UNCF®-MEMBER INSTITUTIONS

ALLEN UNIVERSITY
Columbia, SC

BENEDICT COLLEGE
Columbia, SC

BENNETT COLLEGE
Greensboro, NC

BETHUNE-COOKMAN UNIVERSITY
Daytona Beach, FL

CLAFLIN UNIVERSITY
Orangeburg, SC

CLARK ATLANTA UNIVERSITY
Atlanta, GA

DILLARD UNIVERSITY
New Orleans, LA

EDWARD WATERS COLLEGE
Jacksonville, FL

FISK UNIVERSITY
Nashville, TN

FLORIDA MEMORIAL UNIVERSITY
Miami, FL

HUSTON-TILLOTSON UNIVERSITY
Austin, TX

INTERDENOMINATIONAL THEOLOGICAL CENTER
Atlanta, GA

JARVIS CHRISTIAN COLLEGE
Hawkins, TX

JOHNSON C. SMITH UNIVERSITY
Charlotte, NC

LANE COLLEGE
Jackson, TN

LEMOYNE-OWEN COLLEGE
Memphis, TN

LIVINGSTONE COLLEGE
Salisbury, NC

MILES COLLEGE
Birmingham, AL

MOREHOUSE COLLEGE
Atlanta, GA

MORRIS COLLEGE
Sumter, SC

OAKWOOD UNIVERSITY
Huntsville, AL

PAINE COLLEGE
Augusta, GA

PHILANDER SMITH COLLEGE
Little Rock, AR

RUST COLLEGE
Holly Springs, MS

SAINT AUGUSTINE’S UNIVERSITY
Raleigh, NC

SHAW UNIVERSITY
Raleigh, NC

SPelman COLLEGE
Atlanta, GA

STILLMAN COLLEGE
Tuscaloosa, AL

TALLADEGA COLLEGE
Talladega, AL

TEXAS COLLEGE
Tyler, TX

TOUGALOO COLLEGE
Tougaloo, MS

TUSKEGEE UNIVERSITY
Tuskegee, AL

VIRGINIA UNION UNIVERSITY
Richmond, VA

VOORHEES COLLEGE
Denmark, SC

WILBERFORCE UNIVERSITY
Wilberforce, OH

Wiley COLLEGE
Marshall, TX

XAVIER UNIVERSITY OF LOUISIANA
New Orleans, LA
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Dear friends of UNCF,

Welcome to UNCF’s Annual Report for the 2017–18 fiscal year, our 74th year.

Since the report is issued when the year being reported on has passed, by the time you read this, UNCF’s 75th year will be well underway. Major anniversaries often inspire people to reflect on what has been done in the years leading up to the anniversary, on the years ahead, and on what is yet to be accomplished.

As with people, so too with organizations like UNCF. Looking back, we are proud of what UNCF has accomplished in our first 74 years. We have raised $4.8 billion to help students go to and through college. And our member HBCUs, the institutions that came together to launch UNCF, have graduated nearly half a million men and women who have gone on to embark on careers of success and service.

In just this past year, as you will read in this report, we have partnered with tech companies like Google, Adobe, eBay, and Symantec to give students the STEM education they need to compete in the 21st century economy. We have supported our member HBCUs as they develop plans to create college-to-career pathways for their students under a $50 million initiative supported by The Lilly Endowment. And we have released an independently researched study of the impact of HBCUs on the economy: more than 134,000 jobs, $14.8 billion in direct economic impact, and $130 billion in total lifetime earnings for HBCU graduates.

But our 75th anniversary celebration will not be so much a celebration of the past 75 years as a call to action for the 25 years that lie ahead. At a time when a college degree is more important—yet more expensive—than ever, we need to go beyond the money we have raised and the students our HBCUs have graduated. We need to challenge our individual, corporate and foundation investors—the readers of this annual report—to increase their investment in UNCF and in our nation’s greatest resource—our youth. Their—you—increased investment will enable our member HBCUs to greatly expand their capacity to enroll and graduate more students and will enable UNCF to greatly increase the number and value of the scholarships it awards.

In either case, thank you for what you have done and what, we are confident, you will do to keep the promise to our young people and to our country: “A mind is a terrible thing to waste, but a wonderful thing to invest in.”

Sincerely,

Michael L. Lomax, Ph.D.
President and CEO
UNCF

William F. Stasior
Chair, UNCF
Board of Directors
A MIND IS A THING TO WASTE

UNCF INVESTS IN STUDENTS BY PROVIDING MORE THAN 400 PROGRAMS AND 10,000 SCHOLARSHIPS EVERY YEAR.

THROUGH UNCF, THE GATES MILLENNIUM SCHOLARS PROGRAM HAS REMOVED FINANCIAL BARRIERS FOR 20,000 HIGH-ACHIEVING, LOW-INCOME STUDENTS.

$100 MILLION IN SCHOLARSHIPS IS AWARDED ANNUALLY.

NEARLY 55,000 STUDENTS ATTEND UNCF-MEMBER INSTITUTIONS FOR THE EDUCATION THEY NEED AND DESERVE.

UNCF DIRECTLY SUPPORTS 37 MEMBER HBCUs.

MORE THAN $55,000 IS AWARDED ANNUALLY.

NARLY 100 MILLION IN SCHOLARSHIPS IS AWARDED ANNUALLY.

THROUGH UNCF, THE GATES MILLENNIUM SCHOLARS PROGRAM HAS REMOVED FINANCIAL BARRIERS FOR 20,000 HIGH-ACHIEVING, LOW-INCOME STUDENTS.
HBCUs produce 17 percent of all African American college graduates.
UNCF has long measured its success in human terms: students enrolled at UNCF’s 37 member HBCUs (over 50,000), degrees conferred (more than 8,000 each year) and scholarships awarded (more than 10,000 every year). But an increasingly competitive philanthropic marketplace demands increasingly rigorous measures of success. And now UNCF has them. A recent report, HBCUs Make America Strong: The Positive Impact of Historically Black Colleges and Universities, translates the outcomes produced by UNCF and its member HBCUs into dollars-and-cents impacts on local and regional economies and, indeed, on the national economy as a whole. The report was commissioned by UNCF but conducted independently by the University of Georgia Terry College of Business and funded by the Citi Foundation.

The bottom line: HBCUs Make America Strong shows that HBCUs are economic engines, generating substantial returns year after year. In addition to direct expenditures by HBCUs, each dollar spent has a significant ripple effect across a much wider area, generating $1.44 million in initial and subsequent spending for its local and regional economies and as it moves through the economy. That means more jobs, stronger growth and stronger communities.

Take legendary Tuskegee University in Tuskegee, AL. Each year, Tuskegee generates 694 on-campus jobs and 1,387 off-campus jobs, contributing a total of 2,081 jobs to its local and regional economies, representing one of every 10 jobs in Macon County. The impact of all Tuskegee University spending totals $242 million annually. And the total lifetime earnings for the more than 400 students who receive degrees from Tuskegee each year will exceed $1.2 billion—64 percent more than they could have earned without their degrees.

The economic impact of America’s HBCUs is even more striking on a statewide basis, as HBCUs Make America Strong documents. Georgia, for example, is home to nine HBCUs, including UNCF-member institutions Clark-Atlanta University, Interdenominational Theological Center, Morehouse College, Paine College and Spelman College. Together, the nine Georgia HBCUs generate 12,040 jobs, $1.3 billion in total economic impact and $9.1 billion in total lifetime earnings for the 3,450 students who receive degrees each year from one of the nine colleges and universities.

But the true measure of HBCUs as economic engines, and as recipients of public and private investment, is their total national impact: 134,090 jobs and $14.8 billion in yearly economic impact. That is comparable to the economic impact of software giant (and longtime UNCF partner) Oracle. This equates to $130 billion in lifetime earnings for an average year’s 50,000 HBCU graduates.

With a college education now so essential to Americans’ economic well-being, UNCF’s HBCU-centered mission is as vital as it has ever been. These crucial institutions not only help their students build better futures, but they also contribute to economic progress throughout the country. The message is clear: HBCUs matter—to students, employers, communities and the nation.

“A WONDERFUL THING TO INVEST IN”

America’s HBCUs as Engines of Economic Development

UNCF has long measured its success in human terms: students enrolled at UNCF’s 37 member HBCUs (over 50,000), degrees conferred (more than 8,000 each year) and scholarships awarded (more than 10,000 every year). But an increasingly competitive philanthropic marketplace demands increasingly rigorous measures of success.
Dr. Brian K. Bridges, vice president, research and member engagement, UNCF

At UNCF, which is guided by its almost universally recognizable motto, “A mind is a terrible thing to waste,” every contribution is an investment. Some of these investments, like scholarship programs, are direct investments in students. But others, like a series of Walmart Foundation investments totaling more than $4 million over 10 years, have a broader and more fundamental scope; they aim to strengthen the 37 HBCUs that make up UNCF as individual institutions and to strengthen UNCF as a network of HBCUs. The series of investments works through UNCF’s pioneering self-improvement initiative, the Institute for Capacity Building (ICB), to offer technical assistance and award mini-grants to help UNCF-member HBCUs work through the reaffirmation process that every American college and university must pass every 10 years.

Colleges that serve more students from more affluent families can include the cost of the rigorous and searching accreditation process in the tuition that students pay. But HBCUs, like those that make up UNCF, serve students who need financial aid even to pay the cost of their education. For them, support from the Walmart Foundation and UNCF’s Institute for Capacity Building is critical. Through Walmart Foundation support for ICB, funds and technical assistance can not only help institutions prepare for accreditation reaffirmation but can also help in areas like enrollment management, fundraising, data management, etc., where unforeseen assistance may be needed and in providing support for a summer professional development conference.

For 12 UNCF-member HBCUs, the impact of the Walmart Foundation’s latest investment was immediate. Five—Bennett College, Benedict College, Bethune-Cookman University, Dillard University and Stillman College—used their grants to prepare for the 10-year review required by their regional accrediting body. Seven more—Florida Memorial University, Lane College, Miles College, Morris College, Oakwood University, Shaw University and Voorhees College—used their grants to prepare for interim accreditation reviews, including quality enhancement plans and other pre-reaffirmation reports.

