UNITED CHARITABLE

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

ROBERT D. BEN-KORI, CPA, PLLC
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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of
United Charitable
Tysons, Virginia

We have audited the accompanying financial statements of United Charitable (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Charitable as of December 31, 2017 and 2016, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.
Other Matter

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statements of financial position of United Charitable and its supporting organization as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. Such consolidated financial statements are the general-purpose financial statements of United Charitable and its supporting organization, and the financial statements of the parent company presented herein are not a valid substitute for those consolidated financial statements.

Robert D. Ben-Kori, CPA, PLLC

November 13, 2018
### UNITED CHARITABLE

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2017 and 2016

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
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<td>$4,383,502</td>
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<td>Notes Receivable</td>
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<td>Split-Interest Agreements</td>
<td>1,171,859</td>
<td>1,367,762</td>
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<tr>
<td>Other Investments</td>
<td>21,658,115</td>
<td>10,175,241</td>
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<td>Investments in</td>
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<td>Limited Partnerships/LLC's</td>
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<td>56,983,704</td>
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<td>Prepaid Expenses</td>
<td>42,662</td>
<td>68,146</td>
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<td>Property and Equipment, Net</td>
<td>173,910</td>
<td>177,295</td>
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<tr>
<td>Life Insurance CSV</td>
<td>4,048,763</td>
<td>4,481,714</td>
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<td>Security Deposits</td>
<td>6,928</td>
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</table>

**TOTAL ASSETS**

$99,230,419  $78,117,953

### LIABILITIES AND NET DEFICIT

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td>Accounts Payable and Accrued Expenses</td>
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<td>Deferred Lease Obligation</td>
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<td></td>
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<td>86,035</td>
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<tr>
<td>Unrestricted Net Assets</td>
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<td></td>
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<tr>
<td>Temporarily Restricted Net Assets</td>
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<td>3,797,981</td>
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<tr>
<td></td>
<td>94,950,031</td>
<td>74,233,937</td>
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<tr>
<td></td>
<td>99,075,704</td>
<td>78,031,918</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND NET ASSETS**

$99,230,419  $78,117,953

---

See accompanying notes to financial statements.
## UNITED CHARITABLE

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>SUPPORT AND REVENUE</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and Grants</td>
<td>$ 4,632</td>
<td>$ 4,262,714</td>
<td>$ 4,267,346</td>
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<td>Non-Cash Contributions</td>
<td>20,531,312</td>
<td>20,531,312</td>
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<tr>
<td>Investment Income</td>
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<td>2,193,816</td>
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<tr>
<td>Event Revenue</td>
<td>1,270</td>
<td>430,989</td>
<td>432,259</td>
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<tr>
<td>Program Service Revenue</td>
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<td>234,831</td>
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<td>Other Income</td>
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<td>645,082</td>
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<tr>
<td>Change in Value of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Split-Interest Agreements</td>
<td>(195,903)</td>
<td>(195,903)</td>
<td></td>
</tr>
<tr>
<td>Net Assets Released from</td>
<td>6,570,762</td>
<td>(6,570,762)</td>
<td></td>
</tr>
<tr>
<td>Restrictions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Support and Revenue</td>
<td>7,392,649</td>
<td>20,716,094</td>
<td>28,108,743</td>
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</tbody>
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<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
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<td>5,496,634</td>
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<tr>
<td>Total Program Services</td>
<td>5,496,634</td>
<td>-</td>
<td>5,496,634</td>
</tr>
<tr>
<td>Supporting Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and Administrative</td>
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<td>1,320,337</td>
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<tr>
<td>Fundraising</td>
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<td>247,986</td>
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<tr>
<td>Total Supporting Services</td>
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<td>-</td>
<td>1,568,323</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>7,064,957</td>
<td>-</td>
<td>7,064,957</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCREASE (DECREASE) IN NET ASSETS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>327,692</td>
<td>20,716,094</td>
<td>21,043,786</td>
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<td>NET ASSETS, Beginning of Year</td>
<td>3,797,981</td>
<td>74,233,937</td>
<td>78,031,918</td>
</tr>
<tr>
<td>NET ASSETS, End of Year</td>
<td>$4,125,673</td>
<td>$94,950,031</td>
<td>$99,075,704</td>
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</tbody>
</table>

