seeks to achieve its objective by investing primarily in investment-grade, publicly traded debt securities, such bonds, U.S. government and agency securities, including mortgage-backed securities and zero coupon securities. Preservation of shareholder capital is a secondary objective.

The bond funds' net asset value is equal to the sum of the value of the securities the fund holds plus cash or other assets including interest or dividends accrued minus liabilities including accrued expenses. The net asset value of the fund is determined daily based upon the market price of underlying debt securities.

Common Collective Trusts

The fund seeks to achieve its investment objective by investing substantially all of its assets in the Portfolio, the "master fund" that has the same investment objective as, and investment policies that are substantially similar to those of, the fund. This is commonly referred to as a "master/feeder" complex, with the fund serving as the "feeder" fund and the Portfolio serving as the "master" fund. The portfolio uses a passive management strategy designed to track the performance of the S&P 500.

The portfolio is not managed according to traditional methods of "active" investment management, which involve the buying and selling of securities based upon economic, financial and market analysis and investment judgment. Instead, the portfolio utilizes a "passive" or "indexing" investment approach, attempting to replicate the investment performance of the S&P 500 Index, before expenses.

The value of individual instruments held by the fund generally are valued at:

- Market value (generally determined at the closing time of the market on which they are traded);
- Fair value (when market quotations are not readily available or subsequent events suggest the market quotation no longer is reliable); and
- Amortized cost (for debt securities maturing within 60 days).

Additionally, the Organization's investment advisor performs on-going due diligence of the funds which includes benchmarking and comparing the results of the fund to certain indexes. The Organization's investment advisor meets periodically with the Organization's Investment and Pension Committee and reports the performance of the fund.

There were no changes in valuation techniques noted for the bond funds and common collective trusts for 2012 and 2011.

Net Asset Value (NAV) Per Share

In accordance with Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures (ASC Topic 820) – Investment in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, the Organization expanded its disclosures to include the class, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share or its equivalent for which fair value is not readily determinable, as of December 31, 2012 and 2011.

The following table sets forth a summary of the Organization's investments with a reported NAV as of December 31, 2012:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
Bond funds	**$ 872,433**	**$ -**	**Daily**	**1**

The following table sets forth a summary of the Organization's investments with a reported NAV as of December 31, 2011:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
Bond funds	$ 637,694	$ -	Daily	1

The bond funds objectives are to provide a reasonable level of current income over time and to preserve capital. The funds are invested in investment-grade, publicly traded debt securities such as bonds, U.S. government and agency securities.

5. Local United Way Receivables

Local United Way receivables consist of the following at:

December 31,	**2012**	2011
Local United Way receivables	**$ 921,868**	$ 2,265,643
Allowance for doubtful accounts	**(29,485)**	(55,125)
Local United Way receivables, net	**$ 892,383**	$ 2,210,518

Bad debt expense is determined based on management's judgment, including such factors as prior collection history. There was no bad debt expense for the years ended December 31, 2012 and 2011 related to local United Way receivables.

6. Campaign Receivables

Campaign receivables and allowance for uncollectible pledges consist of the following at:

December 31,	**2012**	2011
Amounts raised on behalf of others	**$ 6,499,756**	$ 19,846,428
Unrestricted campaign receivables	**11,546,044**	6,828,212
Total campaign receivables	**$ 18,045,800**	$ 26,674,640

December 31,	**2012**	2011
Campaign receivables, gross	**$ 20,991,238**	$ 31,979,243
Allowance for uncollectible pledges	**(2,945,438)**	(5,304,603)
Campaign receivables, net	**$ 18,045,800**	$ 26,674,640

7. Contributions Receivable

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

December 31,	**2012**	2011
Amounts due in:		
Less than one year	**$ 4,160,318**	$ 4,047,706
One to five years – net of discount	**515,584**	1,785,632
Total contributions receivable	**4,675,902**	5,833,338
Less: allowance for doubtful accounts	**(344,552)**	(345,102)
	4,331,350	5,488,236
Less: contributions receivable current	**3,815,766**	3,702,604
Contributions receivable – noncurrent	**$ 515,584**	$ 1,785,632

Bad debt expense related to contributions receivable totaled $0 and $200,000 for the years ended December 31, 2012 and 2011, respectively.

8. Accounts Receivable

Accounts receivable consist of the following at:

December 31,	**2012**	2011
Accounts receivable	**$ 590,472**	$ 330,383
Allowance for doubtful accounts	**(51,508)**	(49,075)
Total	**$ 538,964**	$ 281,308

Bad debt (recovery) expense related to accounts receivable totaled ($20,950) and $1,000 for the years ended December 31, 2012 and 2011, respectively.