Walmart support also helps HBCU students studying the STEM disciplines—science, technology, engineering and mathematics—get the kind of cutting-edge education the economy demands by supporting the UNCF HBCU Innovation Summit in Silicon Valley. Walmart not only provided support for the Summit but welcomed HBCU students to go behind the scenes with tech executives, professionals and recruiters to find out what a career in technology would be like.

The Walmart Foundation’s and Walmart’s work with UNCF on the ICB and the HBCU Innovation Summit is the culmination of a relationship that has endured for more than 20 years. Over the years, a series of Walmart grants have funded scholarships, strengthened access to HBCUs, afforded emergency assistance to hard-pressed students and provided operating support to UNCF-member HBCUs. A succession of top Walmart executives has served on UNCF’s board of directors.

Indeed, over the two decades during which UNCF has worked with Walmart and the Walmart Foundation, it is hard to think of an aspect of the work of UNCF and its member HBCUs that these relationships have not touched and left better than it was before. It has been a long-term investment that has yielded a return in countless graduates and a network of HBCUs better prepared for the generations of students who look to UNCF HBCUs for the education they need and that we, as a nation, need them to have.

Dr. Herman Felton, President, Wiley College

Dr. Brian K. Bridges, vice president, research and member engagement, UNCF

UNCF AND WALMART: Strengthening Member HBCUs For the Long Run
Of all the organizations whose support helps students go to and through college at UNCF-member HBCUs, no friendship goes back further, or is stronger today, than the bond between the private colleges and universities that are members of UNCF and the nation’s African American churches. Private HBCUs trace their history to the years just before and after the Civil War when they were founded by a variety of Christian denominations—some of the few institutions of that era that believed that educating slaves, former slaves and other free African Americans was worth the risk and resources that this daunting work required.

Almost 75 years later, the partnership between UNCF and communities of faith is as strong today as it was then. Religious denominations and congregations still invest in better futures for HBCU students by raising family awareness of the importance of a college education and by contributing financial resources to UNCF. More than 100 congregations—many from HBCU heartland communities across the south, but many from as far east as New York, as far north as Wisconsin, and as far west as California—adorn UNCF’s church donor roll, 17 of them for raising more than $10,000 each.

Many churches, like Alfred Street Baptist Church in Alexandria, VA, make education and HBCUs an integral part of their mission. At Alfred Street’s annual HBCU College Festival, more than 3,000 students and their families meet with representatives of more than 70 HBCUs, most of which conduct on-site admissions and financial aid assessments and extend offers. The church also offers academic and financial seminars. Each year’s HBCU college festival concludes with HBCU Sunday, where a guest speaker from a HBCU is recognized during worship services.

Just as they did more than 150 years ago when they founded the first HBCUs, and as they did almost 75 years ago when church-supported HBCUs started UNCF, communities of faith around the country, like the Alfred Street Baptist Church, will continue to partner with UNCF to help future generations of students get the education they need and deserve.

The Alfred Street Baptist Church has for many years conducted a college fair featuring historically black colleges and universities for the local community. The fair has grown so large that it has moved from the church itself to a nearby convention center in National Harbor, MD.
In less than a decade, UNCF, once known primarily for getting students to and through college at UNCF HBCUs and with UNCF scholarships, has, through its K-12 Advocacy Initiative, become one of the most prominent voices in education reform—helping African American children get the assistance they need from kindergarten through high school graduation that prepares them for success once they get to college.

The K-12 Advocacy Initiative’s challenge: Although African American children have the greatest need for better, more equitable schools, most reforms tend to be initiated and implemented by leaders who do not look like them. Its mission: helping African American communities, whose children have the largest stake in better schools, create a place at the table when education policy and efforts are discussed and implemented.

Guided by nearly 75 years of experience in social change that has taught UNCF that reforms cannot succeed without the participation of those who would benefit most, the K-12 Advocacy Initiative works with community leaders often described as “grasstops”—clergy, local politicians, business leaders and education leaders—who think schools are not preparing African American students for college or careers and are determined to lead needed change.

“Grasstops leaders can play an integral role in bringing communities together to understand the educational realities that black students face,” says Sekou Biddle, UNCF vice president for K-12 advocacy. “These leaders often have longstanding ties to the black community that can help shape their advocacy efforts for black students on the local, state and national level,” he says. “Building better futures for African American students is a community-wide effort, and UNCF is working to guide education reform work that embraces collaboration among grasstop and grassroots leaders in the community.”

Community leaders are ready to engage and leverage their influence for impact. Ninety percent of African American community leaders believe that they have a strong responsibility to help improve the education that African American students receive, according to Lift Every Voice and Lead: African American Leaders’ Perceptions of K-12 Education Reform, a report commissioned by the K-12 Advocacy Initiative and conducted by UNCF’s research arm, the Frederick D. Patterson Research Institute. The report also found that 66 percent of leaders expressed a desire for descriptions of community-led education reform efforts that have been successful in improving student outcomes and for how-to guides on building partnerships between the community and local schools.

Responding to the leaders’ call for support, the K-12 Advocacy Initiative created two user-friendly guides. For leaders, it produced the Lift Every Voice and Lead Toolkit: A Community Leader’s Advocacy Resource for K-12 Education, which provides tips, strategies, talking points and other resources to help grasstops leaders use their influence to reform the educational system and to increase the number of students going to and through college. And, to help students, the K-12 Advocacy Initiative compiled Getting into College: A Readiness Guide, a comprehensive college-readiness checklist that outlines the most important steps in preparing for college. The guide also shares websites and other resources that students can use to for college.

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INSPIRE

SINCE ITS INCEPTION, UNCF HAS RAISED MORE THAN $4.8 BILLION IN FUNDING.
UNCF makes a difference. It makes a difference by providing financial and institutional support to its 37 member HBCUs. It makes a difference by awarding more than 16,000 scholarships each year. And it makes a difference by acting as a national advocate for HBCUs and minority education in Washington, DC, and around the country.

It also makes a difference by extending high-profile recognition to individuals and groups that invest time, influence and hard work in making their communities better places to live, work and raise families. This recognition, bestowed through the presentation of the Masked Award and other awards at UNCF Masked Balls and "A Mind Is..." Galas, recognizes and raises the visibility of those whose work supports UNCF's core college-education mission and extends the broader impact of our work and of a college education.

Perhaps the best-known among UNCF honorees are the former and retiring big-city mayors who invested in UNCF through their support for UNCF’s mission and by hosting Mayor’s Masked Balls, whose proceeds support member HBCUs and their students. UNCF Atlanta, for example, home of the nation’s first UNCF Mayor’s Masked Ball, presented its Masked Award to Mayor Kasim Reed. UNCF New Orleans honored Mayor Mitch Landrieu and UNCF Birmingham honored former Mayor William Bell.

UNCF also recognized people who worked from the private sector to support UNCF and the communities it serves. People like Ken Powell, chairman and CEO of General Mills, who received the Masked Award from UNCF Minneapolis for General Mills’ long sponsorship of the annual Martin Luther King, Jr., Holiday Breakfast. UNCF New York honored April Ryan, White House correspondent for American Urban Radio Networks and CNN, and award-winning Broadway and regional theater director Kenny Leon. UNCF Atlanta honored Brannigan Thompson of Voya Financial and Donita Wilson of BB&T for leading the team that made that city’s Mayor’s Masked Ball an overwhelming success. And UNCF Philadelphia presented a Masked Award to new “Today” show weekend host Sheinelle Jones, who put her prominence to work for UNCF by serving as emcee of a series of Philadelphia Masked Balls.

Two of the 2018 Philadelphia UNCF Mayor’s Masked Ball Masked Award recipients: Opposite, Dr. William R. Hite, Jr., superintendent, School District of Philadelphia; Right, Sheinelle Jones, weekend host, NBC’s “Weekend TODAY.”
UNCF Philadelphia also recognized the importance of the UNCF mission of preparing students for college success by presenting its Masked Award to school superintendent Dr. William Hite, Jr., for leading the city’s largest school district to open innovative new high schools and expand successful school models; he also launched in-district turnarounds and redesigned schools in partnership with communities.

La-Doris McClaney, a philanthropist and graduate of Shaw University, received a Masked Award last year at the Los Angeles Mayor’s Masked Ball. McClaney is the daughter of Eula McClaney, who came out of an Alabama cotton field with just a sixth-grade education but founded a real estate firm and gave back to HBCUs and other nonprofits to help others.

Federal policies and federal programs, like Pell Grants and the Strengthening HBCUs program, play important parts in making sure students get a good HBCU education. So, it is no surprise that UNCF recognizes elected officials who have stood up for UNCF at home and in Washington, DC, to help its schools and students—public servants like U.S. Rep. Sheila Jackson Lee (D-TX), who received the Excellence in Education Award at UNCF Houston’s “A Mind Is…” Gala, and U.S. Rep. Eddie Bernice Johnson (D-TX), who received a Masked Award at UNCF Dallas’s Masked Ball.

It’s an impressive array, drawn from the public and private sectors, corporate executives and startup entrepreneurs, educators and philanthropists. But they all share one thing—just as UNCF recognized their work, they invested their stature in their communities in the work of UNCF and its 37 member HBCUs and in better futures for our students.

UNCF Los Angeles honored Dr. La-Doris McClaney with the UNCF Masked Award for her longstanding commitment to historically black colleges and universities during its 2018 Mayor’s Masked Ball. Dr. McClaney’s gift of $1 million to UNCF-member Bethune-Cookman University is only one example of her generosity.

UNCF Chicago presented its “A Mind Is…” Gala Alumni Award to D’Rita Robinson, a 1997 Spelman College graduate with a chemistry major who founded Chatty Guest, a free app that encourages collaboration, mentorship and global dialogue across disciplines, created two scholarship programs for Spelman students and now serves on her alma mater’s board of trustees.

Left to right: Maurice E. Jenkins, Jr., executive vice president, national development, UNCF; Randall Woodfin, mayor, city of Birmingham, AL; Kasim Reed, former mayor, city of Atlanta; Dr. Michael L. Lomax, president and CEO, UNCF; and Justine Boyd, regional development director, UNCF.
WHY WE INVEST IN UNCF:
by John Fisher, Adviser to Doris & Donald Fisher Fund,
Chair of KIPP Foundation

The Doris & Donald Fisher Fund is pleased to support many noteworthy organizations that are improving K-12 educational outcomes for traditionally underrepresented students. So, what makes our support for UNCF such a good fit?