See accompanying notes to financial statements.
UNITED CHARITABLE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

<table>
<thead>
<tr>
<th>SUPPORT AND REVENUE</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and Grants</td>
<td>$200,569</td>
<td>$8,258,495</td>
<td>$8,459,064</td>
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<tr>
<td>Non-Cash Contributions</td>
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<td>18,948,903</td>
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<td>250,771</td>
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<td>Program Service Revenue</td>
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<td>395,323</td>
<td>395,548</td>
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<tr>
<td>Other Income</td>
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<td>152,484</td>
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<tr>
<td>Change in Value of</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Split-Interest Agreements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Assets Released from</td>
<td>5,980,283</td>
<td>(5,980,283)</td>
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<tr>
<td>Restrictions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Support and Revenue</td>
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<td>29,239,048</td>
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</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
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<tr>
<td>Total Program Services</td>
<td>5,168,652</td>
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<td>5,168,652</td>
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<tr>
<td>Supporting Services</td>
<td></td>
<td></td>
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<tr>
<td>General and Administrative</td>
<td>1,374,657</td>
<td>1,374,657</td>
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<tr>
<td>Fund Raising</td>
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<td>133,606</td>
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<tr>
<td>Total Supporting Services</td>
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<td>1,508,263</td>
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<tr>
<td>Total Expenses</td>
<td>6,676,915</td>
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<td>6,676,915</td>
</tr>
</tbody>
</table>

INCREASE (DECREASE) IN NET ASSETS          | 13,101       | 22,549,032             | 22,562,133  |

NET ASSETS, Beginning of Year              | 3,784,880    | 51,684,905             | 55,469,785  |

NET ASSETS, End of Year                    | $3,797,981   | $74,233,937            | $78,031,918 |

See accompanying notes to financial statements.
<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>General and Administrative</th>
<th>Fund Raising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting and Legal</td>
<td>$ 2,948</td>
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<td>$</td>
<td>$ 128,758</td>
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<td>1,198</td>
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<td>Bank and Investment Fees</td>
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<td>182,073</td>
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<td>Conferences</td>
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<tr>
<td>Depreciation</td>
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<td></td>
<td>3,384</td>
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</tr>
<tr>
<td>Donations</td>
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<td>3,609,910</td>
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<td>Equipment Rental</td>
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<td>4,084</td>
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<td>25,197</td>
</tr>
<tr>
<td>and Repairs</td>
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<td>Grants</td>
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<td>109,099</td>
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<tr>
<td>Program Support</td>
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<td>179,827</td>
<td></td>
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<tr>
<td>Publications</td>
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<td>2,882</td>
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<td>201,820</td>
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<tr>
<td>Sub-Contractors</td>
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<td>Program Consultants</td>
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<td>Supplies</td>
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<td>Travel and Meals</td>
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<td>349,990</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$5,496,634</strong></td>
<td><strong>$1,320,337</strong></td>
<td><strong>$247,986</strong></td>
<td><strong>$7,064,957</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## UNITED CHARITABLE

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>General and Administrative</th>
<th>Fund Raising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting and Legal</td>
<td>$ 6,087</td>
<td>$ 114,799</td>
<td>$</td>
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<td>825</td>
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<td>825</td>
</tr>
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<td>Bank and Investment Fees</td>
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<td>95,297</td>
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<td>Conferences</td>
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<td>8,637</td>
<td>8,637</td>
</tr>
<tr>
<td>Depreciation</td>
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<td>3,384</td>
<td></td>
<td>3,384</td>
</tr>
<tr>
<td>Donations</td>
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<td>3,182,375</td>
<td>3,182,375</td>
</tr>
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<td>9,951</td>
<td>9,951</td>
</tr>
<tr>
<td>Equipment Rental</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and Repairs</td>
<td>24,524</td>
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<td>400</td>
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<td>Events</td>
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<td>11,063</td>
<td>2,587</td>
<td>122,197</td>
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<td>32,430</td>
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<td>946</td>
<td>72,690</td>
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<td>141,833</td>
<td>141,867</td>
<td>141,867</td>
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<td>Office Expense</td>
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<td>14,990</td>
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<td>569,337</td>
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</tr>
<tr>
<td>Payroll Taxes</td>
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<td>42,835</td>
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<td>69,763</td>
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<td>Printing and Postage</td>
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<tr>
<td>Program Support</td>
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</tr>
<tr>
<td>Publications</td>
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<td>12,774</td>
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<tr>
<td>Rent and Occupancy</td>
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<td>94,507</td>
<td>64,647</td>
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<tr>
<td>Sub-Contractors</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Program Consultants</td>
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<td>9,800</td>
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<td>18,327</td>
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<tr>
<td>Travel and Meals</td>
<td>225,912</td>
<td>13,941</td>
<td>30,442</td>
<td>270,295</td>
</tr>
</tbody>
</table>