9. Notes Receivable

On August 24, 2009, UWW made a loan to Truist for $445,343 with an interest rate of prime plus 4% per annum and a maturity date of September 30, 2010. The loan was part of the final negotiated settlement for the sale of eWay assets and the resulting 49% ownership interest in Truist by UWW. The loan was renegotiated on December 9, 2010 and was converted into a convertible note with an interest rate of 8% per annum and a maturity date of March 31, 2012. As part of the amendment dated December 9, 2010, at any time prior to repayment in full, the principal and accrued interest may at the election of UWW be converted into validly issued, fully paid and non-assessable whole shares of the most senior equity class of shares of Truist. If this is Truist's Series E preferred stock, the conversion price shall be $0.118753 per share. The balance of the note receivable and accrued interest at December 31, 2011 was $524,959. The outstanding balance was converted to preferred stock and was sold as part of the sale of investment in Truist on August 1, 2012.

On December 17, 2009, UWW made a loan to Truist for $162,040 with an interest rate of 8% per annum and a maturity date of December 16, 2011. The loan was renegotiated on December 9, 2011 and was converted into a convertible note with an interest rate of 8% per annum and a maturity date of March 31, 2012. This note is one of the notes issued by Truist as part of an offering of notes that have an aggregate original principal amount of up to $700,000. This note is subordinated to Truist indebtedness to Bridge Bank National Association. At any time prior to repayment in full, the principal and accrued interest may at the election of UWW be converted into validly issued, fully paid and non-assessable whole shares of the most senior equity class of shares of Truist. If this is Truist's Series E Convertible Preferred Stock, the conversion price shall be $0.098961 per share for the first $42,214 of the principal and corresponding accrued interest. The conversion price per share shall be $0.118753 for the remainder due. If it is not Series E, then the conversion price per share shall be equal to the price per share in the related offering of such senior equity class of shares. The balance of the note receivable and accrued interest at December 31, 2011 was $188,499. The outstanding balance was converted to preferred stock and was sold as part of the sale of investment in Truist on August 1, 2012.

On December 9, 2010, UWW made a loan to Truist for $90,209 with an interest rate of 8% per annum and a maturity date of March 31, 2013. The note provides for funding to Truist up to a total of $171,380, upon written notice from Truist. This note was subordinated to Truist indebtedness to Bridge Bank National Association. At any time prior to repayment in full, the principal and accrued interest may at the election of UWW be converted into validly issued, fully paid and non-assessable whole shares of the most senior equity class of shares of Truist. If this is Truist's Series E Convertible Preferred Stock, the conversion price shall be $0.118753 per share for the first $28,663 of the principal and corresponding accrued interest. The conversion price per share shall be $0.098961 for the remainder due. If it is not Series E, then the conversion price per share shall be equal to the price per share in the related offering of such senior equity class of shares. The balance of the note receivable and accrued interest at December 31, 2011 was $97,860. The outstanding balance was converted to preferred stock and was sold as part of the sale of investment in Truist on August 1, 2012.

On August 1, 2012, UWW made a loan to Truist for $538,000 with an interest rate of 5% per annum and a maturity date of May 31, 2017. The note is part of the total consideration for the sale of the investment in Truist and is subordinated to Truist's obligations to its lenders under any line of credit, working capital loan or similar loans. The balance of the note receivable and accrued interest at December 31, 2012 was $556,041.

10. Property and Equipment

Property and equipment consists of the following at:

December 31,	**2012**	2011
Land	**$ 2,102,080**	$ 2,102,080
Building and building improvements	**24,972,728**	24,967,871
Leasehold improvements	**8,055**	816,495
Furniture, artwork, equipment, and software	**9,256,320**	11,229,056
	36,339,183	39,115,502
Less: accumulated depreciation and amortization	**(20,045,943)**	(21,557,059)
	$ 16,293,240	$ 17,558,443

Depreciation and amortization expense totaled $1,600,122 and $1,952,588 for the years ended December 31, 2012 and 2011, respectively.

11. Debt

In October 2011, UWW's line-of-credit was amended and renewed. The expiration date on the line-of-credit was extended until August 2013. Borrowing limits on the line-of-credit are a maximum of $2,000,000. The interest rate on the line-of-credit remained at LIBOR plus 2.0%. There were no borrowings under the line-of-credit as of December 31, 2012 and 2011. UWW incurred no interest expense for the years ended December 31, 2012 and 2011.

UW Store had a $250,000 line-of-credit agreement that expired on June 18, 2012. The interest rate on the line-of-credit was LIBOR plus 2.75%, payable monthly. UW Store 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 as of December 31, 2012 and 2011, respectively. UW Store incurred no interest expense for the years ended December 31, 2012 and 2011.

In 2008, UWW assumed the remaining balance of $3,451,000 of a term loan agreement that eWay entered into on May 18, 2004 and renegotiated the interest rate to LIBOR plus 1.3% payable monthly. The initial loan amount was $5,000,000 and had an interest rate of LIBOR plus 2.5%, payable monthly. UWW's principal repayment of approximately $88,000 per month increased to $104,000 per month in June 2009. During the year ended December 31, 2011, UWW made principal payments of $518,833. The interest rate as of December 31, 2011 was 1.56%. Interest expense was $1,341 for the year ended December 31, 2011. UWW repaid the loan in full in May 2011.