We believe that every child deserves a rigorous education that prepares them for college, careers and a choice-filled life. What we value so highly in UNCF is the organization’s formidable record and commitment to removing financial barriers and helping thousands of African Americans and students of color become the first in their families to earn a college degree, while contributing to the growth of its institutional network of historically black colleges and universities (HBCUs).

We know the value of HBCUs because we’ve heard it firsthand from students. A recent survey from KIPP, a national network of public charter schools we have supported for nearly two decades, showed that the KIPP graduates who went to HBCUs reported a stronger sense of belonging, better mental health and were more likely to have a mentor than those attending non-HBCUs. This is a testament to UNCF’s work and the power of these institutions.

We believe that UNCF’s motto, “A mind is a terrible thing to waste,”® has it just right. We are proud to invest in UNCF and in the education its HBCUs and scholarships provide. A quality, affordable college education is and must remain one of our nation’s greatest investments.

John Fisher is the chairman of the board of the KIPP Foundation and special adviser to the Doris & Donald Fisher Fund, which focuses on education reform and charter schools. A resolute UNCF supporter, the Fisher Fund has expanded its support recently through the Help From the Hart Charity Scholarship program, providing financial assistance to KIPP students attending historically black colleges and universities.
WHY I GIVE: HELPING STUDENTS GO TO AND THROUGH COLLEGE IN NEW JERSEY
by Malcolm Robinson, Founder, Montclair Capital Group
New Jersey Advocates for Education Co-Founder

Here at New Jersey Advocates for Education (NJAE) and Garden State Scholars, we support UNCF because we have the same mission, minimizing the challenge of college affordability and helping students finish college with a grade-point average that makes them sought-after for graduate programs or employment opportunities in the competitive marketplace.

In fact, UNCF shared its experience with us when we were starting NJAE. While UNCF has a national focus, NJAE focuses on and invests in Essex County and northern New Jersey. We saw a trend of low college enrollment among young people from low-income families. The reasons were varied, but a lack of money and a lack of college preparedness overshadowed other factors.

From this, a volunteer committee planned and hosted the first in a series of scholarship fundraising events at which UNCF President and CEO Dr. Michael Lomax spoke, with a goal of raising enough money to award at least 10 scholarships. Partnering with UNCF, that event raised enough to exceed its goal and award scholarship money to 11 deserving students.

But the real test is how what we and UNCF do impacts students. The proof that our program works is that program retention rates have increased every year and with average retention rate of better than 75 percent and 100 percent of these students graduate. Twenty percent of students leaving the program go on to graduate school as well.

We hope that NJAE’s success—the success of the students we’ve invested in—inspires other people in other places to follow the UNCF model in their communities as we have in ours. The standards are high, but the statistics prove beyond question the program is working.

Malcolm Robinson is a successful investor who has a strong interest in supporting and advocating education for African American students. For the past 18 years, he has supported UNCF through his New Jersey Advocates For Education Scholarship program.

Clockwise, from top left: Adebola Adeagbo (Howard University); Asha Decosey (Fairleigh Dickinson University); Monica Reed (Delaware State University); Thelma Gonzalez (Kean University)
As a young man growing up in Anniston, AL, Samuel Cherry set himself three goals in life: to serve his country, see the world and learn a trade.

He would achieve all three—and one more: he would help more than 100 students at UNCF-member HBCUs study for a college education.

It was a different world that Cherry grew up in in the 1930s and 1940s. Alabama schools, restaurants, housing and almost all other businesses and government agencies were segregated. HBCUs were almost the only college options for African Americans.

There was another difference: A high school graduate with a good work ethic could earn enough to support a family.

But Samuel Cherry was not to be deterred. To serve his country, he joined the U.S. Air Force. There, he achieved another goal: he was trained as an electrician. As an Air Force enlisted man and noncommissioned officer, he achieved his third goal: serving in Japan, Korea and Vietnam as well as other countries. And, while on assignment in Japan, he met and married his wife.

After Cherry retired from the Air Force as a technical sergeant, he and his wife settled in Seattle, where he worked as an electrician for the city. He was an avid reader, and especially enjoyed reading about financial and international affairs while listening to jazz. And he would talk to anyone who would listen about the benefits of an education. In fact, Cherry’s niece recalls that her uncle talked to her about the importance of education and about his intention to leave a bequest to UNCF to help others get a college education because the world had changed from the one he had grown up in. Now, the best and fastest-growing jobs and career paths, the ones that paid enough to support families and communities, required at least a college degree.

So Samuel Cherry provided in his will a bequest to UNCF of more than a half-million dollars to be awarded as scholarships that would help young people—young people like Samuel Cherry had been when he left Alabama—get the college degrees that they needed and that the 21st century country needed them to have.
HBCUS AWARDED

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PERCENT OF ALL
BACHELOR'S DEGREES
IN STEM FIELDS
RECEIVED BY AFRICAN
AMERICAN STUDENTS.
Lewis Carroll’s Red Queen said it best, “Now, here [in Wonderland], you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!” The same is true for students preparing for careers in the tech industry—they have to run twice as fast if they want to acquire the necessary skills to be competitive in places like Silicon Valley. Considering that the role that technology plays in the economy and society is increasing exponentially—and with the national workforce rapidly becoming majority-minority—the pace of the challenge that UNCF and the tech industry face in building a diverse workforce will only accelerate.

The good news: UNCF has been developing new approaches to help our students acquire the necessary skills and abilities to compete in the tech workforce and is serving as a bridge to build the HBCU brand in Silicon Valley while working with tech-industry stakeholders to achieve their diversity and inclusion goals.

The challenge: Although employment in science, technology, engineering and mathematics—the STEM fields—will increase by more than 9 million jobs by 2022, African Americans represent just 6 percent of the national STEM workforce, and less than 2 percent of the Silicon Valley tech workforce.

The UNCF response: UNCF is leading the effort to support African American students majoring in computer science and engineering with scholarships and opportunities to connect with Silicon Valley tech companies for internships and jobs. These opportunities are made possible through partnerships with tech industry leaders like Google, Facebook, eBay and Oracle.

UNCF is now building the African American STEM pipeline even further. With a grant from the Fund II Foundation, UNCF launched the STEM Scholars program, a $48 million initiative to identify and support talented and gifted African American high school students committed to pursuing STEM majors as undergraduates and careers in STEM fields once they graduate. Now in its third year, the program provides scholarships, student services including tutoring and mentoring, and access to internships for cohorts of highly motivated and academically talented African American high school students.

Connecting HBCUs to Silicon Valley
Pursuing tech industry careers requires even more than scholarships, so, through a network of tech industry partnerships, UNCF is providing more support and investing in the preparation of even more STEM minds, not just to connect the pipeline to the tech-workforce, but also to promote startup and tech-entrepreneurship.
HBCU Innovation Summit
Each year for the past five years, UNCF has hosted HBCU students and faculty at the HBCU Innovation Summit in Silicon Valley. At the 2017 Summit, UNCF hosted 100 students majoring in computer science and engineering and representing 38 HBCUs and 35 HBCU computer science faculty members. The four-day experience included a Silicon Valley Tech Trek, during which students had a unique opportunity to visit campuses and engage engineers and product developers at 12 tech companies, including Google and Facebook.

While on the Tech Trek, students learned about the industry’s expectations as well as the career pathways that lead to job opportunities. The summit also featured a tech fair where students could engage recruiters and hiring managers from an additional set of Silicon Valley employers and participate in workshop sessions focused on developing soft skills including interview and resume preparation.

In addition, UNCF convened 35 faculty members for the third HBCU Computer Science Faculty Summit, during which faculty members participated in professional development workshops and had unique opportunities to gain insights from tech industry professionals on curriculum design and implementation. The result: the creation of an HBCU Center for Excellence in Computing and Computer Sciences, which will establish HBCU campuses as hubs for high-quality computer science education and robust talent pipelines for the tech industry. They will also serve as shared resource centers to build communities of practice among HBCU computer science faculty and support the development of computer science pedagogy and curriculum development.

UNCF-Google Partnership
UNCF and Google have formed a five-year partnership to build capacity among HBCU computer science departments and enhance the quality of computer science and engineering education across the HBCU landscape. The goal is to improve post-baccalaureate success and the yield of HBCU computer science and engineering graduates successfully transitioning into tech careers. The Google partnership also supports the HBCU Innovation Summit and provides faculty development opportunities through Google’s Faculty in Residence program.

Early Results
The HBCU Innovation Summit and other UNCF tech initiatives have already begun to bear fruit. Already, 25 percent of the 2014–15 summit attendees have assumed technical roles at 23 firms, including Adobe, Deloitte Consulting, Twitter, Pandora and Slack Technologies. As a Slack Technologies intern remembered, “The HBCU Innovation Summit helped me to dive deeper into what it means to be an entrepreneur and leader in tech. It was a needed accelerator for me.” Another attendee reported starting PV Wire (Where Innovation Reaches Entrepreneurship) an innovation and entrepreneurship organization for students at Prairie View A&M University, a state-supported HBCU in Texas. “We are moving at a very fast pace,” he says, “and in this short amount of time, we have acquired our own market space, and we have members who are starting businesses.”

UNCF and HBCUs have embarked on a journey to be sure. But when the stakes are so high, tech careers for talented and highly motivated students and competitive advantage for fast-moving tech firms—we know there’s not a moment to waste.
For many students and their families, two critical trips loom large. Before college, there’s the campus visit—the conversation with an admissions officer, the application for financial aid and the discussion with college representatives about which school is the right school. Then, as students near graduation and start to think about finding a job and launching a career, they begin to prepare for another trip: there are resumes to be written, interviews to be conducted, workplace cultures to be considered and opportunities to be compared.