| Total Expenses       | $5,168,652       | $ 1,374,657                  | $ 133,606    | $6,676,915|

See accompanying notes to financial statements.
**UNIFIED CHARITABLE**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2017 and 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (Decrease) in Net Assets</td>
<td>$21,043,786</td>
<td>$22,562,133</td>
</tr>
<tr>
<td>Adjustments to Reconcile Increase (Decrease) in Net</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Provided (Used) by Operating Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,384</td>
<td>3,384</td>
</tr>
<tr>
<td>Non-Cash Contributions In</td>
<td>(20,531,312)</td>
<td>(18,948,903)</td>
</tr>
<tr>
<td>Non-Cash Donations Out</td>
<td>9,601</td>
<td>1,153</td>
</tr>
<tr>
<td>Realized (Gain) Loss on Investments</td>
<td>7,957</td>
<td>(409,988)</td>
</tr>
<tr>
<td>Unrealized (Gain) Loss</td>
<td>(1,138,049)</td>
<td>250,787</td>
</tr>
<tr>
<td>Increase in Life Insurance CSV</td>
<td>316,361</td>
<td>214,596</td>
</tr>
<tr>
<td>Change in Value of Split Interest Agreements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) Decrease in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Receivables</td>
<td>(213,210)</td>
<td>(242,861)</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>25,484</td>
<td>(55,354)</td>
</tr>
<tr>
<td>Increase (Decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable and Accrued</td>
<td>70,347</td>
<td>(130,832)</td>
</tr>
<tr>
<td>Deferred Lease Obligation</td>
<td>(1,668)</td>
<td>33,952</td>
</tr>
<tr>
<td>Net Cash Provided (Used) by Operating Activities</td>
<td>(211,416)</td>
<td>3,088,213</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from Sales of Investments</td>
<td>6,825,686</td>
<td>3,511,649</td>
</tr>
<tr>
<td>Collections on Notes Receivable</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td>Purchases of Investments</td>
<td>(8,086,520)</td>
<td>(2,593,954)</td>
</tr>
<tr>
<td>Purchases of Property and Equipment</td>
<td>(11,433)</td>
<td></td>
</tr>
<tr>
<td>Notes Receivable Issued</td>
<td>(200,000)</td>
<td></td>
</tr>
<tr>
<td>Security Deposits Paid</td>
<td></td>
<td>(6,928)</td>
</tr>
<tr>
<td>Net Cash Provided (Used) by Investing Activities</td>
<td>(1,060,834)</td>
<td>699,334</td>
</tr>
</tbody>
</table>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1,272,250)</td>
<td>3,787,547</td>
</tr>
</tbody>
</table>

**CASH AND CASH EQUIVALENTS,**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of Year</td>
<td>4,383,502</td>
<td>595,955</td>
</tr>
<tr>
<td>End of Year</td>
<td>$3,111,252</td>
<td>$4,383,502</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
UNITED CHARITABLE
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

Note 1 - Organization

United Charitable ("UC" formerly known as United Charitable Programs" was originally incorporated in the state of Virginia in 2005 and was issued tax exempt status by the IRS in 2008. After an initial period of inactivity, UC requested a certificate of restatement to its present name, United Charitable Programs effective October 4, 2010. UC operates exclusively as an organization authorized to engage in religious, charitable, scientific, literary or educational activities by consolidating the administration of these activities through fiscally sponsored programs and donor advised funds.