On December 18, 2009, UWW agreed to a construction loan up to $6,000,000 to partially fund the renovation of its building in Alexandria, Virginia. The interest rate on the loan is LIBOR plus 2.5%. As of December 31, 2012 and 2011, $3,506,000 had been advanced on the loan. During the years ended December 31, 2012 and 2011, UWW made principal payments of $1,600,000 and $1,200,000, respectively. As of December 31, 2012 and 2011, the outstanding loan balance was $706,000 and $2,306,000, respectively. The interest rate as of December 31, 2012 and 2011 was 2.71% and 2.79%, respectively. Interest expense was $53,470 and $91,461 for the years ended December 31, 2012 and 2011, respectively.

UWW was in compliance with all debt covenants as of December 31, 2012. The principal of the loan matures in accordance with the maximum amount of outstanding principal.

According to the loan agreement, the maximum amount of outstanding principal on the loan cannot exceed the following amounts:

Period	Outstanding Principal Maximum
December 18, 2009 – April 29, 2011	$ 6,000,000
April 30, 2011 – April 29, 2012	$ 4,500,000
April 30, 2012 – April 29, 2013	$ 2,700,000
April 30, 2013 – April 29, 2014	$ 1,500,000
April 30, 2014 and thereafter	$ -

12. Pension and Other Postretirement Benefits

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

Pension Plan of United Way Worldwide

The UWW Plan (UWW Plan) is a qualified, noncontributory defined benefit pension plan, which includes UW Store and eWay, and covers employees who have reached the age of 21 and completed one year of employment. An employee's interest becomes fully vested upon the completion of three years or five years of service, depending on the date of hire, and is generally payable upon attainment of early retirement age. Contributions to the plan are based on actuarially determined amounts.

Effective July 1, 2005, the benefit levels of participants in the UWW Plan were partially frozen as of the effective date of the change and precluded new employees from participating in the UWW Plan.

Effective July 1, 2008, UWW assumed eWay's portion of the liability and expense of the UWW Plan.

The Defined Benefit Plan for Employees of United Way of Tri-State (Tri-State Plan) was merged into the UWW Plan effective January 1, 2008.

Effective June 30, 2006, the benefit levels of participants in the Tri-State Plan were frozen as of the effective date of the change and precluded new employees from participating in the Tri-State Plan.

The Tri-State Plan is a qualified, noncontributory defined benefit pension plan, which covers employees as of the date of hire. An employee's interest becomes fully vested upon the completion of five years of service and is generally payable upon attainment of early retirement age. Contributions to the plan are based on actuarially determined amounts.

The following is a summary of the funded status of the UWW Plan as of December 31, 2012 and 2011 and the key assumptions used by the UWW Plan's actuary. The calculations are performed based on measurement dates of December 31, 2012 and December 31, 2011 for the years ended December 31, 2012 and 2011, respectively.

Obligations and Funded Status

December 31,	**2012**	2011
Accumulated benefit obligation	**$ 44,105,803**	$ 40,791,946
Projected benefit obligation	**$ 45,325,470**	$ 42,538,413
Fair value of plan assets	**32,554,184**	28,522,903
Funded status – under funded	**(12,771,286)**	(14,015,510)
Underfunded pension liability	**$ 12,771,286**	$ 14,015,510

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

Years ended December 31,	**2012**	2011
(Gain) loss due to assets	**$ (1,535,705)**	$ 1,825,697
Loss due to change in discount rate, rate of compensation increase and other assumptions	**3,354,915**	3,786,747
(Gain) loss due to participant experience	**(1,296,697)**	1,178,181
Total	**$ 522,513**	$ 6,790,625

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

Years ended December 31,	**2012**	2011
Employer contributions	**$ 1,582,125**	$ 1,468,294
Benefits paid	**$ 1,201,480**	$ 1,112,370

Net Periodic Benefit Cost

Components of net periodic benefit cost recognized as expenses in the accompanying consolidated statements of activities for the years ended December 31, 2012 and 2011 were:

Years ended December 31,	**2012**	2011
Interest cost	**$ 1,930,317**	$ 1,995,277
Expected return on assets	**(2,114,931)**	(2,265,384)
Amortization of loss	**1,922,266**	1,102,455
Net periodic benefit cost	**$ 1,737,652**	$ 832,348

Assumptions

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

Years ended December 31,	**2012**	2011
Benefit Obligation:		
Discount rate	**4.00%**	4.60%
Rate of compensation increase	**3.25%**	3.75%
Expected return on plan assets	**7.75%**	7.75%
Net Periodic Benefit Cost:		
Discount rate	**4.60%**	5.50%
Rate of compensation increase	**3.75%**	4.50%
Expected return on plan assets	**7.75%**	8.00%

The expected long-term rate of return on assets assumption was 7.75% as of December 31, 2012 and 2011. This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined to reflect expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The expected long-term rate of return was determined by multiplying the historical rate of return for an asset class by the percentage of plan assets invested in that class and then adding the result for all classes. In general, it was based on returns for the Plans' target asset allocations.