But what about the thousands of students who don’t live in a state with a UNCF-member institution or who want to explore career opportunities in other cities and states and can’t afford such trips? For them, there is the UNCF Empower Me Tour® (EMT), a traveling college- and career-readiness road show that brings some of the most important parts of the campus and job-search visits to where students are. College-bound students can meet with college representatives, apply for admission and financial aid, and get answers before they leave. Job- and internship-seekers can get help preparing resumes, have job interviews and often get answers before they leave. And it’s all free, thanks to Empower Me Tour® presenting sponsor Target, founding sponsor Wells Fargo, national sponsors Procter & Gamble Co. and FedEx, and a host of local sponsors.

In addition to interviews with college representatives, Empower Me Tour® college readiness participants attend a series of presentations, panels and interactive workshops that help them follow the path from high school to college. Students can attend sessions about getting the most out of their high school experience, standardized testing, the college search and admissions process, financial aid, campus life and the advantages of attending an HBCU, as well as motivational sessions aimed at fostering academic excellence, career success and personal and financial responsibility. Parents get valuable guidance about what they can do to help their college-bound sons and daughters, the financial aid process from the parents’ perspective and the kinds of support their students will need during college.

The EMT Career Readiness track addresses the needs of recent alumni and students nearing the end of their undergraduate years. Corporate executives and industry experts offer advice on internship and early-career opportunities, building resumes and online profiles, and understanding workplace cultures. Students get opportunities to engage with and participate in mock interviews, and to have actual interviews with select internships and job placements with Fortune 100 and 500 companies, non-profit organizations and government agencies. Experts also offer personal branding advice and guidance on personal financial management—critical for those who may soon face decisions related to repaying college loans, lifestyle, and buying cars and homes.

Minneapolis, students that participated in the “My Black is Beautiful: Girl Talk” session at the UNCF Empower Me Tour®.
Does it work? The enthusiastic turnout at the past year’s stops tells the story. More than 5,000 students and their families came to EMT College Readiness stops last year in Minneapolis, Oakland, Chicago, Cincinnati and Dallas. Representatives from 32 of the 37 UNCF-member HBCUs came to meet students. They offered admission to over 1,000 students and granted more than 400 scholarships worth almost $13 million to first-year students. EMT career readiness stops in Atlanta, Raleigh and Fairfield, AL drew nearly 500 soon-to-graduate and recently graduated students.

Most important, the UNCF Empower Me Tour® is a chance for students and families to level the playing field and explore arrays of colleges and career opportunities and the variety of choices they offer—all without cost and all without leaving home. Students and graduates alike arrive with hopes and aspirations and leave, well, empowered.

Cincinnati attendees posing with Miss Wilberforce, Taylor Belle.
THE UNCF CAREER PATHWAYS INITIATIVE
GUIDING STUDENTS ALONG THE PATHWAY
FROM COLLEGE TO CAREER
A Progress Report

In 2015, UNCF and the Lilly Endowment launched a bold and pioneering venture: a seven-year, $50 million effort to support UNCF-member HBCUs and predominantly black institutions (PBIs) in tackling a critical mission: preparing their students for the careers on which they are about to embark, helping them build bridges over which their students can travel from their college campuses to the jobs that will launch their careers.

The venture, the UNCF Career Pathways Initiative (CPI), got off to a quick start, providing funding for these traditionally underresourced colleges and universities to develop proposals for project implementation, and awarding grants to the most competitive ideas. Today, two years down the road, the participating HBCUs and PBIs have developed concrete plans, each geared to the needs of their regions’ economies and to their institutions’ curricular strengths and aspirations that will take their projects to the next phase.

The view from 30,000 feet: Implementation funding is supporting the plans of 24 HBCUs and PBIs that award 8,000 degrees per year and serve 54,000 students, 73 percent of whom are Pell-eligible. Plans now being implemented support a range of pathway-building activities including faculty development and training, annual convenings, acceleration grants, certification program development, alternative credentialing programs, industry advisory councils, student internships and experiential learning.
Here are examples of the innovative plans the colleges and universities have created:

The Dress for Success Rust College Clothes Closet, being developed by UNCF-member institution Rust College in Holly Springs, MS, has assembled a “lending library” of business attire that job-seeking Rust College students can use for interviews. Rust’s program addresses the needs of students from low-income families for whom a business suit would strain an already tight family budget. Already, almost 250 students have drawn on the closet’s collection, not only avoiding expenses they cannot afford, but receiving guidance regarding suitable work attire. Walmart, a longtime UNCF partner, has donated more than 100 items for female and male students, also through Memphis Dress for Success, including the ModCloth designer collection of dresses sponsored by Walmart and hundreds of suits, ties, belts, shoes and designer shirts. The Memphis Suit Project has donated business attire from Jos. A. Bank and James Davis. Members of the Rust board of trustees and corporate roundtables have also donated items for the closet.

The Talladega College Career Pathways Initiative, developed by UNCF-member institution Talladega College in Talladega, AL, (which, with member institutions Oakwood University in Huntsville, AL, and Tougaloo College in Tougaloo, MS, make up the CPI “TOT Cluster”) has partnered with INROADS, Inc. to create the Talladega College Career Pathways (TCCP) initiative, built to foster planned- and long-term career successes in order to secure internships and full-time positions.

The initiative will integrate digital technologies, mentor resources and corporate and government partnerships to create a comprehensive approach that engages Talladega students. The initiative’s primary focus is to introduce students to core leadership competencies, provide career pathway advice and develop TCCP candidates’ professional and leadership skills through participation in the INROADS program.

A Career Pathways Week will offer opportunities for both group interaction and one-on-one coaching. Training sessions will feature titles like “Branding You: I’m a Business, Man!”, “Resumes That Rock,” “Fearless Interviewing,” and “You Got the Job, Now What: Are You Ready?” and additional skill-building activities. Participants will also experience a mock career fair to prepare them for the real thing.

The South Carolina Career Pathways Initiative cluster members gather to improve their overall implementation plan.
InVEST

The cost to attend an UNCF HBCU is 26 percent lower than that of comparable institutions.
The 230 men and women who work at Atlanta Housing (AH) know all about giving back to their community. It’s what they do every day: helping 22,000 Atlanta families—50,000 men, women, and children—who can’t afford to buy or rent housing in a market in which rents and purchase prices are high and getting higher. And one of the ways they’ve chosen to give back is through their 15-year partnership with UNCF.

They’re not wealthy, the employee-philanthropists at AH. But with full support from AH leadership, by banding together—98 percent of AH’s employees participate—and contributing what they can afford, pay period by pay period, year by year, they send students to and through college as surely as any corporation or foundation. Contributions total almost a half-million dollars, including a match by AH management, sending the scholarship pool to $530,575. UNCF-AH have sent 139 students to UNCF-member HBCUs such as Clark Atlanta University, Xavier University, Fisk University, Morehouse College and Spelman College, and to other institutions such as Howard University, Emory University and Syracuse University. Scholarships have helped broaden students’ horizons and helped recipients launch careers in a range of fields they could only have dreamed of.

Working to Send Kids to College: UNCF Workplace Programs

Perhaps the fact that they help people for a living makes the people at AH even more ready to invest in their community in other ways, like helping students of color in Atlanta and across the country get the education that they need. AH employees understand the challenge faced by low-income families in finding a place to live is much like the challenge that students from low-income families face in getting a college education. More than ever, a college degree has gone from being a “nice-to-have” to become a “must-have,” a requirement for almost every good-paying, fast-growing job and career path. And, like housing, the cost of a college degree has gone beyond the ability of most low-income families, especially families with two or more children, to afford.

The AH-UNCF partnership is just one of hundreds of corporate and government workplaces around the country that, in the spirit of UNCF’s motto, “A mind is a terrible thing to waste,” invest millions of dollars in better futures for students and, through their success, for everyone. Some are initiated by management and, like AH’s program, come with matching funds. Others are started by employees. UNCF supplies marketing materials to help organizers make the case to their colleagues. But they all share a common commitment: to change the world, one student at a time, one college scholarship at a time and one college degree at a time.
SIX UNCF COMMUNITIES + 3,500 UNCF SUPPORTERS x ONE NIGHT = MORE THAN $2 MILLION WORTH OF HBCU COLLEGE EDUCATION

Some would say it’s impossible to be in six places at the same time.
UNCF thinks otherwise, and it has more than 3,500 UNCF friends and supporters, and more than $2 million in contributions—investments in better futures—to prove it.

The six places are six cities—Birmingham, Dallas, Indianapolis, Los Angeles, San Francisco and Seattle—that held UNCF special events on the same night, Feb. 24, 2018, to raise the funds needed to help UNCF-member HBCUs give their students the education they need and deserve, and that the nation needs them to have.

Individual supporters who came together behind UNCF and its member HBCUs and their students on Feb. 24 were joined by dozens of corporate sponsors. Local and regional sponsors like San Francisco-based Dignity Health and the Golden State Warriors and Alabama Power were joined by national sponsors such as AT&T, Disney, NetApp, Oracle, Paramount, Starbucks, UPS, Verizon and Wells Fargo—and many, many more—all leaders in the 21st century economy and all investing through UNCF in their communities, future customers and future employees.

Each community’s event added its distinctive touches. Los Angeles brought star power with Estelle, MAJOR, Dawnn Lewis and brothers Aldis and Edwin Hodge. Guests at San Francisco’s “A Mind Is…” Gala heard Jaliela Hunter, an accounting major, dean’s list scholar and recipient of the MUFG Union Bank Scholarship Program at UNCF-member institution Clark Atlanta University, share her career aspirations to become a chief financial officer or start her own tax accounting firm and to start a mentoring program in her hometown of Jackson, MS.

Indianapolis reprised its long-running UNCF Bowling for Scholars Bowl-a-thon, an annual event that over 15 years has raised more than $600,000. Dallas, which honored U.S. Rep. Eddie Bernice Johnson (D-TX) and Mike and Diane Gruber with the Masked Award, followed its Mayor’s Masked Ball with the younger-audience-focused Mask Off. The After-Party, the first fundraiser for a newly formed UNCF young professionals group. And an innovative contribution to Seattle’s “A Mind Is…” Gala from Alaska Airlines and the Seattle Mariners baseball team awarded UNCF one million miles for each home run the Mariners hit last season, miles that can be used for student travel to HBCU college tours, travel to and from school and for students who participate in the UNCF’s HBCU Innovation Summit.