Any person or corporation, with approval from United Charitable's Board, may establish a Charitable Program at UC to engage in activities compatible to the mission objectives of UC. Charitable Programs are held and administered by UC. Assets donated to UC in support of the purposes of specific charitable programs operated by UC are treated as restricted funds dedicated to those specific purposes, and that only the sponsorship fees, interest and charges paid to the general fund of UC shall be treated as unrestricted assets. UC observes the charitable trust doctrine to maximize the protection of restricted assets from potential general creditors of UC. Final approval of the use of all Charitable Program Funds rests with UC and its Board.

Donor Advised Funds at UC are administered under restrictions set forth in the 2006 Pension Protection Act. Donors may make recommendations on the investment of or the use of donated funds, which are restricted to qualified charities in the United States and abroad. Donors may also organize a Scholarship Program with UC and recommend to disburse funds to the college or university of a Scholarship Recipient. As with its Charitable Programs, UC maintains final oversight on all donations and scholarship requests for its Donor Advised Funds.

Note 2 - Summary of Significant Accounting Policies

Principals of Presentation

These financial statements include the balances and financial activities of United Charitable only. The consolidated statements of financial position of United Charitable and its supporting
Note 2 - Summary of Significant Accounting Policies (Continued)

organization as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended have been presented separately. Such consolidated financial statements are the general-purpose financial statements of United Charitable and its supporting organization, and the financial statements of the parent company presented herein are not a valid substitute for those consolidated financial statements.

Basis of Accounting

United Charitable presents its financial statements on the accrual basis of accounting where support is recognized when earned, and costs and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under those standards, UC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

UC’s net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. All donors relinquish ownership and custody of assets donated into UC accounts. Contributions to charitable programs are restricted for use by such charitable programs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and
Note 2 - Summary of Significant Accounting Policies (Continued)

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. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

UC estimates that the fair value of all financial instruments at December 31, 2017 and 2016, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The carrying value of cash and cash equivalents, notes receivable and other receivables approximate fair value because of the relatively short maturity of these instruments.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and investments purchased with original maturities of three months or less.

Intentions to Give

Intentions to give which may be rescinded at any time were not recognized in the financial statements because they did not meet the criteria for revenue recognition under FASB ASC Topic 958.

Other Receivables

Other receivables are accounted for on the accrual basis. As of December 31, 2017 and 2016, UC believes that all other receivables are fully collectable.

Investments

UC follows the recommendations of the Financial Accounting Standard board in FASB ASC Topic 958, Not-For-Profit Entities. Under FASB ASC 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted
prices in active markets (Level 1 measurements) in the statement of financial position. Annuities are reported at their fair value based on significant other observable inputs (Level 2 measurements). The unrealized gain or loss on investments is reflected in the statements of activities.

Investments are originally recorded at cost if purchased or estimated fair value on the date of donation. Subsequently, investments are carried at fair value, except those investments in closely held companies and limited partnerships, for which fair values are not readily determinable, which are carried at the lesser of cost or net realizable value. Net investment income represents interest, dividends, and realized and unrealized gains and losses on investments.

Property and Equipment

Property and Equipment include land, buildings, furniture, fixtures and equipment that are used in charitable activities of UC Accounts and are used in the daily activities of the UC's programs. These assets are recorded at cost or, if donated, at net realizable value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of 30 years for buildings and 3 to 10 years for all other assets.

All acquisitions of property and equipment of $2,500 or more and all expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Contributions

Non-cash contributions are recorded at fair value on the date of donation.

UC accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board. In accordance with those standards, contributions are recorded when received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.
Note 2 - Summary of Significant Accounting Policies (Continued)

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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 statement of activities as net assets released from restrictions.

Income Tax Status

UC has filed and received a final determination letter from the Internal Revenue Service under Section 501 (c)(3) that it qualifies as a not-for-profit corporation exempt from federal income taxes as provided under Section 501 (a) of the Internal Revenue Code. However, unrelated business income may be subjected to taxation. There was no known unrelated business income for the years ended December 31, 2017 and 2016.