Plan Assets

The fair value of plan assets by asset class as of December 31, 2012 and 2011 were:

December 31,	**2012**	2011
Cash and cash equivalents	**$ -**	$ 549,710
Pooled separate accounts - bond funds	**10,957,155**	9,192,677
Pooled separate accounts - equity securities	**21,597,029**	18,780,516
Total	**$ 32,554,184**	$ 28,522,903

The fair market value of plan assets, consisting of pooled separate accounts, qualified as Level 2 investments under the FASB ASC Topic 820 hierarchy. The units held in pooled separate accounts are valued at the unit values as reported by the UWW Plan trustee as of December 31, 2012 and 2011. The unit values are based upon the market values of underlying investments as determined periodically by the UWW Plan trustee.

The UWW Plan assets are diversified to minimize risk and maximize returns. In 2012 UWW adopted a Dynamic Asset Allocation strategy. Asset allocations will change in accordance with funded attainment levels. As of December 31, 2012, the targeted asset allocation was 65% equities and 35% fixed income based upon a funded status of less than 75% based on market value and the funding target liability on a full IRS yield curve. The UWW Plan assets are managed by professional investment managers and are monitored by UWW's management, Finance Committee, and Investment and Pension Subcommittee.

Estimations of Future Activity

Expected amortization of the net actuarial loss during the year ended December 31, 2013 is $1,782,814.

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

Years ending December 31,	
2013	$ 1,367,000
2014	$ 1,444,000
2015	$ 1,560,000
2016	$ 1,712,000
2017	$ 1,971,000
2018 – 2022	$ 11,461,000

The UWW Plan is positioned to meet the minimum funding requirement as outlined in the Pension Protection Act of 2006. As of January 1, 2012, 102.32% of the Funding Target Liability for the UWW plan was funded. UWW continues to monitor the funded status of its defined benefit plan and to evaluate potential strategies that ensure the plan is managed in compliance with pension laws and regulations.

United Way Worldwide Non-Qualified Plans

The Non-Qualified Plans are described below by type of plan.

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

The SERP is a non-qualified, noncontributory plan established in 2000. This plan was established to replace benefits in the qualified plan for participants affected by Internal Revenue Service (IRS) salary limits, as well as benefit limits.

The following is a summary of the funded status of the Non-Qualified Plans as of December 31, 2012 and 2011 and the key assumptions used by the actuary. The calculations are performed based on measurement dates of December 31, 2012 and December 31, 2011 for the years ended December 31, 2012 and 2011, respectively.

Obligations and Funded Status

December 31,	**2012**	2011
Projected benefit obligation	**$ 2,149,969**	$ 1,799,424
Fair value of plan assets	**84,075**	82,714
Funded status – under funded	**$ (2,065,894)**	$ (1,716,710)
Unfunded pension liability	**$ 2,065,894**	$ 1,716,710

The Organization has a segregated account specifically for funding the SERP. The balance in the account was $1,301,041 and $1,004,195 as of December 31, 2012 and 2011, respectively. This account balance is not included in the calculation of the unfunded pension liability.

Items not yet recognized as a component of net periodic pension cost as of December 31, 2012 and 2011 are as follows:

December 31,	**2012**	2011
Loss due to assets	**$ 600**	$ 4,289
Loss due to change in discount rate, rate of compensation increase and other assumptions	**168,403**	201,517
Loss (gain) due to participant experience	**134,437**	(111,172)
Total	**$ 303,440**	$ 94,634

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

Years ended December 31,	**2012**	2011
Employer contributions	**$ 34,597**	$ -
Benefits paid	**$ 34,597**	$ -

Net Periodic Benefit Cost

Components of net periodic benefit cost recognized as expenses in the accompanying consolidated statements of activities for the years ended December 31, were:

Years ended December 31,	**2012**	2011
Interest cost	**$ 82,302**	$ 88,573
Expected return on assets	**(1,961)**	(5,916)
Amortization of loss	**63,448**	12,765
Effect of special events	**(52,030)**	-
Net periodic benefit cost	**$ 91,759**	$ 95,422

Assumptions

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

Years ended December 31,	**2012**	2011
Benefit Obligation:		
Discount rate	**4.00%**	4.60%
Rate of compensation increase	**3.25%**	3.75%
Expected return on plan assets	**2.60%**	2.60%
Net Periodic Benefit Cost:		
Discount rate	**4.60%**	5.50%
Rate of compensation increase	**3.75%**	5.00%
Expected return on plan assets	**2.60%**	8.00%

The expected long-term rate of return on assets assumption was 2.60% as of December 31, 2012 and 2011. This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined to reflect expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The expected long-term rate of return was determined by multiplying the historical rate of return for an asset class by the percentage of plan assets invested in that class and then adding the result for all classes. In general, it was based on returns for the Plans' target asset allocations.

Plan Assets

The fair value of plan assets by asset category as of December 31, were:

December 31,	**2012**	2011
Cash	**$ 84,075**	$ 82,714

The fair market value of plan assets, consisting of cash, qualified as Level 1 investments under the FASB ASC Topic 820 hierarchy.