But for all their variety, the six communities, located in different parts of the country and separated by more than 2,500 miles, shared more than the same day. They shared a core mission: raising the resources that UNCF-member HBCUs need to keep their tuition affordable and their academic programs cutting-edge, and that HBCU students need to go to and through college and on to careers of success and service.

And together, all six communities succeeded in a single, spectacular night of support and mission-driven giving.
Of the 27 HBCUs that came together in 1944 to form the United Negro College Fund, almost all were affiliated with churches or congregations. Almost 75 years later, the partnership between UNCF and communities of faith is as strong today as it was then.

Nowhere does the community of faith’s commitment to education burn brighter than at the annual Philadelphia region UNCF Women of Faith for Education Afternoon Tea. Leaders of a cross-section of Philadelphia congregations—Baptist, Catholic, Seventh-Day Adventist and Muslim—invest their time and influence in organizing the event, which features student testimonials, door prizes and a red-carpet parade of crowns competition. Last year, more than $100,000 was raised to help deserving Philadelphia-area students get to and through college and to give UNCF-member HBCUs the resources they need to keep their academic programs strong and their tuition affordable. In fact, the tea has been so successful that it is expanding into neighboring Delaware.

Philadelphia is also home to the 133-year-old, 15,000-member Enon Tabernacle Baptist Church—for the past four years a national leader among UNCF faith givers and, for the past two years, the top faith giver.

“We’ve come this far by faith,” the gospel classic reminds us. But as congregants at the Enon Tabernacle Baptist Church and dedicated volunteers—whose hard work made the Women of Faith for Education Afternoon Tea such a success—all know, there are many more miles to go, many more students who need and deserve the education that UNCF makes possible.
It’s easy to take water for granted. Turn a faucet, flush a toilet, and it’s there. But keeping it clean, and moving it from its sources to 92 million people in homes, businesses and factories around the world is a technological and organizational challenge that requires a diverse and highly educated workforce—the kind of workforce that SUEZ-North America (formerly United Water) has invested in through its almost $400,000 partnership around the UNCF-SUEZ Corporate Scholars Program and its nearly 15 years of support for UNCF special events.

In more than a decade of partnership between UNCF and SUEZ, almost 60 college students of color have been employed as interns at SUEZ facilities in states from New Jersey and New York to California and have received $5,000-per-year scholarships. SUEZ CEO Eric Gernath says its partnership with UNCF was the newly formed SUEZ Foundation’s first project, driving the establishment of other initiatives that replicated the ingredients that made the UNCF-SUEZ Corporate Scholars Program such a success.

Selected candidates participate in paid internships across SUEZ’ operations. SUEZ assigns a corporate mentor to each scholar-intern, exposing each intern to examples of career- and leadership-building opportunities. The internship component has proved especially valuable to Kristyn Samaniego, an accounting intern and UNCF-SUEZ Corporate Scholar. “I look at team projects with a new perspective after seeing how it works in an organization,” she says. “I always look for ways I can take that real world experience and apply it at school.”

The workplace diversity fostered by the UNCF-SUEZ Corporate Scholar Program is critical to SUEZ achieving its corporate mission as well. “The utility sector has not traditionally been one of the most diverse,” says Gernath. “But in a changing world and a changing country, diversity is key to meeting our essential challenges, keeping our workforce completely engaged and contributing to the vital work we do.”

In addition to its corporate scholars program, SUEZ has been a sponsor of UNCF special events, whose proceeds help give UNCF-member HBCUs the support they need to keep their academic programs strong, their tuition affordable and their scholarships available. SUEZ has supported UNCF’s Newark Masked Ball since its inception in 2012. It also co-sponsored the Indianapolis local UNCF office’s flagship fundraising events, the Indianapolis Gala and the Indianapolis Masked Ball. And, for the last five years, SUEZ has sponsored UNCF’s signature New York “A Mind Is…” Gala, including participating as a chair of the event.

Through its support for the UNCF-SUEZ Corporate Scholars Program and for UNCF-member HBCUs through its event sponsorships, SUEZ continues to do its part to guarantee a well-educated and diverse workforce to ensure the environmental stewardship that is its core mission.

SUEZ Water internship and scholarship recipients gathered at the annual UNCF Student Leadership Conference in June 2017.
Since its founding in 1908 as the nation’s first African American sorority, the Alpha Kappa Alpha Sorority, Inc., has grown, under the banner of its credo—“To be supreme in service to all mankind”—from a core group of nine students at Howard University, to an international force of almost 300,000 women in nearly 1,000 chapters in 42 states, the District of Columbia and around the world.

Throughout its history, Alpha Kappa Alpha has worked to raise the status of African Americans, especially girls and women. It has enriched minds, encouraged lifelong learning and provided aid to the poor, the sick and the underserved. It has initiated social action to advance human and civil rights; it has worked collaboratively with other groups to maximize its impact, and its corps of volunteers has instituted groundbreaking social action initiatives and social service programs that have transformed communities.

And, for 40 years, AKA has worked in close partnership with UNCF, formalized under its then-international president, the late Bernice Sumlin, who, like all succeeding AKA international presidents, served as a member of the UNCF Board of Directors.

AKA’s president sits on the UNCF board of directors. AKA has made support of HBCUs a priority through its “Think HBCU” campaign, which showcases black colleges as a critical force in moving students to and through college. AKA received UNCF’s President’s Award at the 2017 annual New York “A Mind Is…” Gala and has sponsored UNCF special events around the country. AKA and its members have invested more than $4 million in UNCF and better futures.

Together, AKA and UNCF have made great strides in realizing the promise of the mission to which AKA pledged itself at its founding: to become an indomitable force for good.
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*as of March 31, 2017*
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<td>72</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>73</td>
</tr>
</tbody>
</table>
Independent Auditors’ Report

The Board of Directors and Members
United Negro College Fund, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the United Negro College Fund, Inc., which comprise the statement of financial position as of March 31, 2018, and the related statements of activities, functional expenses and cash flows for the year 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 U.S. generally accepted accounting principles; 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from 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 auditors’ 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 organization’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 organization’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 financial position of the United Negro College Fund, Inc. as of March 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Report on Summarized Comparative Information

We have previously audited the United Negro College Fund, Inc.’s 2017 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated July 31, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McLean, Virginia
July 30, 2018
### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$14,965,607</td>
<td>13,119,600</td>
</tr>
<tr>
<td>Short-term investments (notes 5 and 9)</td>
<td>14,051,990</td>
<td>11,769,444</td>
</tr>
<tr>
<td>GMSP short-term investments (notes 5 and 9)</td>
<td>48,066,010</td>
<td>42,982,552</td>
</tr>
<tr>
<td>Receivable for unsettled investment trades (notes 7 and 8)</td>
<td>31,785,023</td>
<td>23,570,774</td>
</tr>
<tr>
<td>Pledges receivable, net (note 6)</td>
<td>2,708,141</td>
<td>3,248,550</td>
</tr>
<tr>
<td>Long term investments (notes 7 and 9)</td>
<td>188,117,352</td>
<td>192,245,691</td>
</tr>
<tr>
<td>GMSP long term investments (notes 8 and 9)</td>
<td>349,876,858</td>
<td>368,231,088</td>
</tr>
<tr>
<td>Property and equipment, net (note 10)</td>
<td>27,054,396</td>
<td>27,432,681</td>
</tr>
<tr>
<td>Collections acquired (note 11)</td>
<td>1,414,250</td>
<td>1,589,250</td>
</tr>
<tr>
<td>Other assets (note 20)</td>
<td>6,342,727</td>
<td>6,343,322</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$684,164,775</td>
<td>768,838,032</td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

#### Liabilities:
- Accounts payable and accrued expenses: $6,132,991
- Accrued wages, vacation, and other related expenses: 2,672,172
- Payable for unsettled investment trades (notes 7 and 8): 14,297
- Accrued distribution to member institutions: 7,288,830
- Notes payable (note 13): 5,025,455
- Bonds payable (note 14): 28,876,518

**Total liabilities**: 46,911,263

**Net assets (deficit)**:

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>(3,909,847)</td>
<td>2,089,219</td>
</tr>
<tr>
<td>Temporarily restricted (notes 15 and 17)</td>
<td>570,929,962</td>
<td>650,462,340</td>
</tr>
<tr>
<td>Permanently restricted (notes 16 and 17)</td>
<td>70,233,397</td>
<td>68,412,366</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>637,253,512</td>
<td>720,963,924</td>
</tr>
</tbody>
</table>

**Total liabilities and net assets**: $684,164,775

See accompanying notes to financial statements.
UNITED NEGRO COLLEGE FUND, INC.
Statement of Functional Expenses
Year ended March 31, 2018
(with summarized financial information for 2017)

**Program services** – assistance to member and nonmember institutions

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Scholarships and special projects</th>
<th>to member institutions</th>
<th>Institutional services</th>
<th>Other program services</th>
<th>Total program services</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMSP</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>14,163,241</td>
<td>14,163,241</td>
</tr>
<tr>
<td>Grants and scholarships</td>
<td>92,682,750</td>
<td>23,424,163</td>
<td>—</td>
<td>—</td>
<td>116,106,913</td>
</tr>
<tr>
<td>Total distributions</td>
<td>92,682,750</td>
<td>23,424,163</td>
<td>14,163,241</td>
<td>—</td>
<td>130,270,154</td>
</tr>
</tbody>
</table>

**Expenses before depreciation, amortization, and bad debts**

<table>
<thead>
<tr>
<th></th>
<th>Salaries and wages</th>
<th>Employee benefits</th>
<th>Advertisements and promotions</th>
<th>Professional and consulting fees</th>
<th>Information technology support</th>
<th>Office expenses</th>
<th>Telephone</th>
<th>Postage and shipping</th>
<th>Occupancy</th>
<th>Printing and publications</th>
<th>Travel</th>
<th>Total expenses before depreciation, amortization, and bad debts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,441,058</td>
<td>382,980</td>
<td>7,125</td>
<td>207,652</td>
<td>710,721</td>
<td>13,129</td>
<td>8,050</td>
<td>10,527</td>
<td>346,831</td>
<td>36,380</td>
<td>359,854</td>
<td>588,524</td>
</tr>
<tr>
<td></td>
<td>2,823,909</td>
<td>771,197</td>
<td>1,720</td>
<td>1,894,773</td>
<td>1,043,873</td>
<td>290,136</td>
<td>943</td>
<td>37,333</td>
<td>461,814</td>
<td>182,605</td>
<td>872,059</td>
<td>1,189,449</td>
</tr>
</tbody>
</table>