UC's federal exempt organization tax returns (Form 990) for the years ended December 31, 2015, 2016 and 2017 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Split-Interest Agreements

Split-interest agreements consist of charitable remainder trusts. Under charitable remainder trusts, donors establish and fund trusts with specified distributions to be made to beneficiaries over the trust’s terms. UC records charitable remainder trusts for which it is not the trustee at the net present value of the projected cash flows, and these are included in the accompanying statements of financial position as split-interest agreements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.
UNITED CHARITABLE
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Subsequent Events Evaluation

Management has evaluated subsequent events through November 13, 2018, the date the financial statements were available for release.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

Note 3 - Investments

Investments are summarized as follows as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual Funds</td>
<td>$10,192,399</td>
<td>$7,369,417</td>
</tr>
<tr>
<td>Money Fund Accounts</td>
<td>8,711</td>
<td>26,388</td>
</tr>
<tr>
<td>ETF</td>
<td>2,486,553</td>
<td>1,556,344</td>
</tr>
<tr>
<td>REIT</td>
<td>268,089</td>
<td>275,418</td>
</tr>
<tr>
<td>Equity Securities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publicly Traded</td>
<td>1,945,934</td>
<td>451,670</td>
</tr>
<tr>
<td>Bonds</td>
<td>6,237,786</td>
<td></td>
</tr>
<tr>
<td>Annuities</td>
<td>518,643</td>
<td>496,004</td>
</tr>
<tr>
<td>Limited Partnerships/LLC's</td>
<td>68,530,059</td>
<td>56,983,704</td>
</tr>
<tr>
<td></td>
<td><strong>$90,188,174</strong></td>
<td><strong>$67,158,945</strong></td>
</tr>
</tbody>
</table>

Investment Income (Loss) is summarized as follows as of December 31, 2017 and 2016:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and Dividends</td>
<td>$1,063,724</td>
<td>$683,223</td>
</tr>
<tr>
<td>Net Realized Gains (Losses)</td>
<td>(7,957)</td>
<td>409,988</td>
</tr>
<tr>
<td>Net Unrealized Gains (Losses)</td>
<td>1,138,049</td>
<td>(250,787)</td>
</tr>
<tr>
<td></td>
<td><strong>$2,193,816</strong></td>
<td><strong>$842,424</strong></td>
</tr>
</tbody>
</table>
Note 4 - Charitable Family Limited Partnerships/LLC's

In 2011, UC began receiving non-cash contributions in the form of Charitable Family Limited Partnerships ("CFLP") or Limited Liability Companies ("LLC"), where donors establish a CFLP/LLC, contribute various assets, many of which are security instruments, and then donate a percentage of the membership units to UC. The donor is the general partner and UC is a limited partner of the CFLP/LLC. As such, UC cannot and does not exercise any management authority over the operation of these entities.

CFLP/LLC's are recorded at estimated fair value as of the date of donation, and are subsequently carried at the lower of cost or the net realizable value. CFLP/LLC donations to UC for the years ending December 31, 2017 and 2016 were $11,546,355 and $17,744,007, respectively. Net investments in CFLP/LLC's at December 31, 2017 and 2016 were $68,530,059 and $56,983,704, respectively.

Note 5 - Property and Equipment

Property and Equipment at December 31, consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectibles</td>
<td>$ 167,050</td>
<td>$ 167,050</td>
</tr>
<tr>
<td>Vehicles</td>
<td>21,433</td>
<td>21,433</td>
</tr>
<tr>
<td>Furniture, Fixtures &amp; Office Equipment</td>
<td>26,162</td>
<td>26,162</td>
</tr>
<tr>
<td></td>
<td>214,645</td>
<td>214,645</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>(40,735)</td>
<td>(37,350)</td>
</tr>
<tr>
<td></td>
<td>$ 173,910</td>
<td>$ 177,295</td>
</tr>
</tbody>
</table>
Note 6 - Charitable Programs

Each program approved by UC's Board becomes a "Charitable Program" at UC. At December 31, 2017 and 2016, UC had approximately 162 and 213 Charitable Programs, respectively. Revenue primarily represents contributions made by the general public and contributions and fees received for Charitable programs approved by the Board. The program manager, who is not a contributor, may nominate contributions or gifts received by UC for a particular charitable use. Unexpended amounts are treated as restricted net assets. Amounts designated for charitable programs approximate $10,500,000 and $2,500,000 as of December 31, 2017 and 2016, respectively.