The Non-Qualified Plan assets are managed by professional investment managers and are monitored by UWW's management, Finance Committee, and Investment and Pension Subcommittee.

Estimations of Future Activity

Expected amortization of the net actuarial loss during the year ended December 31, 2013 is $265,765.

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

Years ending December 31,	
2013	$ 699,500
2014	$ 17,400
2015	$1,280,200
2016	$ 17,000
2017	$ 16,800
2018 – 2022	$ 76,000

The Organization does not expect to make contributions to the Non-Qualified Plans in 2013.

United Way Worldwide Postretirement Benefit Plans

UWW Postretirement Benefit Plan

UWW provides health care and life insurance benefits to certain retired employees (Post Retirement Benefit Plan). Employees become eligible for benefits in meeting certain age and service requirements. Spouses of eligible participants are also eligible if they meet certain requirements. The United Way Worldwide's policy is to fund these benefits through premium reimbursements to participants. However, in conformity with FASB ASC Topic 715-60, *Employers' Accounting for Postretirement Benefits Other Than Pensions*, the cost of providing these benefits is to be accrued over the service period of the active employee group.

Certain employees retiring from UWW on or after attaining age 55 and with five years of credited service are entitled to postretirement life insurance and medical and dental benefit coverage. These benefits are subject to deductibles, co-payment provisions, and other limitations. This plan is frozen and not open to new participants.

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

Tri-State Postretirement Benefit Plan

Tri-State provides a flat dollar amount of life insurance benefits to certain retired employees (Post Retirement Benefit Plan). Employees become eligible for benefits by meeting certain age and service requirements. However, in conformity with FASB ASC Topic 715-60, and as amended by FASB ASC Topic 715-30, the cost of providing these benefits are to be accrued over the average remaining lifetime of the retiree group.

Certain employees retiring from Tri-State on or after attaining age 55 and with five years of credited service are entitled to postretirement life insurance coverage. The life insurance amount is generally a flat $35,000 benefit with a few individuals entitled to slightly lesser amounts. This plan is frozen and not open to new participants. There are no plan assets associated with this obligation.

The following is a summary of the funded status of the Postretirement Plans as of December 31, 2012 and 2011 and the key assumptions used by the actuary. The calculations are performed based on measurement dates of December 31, 2012 and December 31, 2011 for the years ended December 31, 2012 and 2011, respectively.

Obligations and Funded Status

December 31,	**2012**	2011
Accumulated benefit obligation	**$ 2,285,420**	$ 2,527,684
Fair value of plan assets	**-**	-
Funded status – under funded	**$ (2,285,420)**	$ (2,527,684)
Unfunded pension liability	**$ 2,285,420**	$ 2,527,684

Items not yet recognized as a component of net periodic pension cost as of December 31, 2012 and 2011 are as follows:

December 31,	**2012**	2011
Loss due to change in discount rate, rate of compensation increase and other assumptions	**$ 120,403**	$ 184,408
Gain in participant experience	**(349,606)**	(134,476)
Total	**$ (229,203)**	$ 49,932

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

Years ended December 31,	**2012**	2011
Employer contributions	**$ 148,975**	$ 18,855
Benefits paid	**$ 148,975**	$ 18,855

Net Periodic Benefit Cost

Components of net periodic postretirement benefit cost recognized as expenses in the accompanying consolidated statements of activities for the years ended December 31, were:

Years ended December 31,	**2012**	2011
Service cost	**$ 24,655**	$ 13,946
Interest cost	**111,259**	124,843
Net amortization		
Amortization of prior service cost	**25,272**	25,272
Amortization of net gain	**(39,192)**	(49,743)
Net periodic benefit cost	**$ 121,994**	$ 114,318

Assumptions

The weighted average assumptions were:

	2012	2011
Measurement date	**December 31, 2012**	December 31, 2011
Discount rate	**4.00%**	4.60%

Plan Assets

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

Estimations of future activity

Estimated amounts to be amortized during the year ending December 31, 2013:

	2013
Prior service cost	$ 25,272
Net actuarial gain	$ (61,567)

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

Years ending December 31,		
2013	$	158,000
2014	$	160,000
2015	$	166,000
2016	$	166,000
2017	$	183,000
2018 – 2022	$	865,000

UWW plans to make contributions amounting to $158,000 during 2013 to the Postretirement Plan.

Tri-State Make-up Plan

Tri-State maintains an additional non-qualified benefit plan to provide employees with the benefits they are not eligible to receive under the qualified pension plan because of limits imposed by ERISA and the Internal Revenue Code (IRC). The projected benefit is estimated to be $327,333 and $308,716, which is accrued as of December 31, 2012 and 2011, respectively. Pension expense for these benefits amounted to $18,617 and $15,164 for the years ended December 31, 2012 and 2011, respectively.