**Total expenses before depreciation, amortization, and bad debts**


**Depreciation and amortization expense**

|                      | 301,028            | —                | —                            | —                               | —                             | —              | —        | —                      | —         | —                               | —      | —                                    |

**Bad debt expense**

|                      | —                  | —                | —                            | —                               | —                             | —              | —        | —                      | —         | —                               | —      | —                                    |

**Total expenses**


**Supervising services**

<table>
<thead>
<tr>
<th></th>
<th>Management and Fund-raising services</th>
<th>Total program and supporting services expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Distributions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and operational support</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Grants and scholarships</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total distributions</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

**Expenses before depreciation, amortization, and bad debts**

<table>
<thead>
<tr>
<th></th>
<th>Salaries and wages</th>
<th>Employee benefits</th>
<th>Advertisements and promotions</th>
<th>Professional and consulting fees</th>
<th>Information technology support</th>
<th>Office expenses</th>
<th>Telephone</th>
<th>Postage and shipping</th>
<th>Occupancy</th>
<th>Printing and publications</th>
<th>Travel</th>
<th>Total expenses before depreciation, amortization, and bad debts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,827,967</td>
<td>1,158,828</td>
<td>7,913</td>
<td>2,275,063</td>
<td>2,086,342</td>
<td>4,827,967</td>
<td>865,951</td>
<td>48,562</td>
<td>116,683</td>
<td>42,140</td>
<td>116,683</td>
<td>3,111,234</td>
</tr>
</tbody>
</table>

**Total expenses before depreciation, amortization, and bad debts**

|                      | 5,581,466          | 13,309,859       | 18,891,065                   | 168,074,011                    | 182,027,527                   | 5,581,466       | 42,140    | 48,562                 | 116,683   | 42,140                               | 116,683 | 3,111,234                                | 6,411,504 | 183,229,298                                  |

See accompanying notes to financial statements.
**UNIVERSITY NEGRO COLLEGE FUND, INC.**

**Statements of Cash Flows**

Years ended March 31, 2018 and 2017

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$(83,710,412)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash used in operating activities:</td>
<td></td>
</tr>
<tr>
<td>Realized gains on investments</td>
<td>$(4,538,105)</td>
</tr>
<tr>
<td>Unrealized losses (gains) on investments</td>
<td>2,137,585</td>
</tr>
<tr>
<td>Amortization of investment premium and discount</td>
<td>(2,128,865)</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>834,290</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,456,553</td>
</tr>
<tr>
<td>Collections and gifts-in-kind</td>
<td>175,000</td>
</tr>
<tr>
<td>Contributions restricted for investment in endowment funds</td>
<td>(8,330,914)</td>
</tr>
<tr>
<td>(Increase) decrease in assets:</td>
<td></td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>402,369</td>
</tr>
<tr>
<td>Accrued investment income</td>
<td>540,409</td>
</tr>
<tr>
<td>Other assets</td>
<td>607,717</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>938,882</td>
</tr>
<tr>
<td>Accrued wages, vacation, and other related personnel expenses</td>
<td>(38,898)</td>
</tr>
<tr>
<td>Accrued contributions to member institutions</td>
<td>40,788</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>$(93,913,746)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(1,965,948,824)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>2,062,197,002</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(471,149)</td>
</tr>
<tr>
<td>Net cash provided by investing activities</td>
<td>95,777,029</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Repayments of note payable</td>
<td>(1,002,304)</td>
</tr>
<tr>
<td>Repayments of bonds payable</td>
<td>(618,748)</td>
</tr>
<tr>
<td>Contributions restricted for investment in endowment funds</td>
<td>1,804,776</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(16,276)</td>
</tr>
<tr>
<td>Increase in cash and cash equivalents</td>
<td>1,847,007</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>13,119,600</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>$14,966,607</td>
</tr>
<tr>
<td><strong>Cash paid for interest</strong></td>
<td>$1,214,624</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.

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**Notes to Financial Statements**

March 31, 2018 and 2017

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### (1) Organization

The United Negro College Fund, Inc. (UNCF) is organized as a not-for-profit entity established to assist its 37 current member institutions of higher education to raise funds from the public for their mutual support. All participating member institutions receive distributions of unrestricted support and revenues pursuant to a formula. Support and revenue, net of expenses, raised in accordance with joint campaign agreements, is distributed 75% to the member institutions conducting the campaign. The remaining 25% is included in the regular campaign formula distribution to all member institutions. Member institutions participate in both the regular and joint campaigns. In addition, UNCF administers grants, scholarships, and other programs benefiting students, member institutions, and nonmember institutions, based on donor stipulations.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Accounting

The accompanying financial statements of UNCF are presented in conformity with accounting principles generally accepted in the United States of America and have been prepared on the accrual basis of accounting.

#### (b) 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 and repurchase agreements used for overnight investment purposes. All other highly liquid instruments, which are to be used for the long-term purposes of UNCF, are classified as investments. Cash and cash equivalents are valued at their carrying amount which approximates fair value due to their short maturities.

#### (c) Investments

Investments are reported at fair value based on quoted market prices, or, in the case of alternative investments, at estimated values provided by the fund managers or general partners based on quoted market prices, if available, at estimated fair value utilizing net asset values, or other valuation methods. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2009-12, Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), net asset value is used as a practical expedient to estimate fair value of these funds. Net asset value, in many instances may not equal fair value that would be calculated pursuant to FASB Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures (see note 8). Investments classified as short-term are available for operations in the next fiscal year. The cost assigned to investments received by gift is the fair value at the date the gift is received. Unrealized and realized gains and losses are included in the accompanying statements of activities.
UNCF has authorized its investment managers to utilize financial future derivative instruments, to either hedge risk or alter the exposure to certain asset classes. UNCF has established procedures to monitor and manage the use of these derivative instruments and the related market, interest and counterparty credit risks. These derivative instruments are recognized at fair value, using quoted market prices for similar instruments, within investments in the statements of financial position. Investment income is reported net of related expenses, such as custodial, commission, and investment advisory fees. Such expenses amounted to $1,459,805 and $1,618,355 in fiscal years 2018 and 2017, respectively.

(d) Pledges Receivable

Pledges receivable consist primarily of amounts due from unconditional promises to give by various donors. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises to give are received. Amortization of the discounts is included in contributions and gifts revenue. An allowance for uncollectible pledges receivable is provided based on management’s judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

(e) Property and Equipment

Property and equipment is recorded at cost, or if donated, such assets are capitalized at the estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over estimated useful lives ranging from three to ten years. Buildings are depreciated over an estimated useful life of 40 years. Leasehold improvements are amortized over the lesser of the remaining life of the lease or the estimated useful life of the improvements. Expenditures for repairs and maintenance are charged to expense as incurred. UNCF follows the policy of capitalizing interest as a component of property and equipment constructed for its own use and depreciation or amortization of an asset begins when the asset is available for its intended use.

(f) Capitalized Software

Certain costs to develop or obtain internal use software are capitalized in accordance with FASB ASC Topic 350-40, Accounting for the Costs of Software for Internal Use. After all substantial testing and deployment is completed and the software is ready for its intended use, internally developed software costs are amortized using the straight-line method over the estimated useful life of the software.

The balance of capitalized software at March 31, 2018 and 2017, included in other assets in the accompanying statements of financial position pertains largely to the costs incurred for the Gates Millennium Scholars Program (GMSPI) project implementation of its Enterprise Scholarship Application and UNCF Student Tracking, Award and Response (STAR) system. Amortization expense for the years ended March 31, 2018 and 2017 amounted to $632,057 and $382,400, respectively.
Endowment Net Asset Classifications

FASB ASC Topic 958-205, Reporting Endowment Funds, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UNCF is subject to the State of New York’s UPMIFA and has adopted FASB ASC Topic 958-205, as required. UNCF has interpreted the State of New York’s UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UNCF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The associated gains and income on donor-restricted endowment funds are classified as temporarily restricted net assets until those amounts are appropriated for expenditures by UNCF in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, UNCF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of UNCF.
2. The purposes for which UNCF will appropriate funds from the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of UNCF.
7. The investment policies of UNCF.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires UNCF to retain as a fund of perpetual endowment. UNCF has no deficits of its restricted net assets at March 31, 2018 and 2017.

Endowment Investment and Spending Policies

Endowment assets include those assets of donor-restricted funds that UNCF must hold in perpetuity or for a donor-specified period. UNCF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments. Preservation of capital is foremost, followed by preservation of purchasing power and growth of assets. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to attain an average annual real return (net of investment and management fees) of 5% above the Consumer Price Index (CPI). It is recognized that the real return objective will be difficult to attain in every period, but it should be attainable over the long-term. To satisfy its long-term rate-of-return objectives, UNCF relies on a total return strategy, designed to deliver superior risk adjusted returns in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UNCF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

UNCF’s fiscal policy governs the use of resources in the various endowment funds for program expenses and administrative costs. Endowment funds are used for the specified purposes, or over the specified time period, designated by the donors. The amount of endowment funds available for use is based on the realized and unrealized cumulative investment income gains and losses in excess of the respective endowment’s principal balance multiplied by 5% of the average 3-year market value. These funds are used, with respect to any endowment restrictions, to support new initiatives or new one-time or short-term (2-3 years) activities, subject to the submission of a business plan that has been reviewed and endorsed by executive management and approved by UNCF’s Board of Directors. Once approval of an initiative or activity is obtained from the Board of Directors, the use of the endowment funds is incorporated into the operating budget process and distributions are based on the budgeted amounts.

Revenue Recognition

Revenue is recognized during the period in which it is earned. Revenue received in advance and not yet earned is deferred to the applicable period.