Upon establishment of a Charitable Program, a one-time application fee of $1,000 and an administrative fee of 8 to 12 percent on each incoming donation are generally assessed by UC. Beginning June 1, 2016, a $500 annual insurance fee was assessed, causing a drop in the overall number of programs.

Each Charitable Program that participates in UC's investment program is charged an administration fee of 0.25 percent of the average balance for that quarter.

Note 7 - Donor Advised Funds

At December 31, 2017 and 2016, UC had approximately 352 and 297 Donor Advised Funds. Net assets primarily represent the initial contribution made by the founder and contributions and fees received for Donor Advised Funds approved by the Board. The donor may nominate contributions or gifts received by UC for a particular charitable use. Unexpended amounts are treated as restricted net assets. Amounts designated as Donor Advised Funds approximate $84,452,000 and $71,771,000 as of December 31, 2017 and 2016, respectively.
Note 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets of $94,950,031 and $74,233,937 as of December 31, 2017 and 2016, respectively, represent contributions for specific projects and are available for use by such projects.

Note 9 - Concentration of Credit and Market Risk

Financial instruments which potentially subject UC to concentrations of credit risk consist primarily of cash, cash equivalents and investments. UC maintains its cash primarily with a regional east coast financial institution. The cash balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2017 and 2016, UC had uninsured cash balances totaling approximately $2,852,000 and $4,124,000, respectively.

UC's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to UC's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Note 10 - Retirement Plan

All UC employees who have been employed by UC for ninety days are eligible to participate in a 401K plan. UC made retirement plan contributions of $5,566 and $7,020 for the years ending December 31, 2017 and 2016, respectively.
Note 11 - Leases

UC entered into an agreement to lease office space in McLean, Virginia in February 2016. The lease commenced in 2016 upon delivery of the Premises by the Landlord with the required Landlord's work substantially complete and continues for five years and five months. The terms of the agreement require base monthly payments currently of $7,136, increasing 3 percent each year. The lease is also subject to operating cost increases and real estate tax increases.

UC also leases its management software under an operating lease.

Future minimum lease payments as of December 31, 2017 are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$85,628</td>
</tr>
<tr>
<td>2019</td>
<td>$88,197</td>
</tr>
<tr>
<td>2020</td>
<td>$90,843</td>
</tr>
<tr>
<td>2021</td>
<td>$93,569</td>
</tr>
</tbody>
</table>

**Total** $358,237

Note 12 - Related Party Transactions

UC controls a Type I Supporting Organization. UC received contributions of $1,164,578 and $1,340,744 from the aforementioned supporting organization for the years ending December 31, 2017 and 2016, respectively. Shared expenses, which were reimbursed to UC, were $200,463 and $257,100 for the years ending December 31, 2017 and 2016, respectively. UC had an amount due from the related organization of $458,470 and $258,007 as of December 31, 2017 and 2016, respectively. UC also held an unsecured demand note with a balance due of $-0- and $200,000 at December 31, 2017 and 2016, respectively. Interest is at 2%. Related interest income was $3,750 and $-0- for the years ending December 31, 2017 and 2016, respectively.

UC has an officer in common with one other nonprofit organization. UC had no transactions with the aforementioned nonprofit organization for the years ending December 31, 2017 and 2016. UC had no amounts due to or due from the related organization as of December 31, 2017 and 2016.

UC also has an officer that is also a trustee of a charitable remainder trust that has made contributions to UC, in the form of a split-interest agreement, of $-0- and $-0- for the years ending December 31, 2017 and 2016. The net present value of the split-interest agreement is $1,171,859 and $1,367,762 as of December 31, 2017 and 2016, respectively.
Note 13 - Fair Value Measurements

FASB ASC topic 820, Fair Value Measurement, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Financial assets valued using level 1 inputs are based on unadjusted quoted prices within active markets for identical assets.