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

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

December 31,	**2012**	2011
UWW Plan	**$ 12,771,286**	$ 14,015,510
Non-qualified plans	**2,065,894**	1,716,710
Tri-State Make-up Plan	**327,333**	308,716
Total recognized liability	**$ 15,164,513**	$ 16,040,936
Current portion, liability for pension benefits	**$ 1,437,900**	$ 1,440,140
Noncurrent portion, liability for pension benefits	**13,726,613**	14,600,796
Total liability for pension benefits	**$ 15,164,513**	$ 16,040,936

The following table presents a reconciliation of the components of the postretirement benefits to the presentation in the consolidated financial statements at:

December 31,	**2012**	2011
Post retirement benefit plans	**$ 2,285,420**	$ 2,527,684
Current portion, postretirement benefits	**$ 158,000**	$ 218,000
Noncurrent portion, postretirement benefits	**2,127,420**	2,309,684
Total postretirement benefits	**$ 2,285,420**	$ 2,527,684

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

Years ended December 31,	**2012**	2011
UWW Plan	**$ 522,513**	$ 6,790,625
Non-Qualified Plans	**303,440**	94,634
Postretirement Plans	**(229,203)**	49,932
Total change in unrecognized loss recognized apart from expenses	**$ 596,750**	$ 6,935,191

Other Employee Benefit Plans

United Way 403(b) Plan

UWW offers a contributory defined contribution pension plan (IRC Section 403(b)), that provides for employer matching contributions of the employee contributions (3% to 5% of annual salary depending on years of service) plus an additional contribution of 1% to 3% depending on years of service. UWW's contributions to this plan were $1,275,442 and $1,220,107 for the years ended December 31, 2012 and 2011, respectively.

United Way Store 401(k) Plan

In 1997, UW Store approved a 401(k) plan for all employees. UW Store accrued contributions of $0 and $16,806 for the plan in 2012 and 2011, respectively.

UWW Deferred Compensation Plan

In 2005, UWW established a 457(b) eligible deferred compensation plan to provide make up benefits to highly compensated employees that would not otherwise receive their full employer match under the 403(b) plan. As of December 31, 2012 and 2011, the assets of $231,443 and $226,712, respectively, for this plan are included in other noncurrent assets in the consolidated statements of financial position. The assets are invested in cash and cash equivalents. The matching liabilities as of December 31, 2012 and 2011 of $231,443 and $226,712, respectively, for this plan are included in other noncurrent liabilities in the consolidated statements of financial position. UWW's contributions to this plan were $41,288 and $39,185 for the years ended 2012 and 2011, respectively.

Tri-State Deferred Compensation Plan

Tri-State has a deferred compensation agreement for the payment of a flexible premium annuity over the beneficiary's life with any remaining benefits to be distributed to the beneficiary's estate. As of December 31, 2012 and 2011, the assets of $225,753 and $208,748, respectively, for this plan are included in other noncurrent assets in the consolidated statements of financial position. The assets are invested in cash and cash equivalents. The fair market value of this plan was $809,122 and $792,073 for the years ended December 31, 2012 and 2011, respectively.

13. Grants Payable

The grants payable balance consists of a ten-year grant relationship with another organization that ends on September 30, 2017.

The future payments of the grants payable are as follows:

Years ending December 31,	
2013	$ 107,336
2014	118,114
2015	131,750
2016	144,795
2017	157,466
Total grants payable	659,461
Less: current portion	107,336
Grants payable, noncurrent	$ 552,125

14. Endowment Funds

In accordance with FASB ASC Topic 958-205, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. During 2010, UWW received a $4,617,000 contribution, net of expenses, from a trust. $1,000,000 of the contribution was used during 2010 for the creation of a center on aging adults, as a specialized training and conference resource within the Mary Gates Learning Center. The remaining contribution was put in a permanent endowment for the purpose of providing home care and assisted living to the elderly poor, with specific reference to assisting older people to remain in their own homes, as directed by the donor. During 2012 and 2011, UWW received an additional $119,508 and $53,038, respectively, from the trust for the same purpose. As of December 31, 2012 and 2011, UWW had permanently restricted net assets of $3,789,546 and $3,670,038, respectively. For the years ended December 31, 2012 and 2011, the permanently restricted endowment fund generated a net investment gain (loss) of $290,368 and ($1,175), respectively, which was included in temporarily restricted net assets.

15. Board Designated Funds

UWW has board designated funds established for the purpose of securing the Organization's long-term financial viability and continuing to meet the needs of the Organization. UWW's unrestricted board designated endowment funds totaled $887,188 and $868,724 at December 31, 2012 and 2011, respectively. The board designated funds generated $18,464 and $383,930 of additional contributions and net interest for the years ended December 31, 2012 and 2011, respectively.

16. International Donor Advised Giving (IDAG) Funds

Unrestricted contributions include $32,864,920 and $31,341,283 of IDAG contributions for the years ended December 31, 2012 and 2011, respectively. There were $32,777,905 and $32,194,470 of IDAG grants for the years ended December 31, 2012 and 2011, respectively, included in Investor Relations program service expenses in the consolidated statements of activities.