Donated Services

The value of certain services provided to and/or paid on behalf of UNCF’s programs, that are susceptible to objective measurement or valuation have been reflected in the financial statements (see note 18). Additionally, a substantial number of volunteers have donated significant amounts of time to UNCF’s program services and to its fund-raising campaigns. Although the value of these services is significant, UNCF does not record such value in its financial statements since the criteria for recognition is not met in accordance with FASB ASC Topic 958-605-25, Not-For-Profit Entities – Revenue Recognition.

Expenses

Expenses are recognized by UNCF 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 programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 the 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.
(v) Recent Accounting Pronouncements

Financial instruments which potentially subject UNCF to concentrations of credit risk consist principally of investments, pledges receivable, and certain revenue sources. UNCF places its investments at or in institutions in diversified industry and geographic areas. By policy, these investments are kept within authorized limits designed to prevent risks caused by concentration. Credit risk with respect to pledges receivable is generally limited, except as follows, because UNCF deals with a large number of donors and has maintained long-term relationships with these donors. Approximately 67% and 57% of pledges receivable for fiscal years ended 2018 and 2017 were from two major donors.

As of March 31, 2018, UNCF had no other significant concentration of credit risk, except as described in note 4.

(u) Fair Value Measurements

UNCF follows FASB ASC Topic 820, Fair Value Measurements and Disclosures, which requires additional footnote disclosures about the inputs used to develop the measurements of fair value and the effect of certain measurements reported in the accompanying statements of activities and as described in note 5.

(v) Recent Accounting Pronouncements

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement. This ASU, which simplifies FASB ASC Topic 820, Fair Value Measurements and Disclosures, by removing the requirement to categorize, within the fair value hierarchy, all investments measured using the net asset value (NAV) per share practical expedient. Although classification within the fair value hierarchy is no longer required, an entity must disclose the amount of investments measured using the NAV practical expedient in order to permit reconciliation of the fair value of investments in the hierarchy to the amount presented on the statement of activities. The amendment also permits a one-time election to reclassify, within the fair value hierarchy, all investments measured using the NAV practical expedient previously categorized as Level 3 or no longer required to be categorized in the fair value hierarchy. UNCF reclassified $121,924,232 Level 3 investments and $119,683,021 Level 3 investments as of December 15, 2018. Upon adoption of the ASU, investments measured using the NAV practical expedient in order to permit reconciliation of the fair value of investments in the hierarchy to the amount presented on the statement of activities are eligible for reclassification.

In May 2016, the FASB issued ASU 2016-06, Financial Instruments—Transfers and Servicing (Subtopic 860-10). This ASU required entities to classify financial assets transfers as sales in order to transfer them from a held-to-maturity classification to another classification. UNCF determined that it had sold or transferred certain receivables and reclassified them as held-to-maturity investments. UNCF reclassified $1,028,241 held-to-maturity investments as of March 15, 2016. UNCF reclassified $1,028,241 held-to-maturity investments as of December 15, 2018. Upon adoption of the ASU, certain previously sold receivables were reported as held-to-maturity investments.

In March 2016, the FASB issued ASU 2016-09, Compensation—Share Based Payments (Topic 718): Improvements to Employee Share-Based Payment Accounting. This ASU required entities to account for common stock awards issued in a share-based payment transaction as if the award had been granted on the effective date of the award. UNCF determined that its stock options were issuable on March 15, 2016. Upon adoption of the ASU, the revised date of the options was determined to be March 15, 2016, which was the effective date of the award.

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. This ASU reduced the number of net asset classifications from three to two: with donor restrictions and without donor restrictions. The ASU also requires not-for-profits to report expenses by functional and natural classification in one location in the financial statements and requires not-for-profits to report quantitative and qualitative information about management of liquidity resources and availability of financial assets. This ASU is effective for annual periods in fiscal years beginning after December 15, 2017, and for interim periods in fiscal years beginning after December 15, 2018. Early application is permitted and applied retrospectively. UNCF is currently evaluating the effect the provisions ASU 2016-14 will have on the financial statements.

(w) Summarized Financial Information for 2017

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UNCF’s financial statements for the year ended March 31, 2017, from which the summarized information was derived.

(x) Reclassification

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

(3) Income Taxes

UNCF has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The IRS has also determined that UNCF is not a private foundation. UNCF is required to report and pay taxes on unrelated business income to the IRS and other local jurisdictions. There was no liability for unrelated business income taxes as of March 31, 2018 and 2017.

UNCF also follows the provisions of FASB ASC Topic 740-10, Income Taxes. Management believes it has no material uncertain tax positions or any related penalties and interest to accrue for the years ended March 31, 2016 and 2017, and, accordingly, there is no liability for unrecognized tax benefits. UNCF files IRS Form 990 annually with the Federal Government and is still open to examination by taxing authorities for fiscal year 2012 and later.

On December 22, 2017, the President of the United States of America signed into Public Law 115-97, the Tax Cuts and Jobs Act, which includes several changes relevant to tax exempt organizations, primarily related to unrelated business income, net operating losses, certain new excise taxes, and affecting the deductibility of certain expenses. Management is currently in the process of evaluating the new law and the impact it may have on UNCF.

(4) Uninsured Cash Balances

UNCF places its cash and cash equivalents with high credit quality financial institutions that are federally insured for $250,000 and for $500,000 under the Federal Depository Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC), respectively. Amounts held in excess of the SIPC limits were $8,280,114 and $6,605,797 at March 31, 2018 and 2017, respectively. UNCF has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

(Continued)

UNITED NEGRO COLLEGE FUND, INC.
Notes to Financial Statements
March 31, 2018 and 2017

UNITED NEGRO COLLEGE FUND, INC.
Notes to Financial Statements
March 31, 2018 and 2017

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(5) Short-Term Investments
Short-term investments are held, invested, and managed by UNCF and financial institutions, subject to guidelines established by UNCF, GMSP, and its respective Investment Committees. Short-term investments, at fair value, consist of the following at March 31:

<table>
<thead>
<tr>
<th></th>
<th>UNCF</th>
<th>GMSP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$13,417,511</td>
<td>48,066,010</td>
</tr>
<tr>
<td>Certificates of deposit, commercial paper, and other short-term investments</td>
<td>674,479</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total short-term investments</strong></td>
<td><strong>$14,091,990</strong></td>
<td><strong>48,066,010</strong></td>
</tr>
</tbody>
</table>

(6) Pledges Receivable
Pledges receivable are unconditional promises to pay certain amounts and consist of the following at March 31:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unconditional pledges receivable before unamortized discount and allowance for uncollectible amounts</td>
<td>$33,322,440</td>
<td>24,972,102</td>
</tr>
<tr>
<td>Less: Unamortized discount</td>
<td>522,117</td>
<td>381,073</td>
</tr>
<tr>
<td>Allowance for uncollectible amounts</td>
<td>1,015,271</td>
<td>1,020,255</td>
</tr>
<tr>
<td><strong>Net unconditional pledges receivable</strong></td>
<td><strong>$31,785,052</strong></td>
<td><strong>$23,570,774</strong></td>
</tr>
</tbody>
</table>

Management evaluates the collectability of its receivables and records an allowance for estimated uncollectible amounts. Pledges due beyond one year were discounted at an annual rate ranging from 0.31% to 2.51%. The discount will be recognized as contributions and gifts revenue in fiscal years 2019 through 2026, as the discount is amortized using an effective yield over the duration of the contributions. In fiscal year 2018, one donor represented 54% of the pledges receivable, net of discount. In fiscal year 2017, one donor represented 49% of the pledges receivable, net of discount.

(7) Long-Term Investments
Investments held for long-term purposes and at fair value consist of the following at March 31:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed income</td>
<td>$11,586,096</td>
<td>16,727,950</td>
</tr>
<tr>
<td>U.S. and global equities</td>
<td>63,772,200</td>
<td>50,210,554</td>
</tr>
<tr>
<td>Portfolio cash</td>
<td>2,750,727</td>
<td>755,453</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>20,430,383</td>
<td>23,752,071</td>
</tr>
<tr>
<td>Designated fixed income</td>
<td>51,454,536</td>
<td>64,083,357</td>
</tr>
<tr>
<td>Private equities</td>
<td>38,093,410</td>
<td>36,716,306</td>
</tr>
<tr>
<td><strong>Total long-term investments</strong></td>
<td><strong>$188,117,352</strong></td>
<td><strong>$192,245,691</strong></td>
</tr>
</tbody>
</table>

UNCF’s investments are accounted for on the trade date. Consequently, there were $3,862 payables for unsettled trades at March 31, 2017. These investment receivables and payables are reported separately in the accompanying statements of financial position.

The expected future cash receipts for UNCF are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts due in:</td>
<td>&quot;17,604,060&quot;</td>
<td>14,984,247</td>
</tr>
<tr>
<td>One to five years</td>
<td>15,718,380</td>
<td>9,987,855</td>
</tr>
<tr>
<td><strong>Pledges receivable before discount and allowance</strong></td>
<td><strong>$33,322,440</strong></td>
<td><strong>24,972,102</strong></td>
</tr>
</tbody>
</table>

Investments held for long-term purposes include investments for which the Board of Directors and member institutions have earmarked the proceeds from the liquidation of such investments to be utilized primarily for distribution equalization in low-income years and endowment funds for which donors have stipulated that the principal remain intact.

Investments in various funds held in fixed income, U.S. and global equities, hedge funds, designated fixed income and private equities are valued based on UNCF’s share of net assets in the underlying investment portfolios. The underlying investment portfolios are valued by the respective investment managers at quoted market prices or estimated fair values for positions for which there is a limited market. Management reviews and evaluates the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the fair value of these alternative investments.