Financial assets valued using level 2 inputs are based primarily on observable inputs rather than quoted prices for similar assets in active or inactive markets.

Financial assets valued using level 3 inputs consist of significant unobservable inputs that are supported by little or no market activity.

The following tables present the recorded amount of investments measured at fair value on a recurring basis:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quoted Prices</td>
</tr>
<tr>
<td></td>
<td>in Active Markets for Identical Assets</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>$10,192,399</td>
</tr>
<tr>
<td>Money Fund Accounts</td>
<td>8,711</td>
</tr>
<tr>
<td>EFT</td>
<td>2,486,553</td>
</tr>
<tr>
<td>REIT</td>
<td>268,089</td>
</tr>
<tr>
<td>Equity Securities:</td>
<td></td>
</tr>
<tr>
<td>Publicly Traded Bonds</td>
<td>1,945,934</td>
</tr>
<tr>
<td>Bonds</td>
<td>6,237,786</td>
</tr>
<tr>
<td>Annuities</td>
<td></td>
</tr>
<tr>
<td>Split-Interest Agreements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$21,139,472</td>
</tr>
</tbody>
</table>
Note 13 - Fair Value Measurements (Continued)

<table>
<thead>
<tr>
<th>Quoted Prices</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>in Active Markets for Identical Assets (Level 1)</td>
<td>$7,369,417</td>
</tr>
<tr>
<td>Money Fund Accounts</td>
<td>26,388</td>
</tr>
<tr>
<td>EFT</td>
<td>1,556,344</td>
</tr>
<tr>
<td>REIT</td>
<td>275,418</td>
</tr>
<tr>
<td>Equity Securities:</td>
<td></td>
</tr>
<tr>
<td>Publicly Traded</td>
<td>451,670</td>
</tr>
<tr>
<td>Annuities</td>
<td></td>
</tr>
<tr>
<td>Split-Interest Agreements</td>
<td></td>
</tr>
<tr>
<td>Significant Other Observables Unobservable Inputs</td>
<td></td>
</tr>
<tr>
<td>Significant Other Inputs</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quoted Prices</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>in Active Markets for Identical Assets (Level 1)</td>
<td>$7,369,417</td>
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<td>REIT</td>
<td>275,418</td>
</tr>
<tr>
<td>Equity Securities:</td>
<td></td>
</tr>
<tr>
<td>Publicly Traded</td>
<td>451,670</td>
</tr>
<tr>
<td>Annuities</td>
<td>$496,004</td>
</tr>
<tr>
<td>Split-Interest Agreements</td>
<td></td>
</tr>
<tr>
<td>Significant Other Observables Unobservable Inputs</td>
<td>$1,367,762</td>
</tr>
<tr>
<td>Significant Other Inputs</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Summary at December 31:</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>$21,139,472</td>
<td>$9,679,237</td>
</tr>
<tr>
<td>Level 2</td>
<td>518,643</td>
<td>496,004</td>
</tr>
<tr>
<td>Level 3</td>
<td>1,171,859</td>
<td>1,367,762</td>
</tr>
</tbody>
</table>

| Summary at December 31:                            | $22,829,974       | $11,543,003       |

The table below sets forth a summary of changes in the fair value of UC's Level 3 assets for the years ended December 31:

<table>
<thead>
<tr>
<th>Split-Interest Agreements</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances, beginning of Year</td>
<td>$1,367,762</td>
<td>$1,177,908</td>
</tr>
<tr>
<td>Realized and Unrealized Losses</td>
<td>(195,903)</td>
<td>189,854</td>
</tr>
<tr>
<td>Balances, end of Year</td>
<td>$1,171,859</td>
<td>$1,367,762</td>
</tr>
</tbody>
</table>
Note 14 - Commitments and Contingencies

UC may periodically be involved in various legal proceedings. It is UC's policy to accrue for amounts related to these legal matters if it is probable that a liability has been incurred and an amount is reasonably estimable. UC believes that any legal proceedings in which it is involved will not materially affect its financial position, future operating results or cash flows. However, it is reasonably possible that management's estimate could change in the future.