17. Unrestricted Net Assets

Unrestricted net assets by entity were as follows at:

December 31,	**2012**	2011
United Way Worldwide	**$ 21,404,552**	$ 19,495,917
United Way Store	**(1,616,679)**	(584,904)
Total unrestricted net assets	**$ 19,787,873**	$ 18,911,013

18. Temporarily Restricted Net Assets

Temporarily restricted net assets were restricted for the following purposes at:

December 31,	**2012**	2011
Campaign, public relations and network support	**$ 6,429,034**	$ 3,913,044
Economic self-sufficiency	**2,561,684**	2,627,582
Initiative to benefit children and families	**2,307,027**	1,633,831
Global initiative	**1,462,953**	2,737,085
Training and research	**1,284,087**	1,982,722
Disaster response and recovery	**1,155,003**	2,304,562
Leadership coalition	**472,135**	552,215
International support	**245,566**	268,381
Scholarships	**5,835**	6,890
Other	**505**	104
Total temporarily restricted net assets	**$ 15,923,829**	$ 16,026,417

19. Net Assets Released from Restrictions

Temporarily restricted net assets released from restrictions were:

Years ended December 31,	**2012**	2011
Disaster response and recovery	**$ 6,966,805**	$ 2,094,459
Campaign, public relations and network support	**5,644,081**	6,211,375
Economic self-sufficiency	**4,270,800**	3,036,284
Initiative to benefit children and families	**1,491,782**	2,616,043
Training and research	**1,423,232**	1,165,788
Global initiative	**1,402,131**	929,309
Leadership coalition	**290,080**	120,268
International support	**197,032**	276,253
Sponsorships to UWW Events	**167,000**	520,500
Scholarships	**11,105**	48,585
Building initiative	**-**	3,292,466
Other	**-**	954
Net assets released from restrictions	**$ 21,864,048**	$ 20,312,284

20. Description of Program and Supporting Services

The following program and supporting services are included in the accompanying consolidated statements of activities:

Program Services

Investor Relations

Support for UWW's members and United Way system-wide programs including Global Corporate Leadership, international activities, major gifts, Alexis de Tocqueville program, planned giving, and community and public sector campaigns.

International Network

The UWW International Network membership provides governance, resource development, program and capacity building support to United Way members throughout the worldwide network. With regional offices in Colombia, Ghana and Switzerland, network staff works closely with local United Way staff and volunteer board members.

Community Impact Leadership & Learning

Support for grant distribution services, community building, national agencies' support, volunteer development, early childhood development, financial stability, 2-1-1 initiative, and Born Learning. Also, provides regional and technical consultative support to local United Ways, coordination of national activities at the regional level, and crisis response. Provides training programs for local United Way volunteers and staff, national conferences and organizational training.

Public Policy

Leads UWW's federal advocacy efforts on behalf of the United Way movement to promote key issues before Congress and the Administration.

Brand Leadership

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

Campaign and Public Relations

Tri-State is responsible for raising charitable funds from employees and companies through United Way. Workplace campaigns at participating companies are organized in cooperation with twenty one local participating United Ways in the Tri-State region. Tri-State is responsible for collecting and distributing pledges received in the campaigns from participating companies and their employees. Campaign efforts include contributions, amounts raised on behalf of others (ARBO), and amounts raised by participating companies paid directly to recipient organizations. Local United Ways administer campaigns in connection with other companies and such companies are not part of the campaign income of Tri-State or considered in the Tri-State distribution formula.

Promotional Material Sales

UW Store provides sales and fulfillment services of United Way branded products to LUW's and corporations running United Way campaigns. The UW Store program service costs include cost of goods sold, related income taxes and other selling expenses.

Supporting Services

General and Administrative

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

Fund-raising

This supporting service category includes expenditures which provide the structure necessary to encourage and secure private financial support.

21. Commitments and Contingencies

Operating Leases

UWW 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. The UWW lease for the Tri-State office space in New York City expired July 31, 2012. The space and the cost were shared on an allocable basis by eWay/Truist. An office lease on a second location that is no longer used by UWW due to the reorganization expired July 31, 2012. UWW had sublet this space to a third party through July 30, 2012, to recover approximately 60% of the total lease cost. The present value of the future lease payments on the unused location, net of proceeds from the sublease, is approximately $0 and $83,000 as of December 31, 2012 and 2011, respectively, and is included in accrued expenses in the consolidated statements of financial position. UWW entered into a new lease for office space in New York City in August 2012 that expires on July 31, 2013. Leased office equipment includes the telephone system and computer components. Rent expense for the years ended December 31, 2012 and 2011 was $572,476 and $680,770, respectively.

In May 2009, the UW Store entered into a five-year operating lease for office space in Alexandria, Virginia. The lease began October 1, 2009 and expires September 30, 2014. UW Store will terminate operations in February 2013 and will pay $15,000 to terminate the lease as of February 28, 2013. Annual lease payments are $102,000 and increase three percent per year beginning on October 1st of each year. Rent expense for the years ended December 31, 2012 and 2011 was $100,105 and $101,532, respectively.

Future minimum lease payments under the operating leases for the years ending December 31 are as follows:

	UWW	UW Store	Total
2013	$ 155,505	$ 33,576	189,081
2014	12,576	-	12,576
Total	$ 168,081	$ 33,576	$ 201,657

22. Donated Services and Materials

The Organization recognizes contribution revenue for certain donated services and materials received at the fair value of those items. The donations include postage and other materials and amount to $19,101 and $218,333 for the years ended December 31, 2012 and 2011, respectively. These donations are reflected in the consolidated statements of activities.

UWW has maintained a mutually beneficial relationship with the National Football League (NFL) where UWW underwrites the cost to produce a Public Service Announcement (PSA) and halftime show for broadcast in NFL designated media. The PSA promotes education and features NFL players involved in various local United Way community volunteer activities. The halftime show provides brand awareness and positions United Way as a key NFL partner. The NFL furnishes the airtime throughout the year at no cost to United Way. The combined value of the donated airtime is estimated to be $10,000,000 annually.

Airtime was also donated by various contributors to promote United Way initiatives and support United Way's mission to improve lives by mobilizing the caring power of communities. The value of donated airtime to promote United Way is estimated to be $37,500,000 and $31,000,000 for 2012 and 2011, respectively. In addition, there was airtime donated by multiple contributors to promote the "Born Learning" initiative. The value of donated airtime to promote "Born Learning" is estimated to be $6,000,000 for 2011. There was no donated airtime for "Born Learning" in 2012.

UWW does not record the donation of the airtime as an in-kind gift because of UWW's financial inability to purchase such advertising, were it not to be donated.

23. Supplemental Disclosure of Cash Flows Information

	2012	2011
Cash paid during the year for interest	**$ 60,157**	$ 86,813
Cash paid during the year for income taxes	**$ -**	$ 9,700

24. Income Taxes

UWW has received an exemption from the IRS from Federal income taxes under Section 501(a), as an entity described in Section 501(c)(3) of the Internal Revenue Code. UWW is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose.

UWW received $173,044 and $190,483 in royalty income from UW Store for the years ended December 31, 2012 and 2011, respectively. UWW filed IRS Form 990-T for 2011 but determined that the royalty income was not considered to be unrelated and did not file IRS Form 990-T for 2012. UWW incurred Federal and Virginia State income tax expense related to unrelated business income in the amount of $0 and $9,700 for the years ended December 31, 2012 and 2011, respectively. This tax expense is included in general and administrative expenses.

The Organization follows the provisions of FASB ASC Topic 740-10, *Accounting for Income Taxes,* and management believes it has no material uncertain tax positions or any related penalties and interest to accrue for the years ended December 31, 2012 and 2011, and, accordingly, there is no liability for unrecognized tax benefits.

The Organization files IRS Form 990 and 990-T annually with the Federal Government and is still open to examination by taxing authorities for fiscal year 2009 and later.

UW Store follows FASB ASC Topic 740-10, *Accounting for Income Taxes.* This statement requires the recognition of deferred tax liabilities and deferred tax assets, net of applicable valuation allowance, for certain temporary differences and net operating loss carry forwards. FASB ASC Topic 740-10 requires that the net deferred tax asset be reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the net deferred tax asset will not be realized.

During 2012, the Board decided that the UW Store would cease operations in early 2013, therefore, a valuation allowance was established for the total amount of the deferred tax asset.

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 (benefit) for income taxes is included the following components for:

Years ended December 31,	**2012**	2011
Current tax provision:		
Federal	**$ -**	$ 28,807
State	**-**	3,751
Total current tax provision	**-**	32,558
Deferred tax benefit:		
Federal	**(147,453)**	(145,722)
State	**(46,091)**	(18,974)
Total deferred tax benefit	**(193,544)**	(164,696)
Valuation allowance	**749,851**	-
Total provision (benefit) for income taxes	**$ 556,307**	$ (132,138)

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 were as follows at:

December 31,	**2012**	2011
Unfunded pension	**$ 299,956**	$ 299,956
Net operating loss carryover	**422,819**	236,344
Accounts receivable allowances	**7,603**	14,320
Tax depreciation and amortization	**4,549**	6,300
Accrued pension	**3,231**	(12,101)
Other	**11,693**	11,488
Net deferred tax asset	**749,851**	556,307
Valuation allowance	**(749,851)**	-
Net deferred tax asset	**$ -**	$ 556,307

The UW Store tax provision varies from the U.S. statutory federal income tax rate as a result of state taxes.

25. Subsequent Events

United Way Store Operations

UW Store which generated approximately $3 million of annual promotional material sales ceased its operations as of February 28, 2013. UWW has a new primary vendor to replace the UW Store and will also provide licensing rights to other vendors to produce United Way promotional products.

Management's Evaluation

The Organization has evaluated subsequent events through April 10, 2013, which is the date the consolidated financial statements were available to be issued. There were no other events that require adjustments to or disclosure in the Organization's consolidated financial statements for the year ended December 31, 2012.