During fiscal year 2016, UNCF received a restricted contribution in the form of private stock valued at $29,967,200. This contribution appears in investments valued using NAV as a practical expedient (see note 9), along with UNCF’s other holdings of illiquid private equities. The fair value of the stock at March 31, 2018 was $33,610,405.
(8) GMSF Long-Term Investments

Investments in this portfolio are all fixed income securities, are held for long-term purposes and at fair value, and are composed of the following at March 31:

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. government securities</td>
<td>$174,138,639</td>
</tr>
<tr>
<td>Commercial mortgage-backed securities</td>
<td>1,018,097</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>384,166</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>165,985,621</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>8,091,727</td>
</tr>
<tr>
<td><strong>Total investments held for long-term purposes</strong></td>
<td>$349,603,953</td>
</tr>
</tbody>
</table>

Receivable for unsettled investment trades | — | 10,375 |

Payable for unsettled GMSP investment trades | (14,297) | — |

**Total GMSP investments held for long-term purposes – net of receivable and payable for unsettled investment trades** | $345,603,953 | $446,526,793 |

As a dedicated defeasance portfolio, all of these securities have defined stated maturities and predictable cash flows. GMSF long-term investments are accounted for based on the trade date. Consequently, there may be receivables and payables for unsettled trades at March 31, 2018 and 2017. There are $14,297 payables and $10,375 receivables for unsettled trades at March 31, 2018 and 2017, respectively. These investment receivables and payables are reported separately in the accompanying statements of financial position as noted above.

(9) Fair Value Measurements

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). UNCF 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. UNCF primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, UNCF utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. UNCF is able to classify fair value measurements based on the observability of those inputs.

UNCF’s assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels. Also, the time between inception and performance of the contract may affect the fair value. The determination of fair value may, therefore, affect the timing of recognition of revenues and change in net assets.

FASB ASC Topic 820 establishes a fair value hierarchy that gives the highest priority to 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. This input therefore reflects UNCF’s, and other independent third parties’ and where available, assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. This classification does not imply a lack of liquidity of the investment.

UNCF has a target allocation of approximately 20% nonmarketable alternative investments (private equity). Further, 20% and 21% of the UNCF long-term portfolio has monthly or better liquidity while approximately 50% and 52% of this portfolio has quarterly liquidity via its marketable alternative investments held at March 31, 2018 and 2017, respectively. UNCF carefully monitors these positions as it conducts periodic reviews of both asset allocation and performance.

All short-term investments (see note 5) are classified as Level 1 investments under the FASB ASC Topic 820 hierarchy. The following tables present UNCF’s long-term investments (see note 7) that are measured at fair value on a recurring basis as of March 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>NAV Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. market equities</td>
<td>$11,947,857</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Designated fixed income</td>
<td>51,494,536</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Portfolio cash</td>
<td>2,790,727</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Investments valued using NAV at a practical expedient</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>$98,693,323</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

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For both years ended March 31, 2018 and 2017, there have not been any transfers in and out of Level 3 measurements. The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Equities – UNCF’s holdings of equity securities refer to both U.S. and Global Equities and thus represent the publicly listed shares on regulated exchanges of various companies or commingled investment funds holding these types of securities. As publicly listed securities, prices and thus valuations are readily determinable marketable securities whose quoted prices are available in the open market. The remaining fixed income securities are based on net asset values as a practical expedient for fair value.

Alternative Investments – UNCF’s alternative investments fall into one of two categories – Private Equity and Hedge Funds. Individual holdings within the alternative investments may include investments in both nonmarketable (unlisted) and marketable (listed, publicly traded) securities. UNCF’s alternative investments are held in various classes of investments. Given the absence of market quotations for some of these investments, fair value is estimated using net asset value as a practical expedient. While these financial instruments contain varying degrees of risk, UNCF’s exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment. The financial statements of the investees are audited annually by nationally recognized independent auditors. In addition, UNCF has implemented a system whereby its mandator master custodian performs monthly and quarterly reconciliations with all of its outside managers and a comprehensive annual review that is timed to coincide with UNCF’s fiscal year-end.

Cash & Cash Equivalents – Cash & Cash Equivalents are invested in traditional money market funds that target a stable, daily net asset value and that are regulated under the Investment Company Act of 1940. These traditional money market funds are restricted to invest only in those securities permissible under Rule 2a-7 of the Investment Company Act of 1940 and typically refer to the high-quality rated debt instruments of various issuers that have maturities of 3-months or less, with a weighted average maturity of 60 days or less and with no more than 5% in any one issuer. These money market instruments include Treasury Bills, Certificates of Deposit, commercial paper, repurchase agreements and other acceptable short-term debt instruments. Investment Derivatives – UNCF’s investment managers may employ derivatives in order to manage market risks, arbitrage mispricing of securities, or repurchase long or short positions in a cost-effective manner. In no instance are derivatives used to speculate or leverage positions. All derivative investments are carried at fair value and are reported in Investments on the statement of financial position. The derivatives are held in connection with the counterparty and are subject to master netting agreements. The master netting agreements allow UNCF to offset net positions by counterparty and available collateral held. Financial futures contracts have fair value of $(7,389,578) and $5,681,988 at March 31, 2018 and 2017, respectively. The fair value for these contracts are reported as GMSP long-term investments.

Financial futures contracts have fair value of $(7,389,578) and $5,681,988 at March 31, 2018 and 2017, respectively. The fair value for these contracts are reported as GMSP long-term investments.

available via regular trading between specialists, market makers and multiple principals and agents. Bid and offer quotes are continuously available. The commingled investment funds are valued using net asset value.

Fixed Income – Fixed Income and designated fixed income securities are comprised of U.S. and global government bills, notes and bonds (including agency issuers, Treasury Inflation Protection Securities and various zero coupon issues) and also various types of corporate bonds (including asset-backed securities, both residential and commercial mortgage-backed securities and debentures) or commingled investment funds holding these types of securities. A portion of the designated fixed income securities are readily determinable marketable securities whose quoted prices are available in the open market. The remaining fixed income securities are based on net asset values as a practical expedient for fair value.

Alternative Investments – UNCF’s alternative investments fall into one of two categories – Private Equity and Hedge Funds. Individual holdings within the alternative investments may include investments in both nonmarketable (unlisted) and marketable (listed, publicly traded) securities. UNCF’s alternative investments are held in various classes of investments. Given the absence of market quotations for some of these investments, fair value is estimated using net asset value as a practical expedient. While these financial instruments contain varying degrees of risk, UNCF’s exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment. The financial statements of the investees are audited annually by nationally recognized independent auditors. In addition, UNCF has implemented a system whereby its mandator master custodian performs monthly and quarterly reconciliations with all of its outside managers and a comprehensive annual review that is timed to coincide with UNCF’s fiscal year-end.

Cash & Cash Equivalents – Cash & Cash Equivalents are invested in traditional money market funds that target a stable, daily net asset value and that are regulated under the Investment Company Act of 1940. These traditional money market funds are restricted to invest only in those securities permissible under Rule 2a-7 of the Investment Company Act of 1940 and typically refer to the high-quality rated debt instruments of various issuers that have maturities of 3-months or less, with a weighted average maturity of 60 days or less and with no more than 5% in any one issuer. These money market instruments include Treasury Bills, Certificates of Deposit, commercial paper, repurchase agreements and other acceptable short-term debt instruments. Investment Derivatives – UNCF’s investment managers may employ derivatives in order to manage market risks, arbitrage mispricing of securities, or repurchase long or short positions in a cost-effective manner. In no instance are derivatives used to speculate or leverage positions. All derivative investments are carried at fair value and are reported in Investments on the statement of financial position. The derivatives are held in connection with the counterparty and are subject to master netting agreements. The master netting agreements allow UNCF to offset net positions by counterparty and available collateral held. Financial futures contracts have fair value of $(7,389,578) and $5,681,988 at March 31, 2018 and 2017, respectively. The fair value for these contracts are reported as GMSP long-term investments.

available via regular trading between specialists, market makers and multiple principals and agents. Bid and offer quotes are continuously available. The commingled investment funds are valued using net asset value.

Fixed Income – Fixed Income and designated fixed income securities are comprised of U.S. and global government bills, notes and bonds (including agency issuers, Treasury Inflation Protection Securities and various zero coupon issues) and also various types of corporate bonds (including asset-backed securities, both residential and commercial mortgage-backed securities and debentures) or commingled investment funds holding these types of securities. A portion of the designated fixed income securities are readily determinable marketable securities whose quoted prices are available in the open market. The remaining fixed income securities are based on net asset values as a practical expedient for fair value.

Alternative Investments – UNCF’s alternative investments fall into one of two categories – Private Equity and Hedge Funds. Individual holdings within the alternative investments may include investments in both nonmarketable (unlisted) and marketable (listed, publicly traded) securities. UNCF’s alternative investments are held in various classes of investments. Given the absence of market quotations for some of these investments, fair value is estimated using net asset value as a practical expedient. While these financial instruments contain varying degrees of risk, UNCF’s exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment. The financial statements of the investees are audited annually by nationally recognized independent auditors. In addition, UNCF has implemented a system whereby its mandator master custodian performs monthly and quarterly reconciliations with all of its outside managers and a comprehensive annual review that is timed to coincide with UNCF’s fiscal year-end.

Cash & Cash Equivalents – Cash & Cash Equivalents are invested in traditional money market funds that target a stable, daily net asset value and that are regulated under the Investment Company Act of 1940. These traditional money market funds are restricted to invest only in those securities permissible under Rule 2a-7 of the Investment Company Act of 1940 and typically refer to the high-quality rated debt instruments of various issuers that have maturities of 3-months or less, with a weighted average maturity of 60 days or less and with no more than 5% in any one issuer. These money market instruments include Treasury Bills, Certificates of Deposit, commercial paper, repurchase agreements and other acceptable short-term debt instruments. Investment Derivatives – UNCF’s investment managers may employ derivatives in order to manage market risks, arbitrage mispricing of securities, or repurchase long or short positions in a cost-effective manner. In no instance are derivatives used to speculate or leverage positions. All derivative investments are carried at fair value and are reported in Investments on the statement of financial position. The derivatives are held in connection with the counterparty and are subject to master netting agreements. The master netting agreements allow UNCF to offset net positions by counterparty and available collateral held. Financial futures contracts have fair value of $(7,389,578) and $5,681,988 at March 31, 2018 and 2017, respectively. The fair value for these contracts are reported as GMSP long-term investments.

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For both years ended March 31, 2018 and 2017, there have not been any transfers in and out of Level 3 measurements. The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Equities – UNCF’s holdings of equity securities refer to both U.S. and Global Equities and thus represent the publicly listed shares on regulated exchanges of various companies or commingled investment funds holding these types of securities. As publicly listed securities, prices and thus valuations are readily determinable marketable securities whose quoted prices are available in the open market. The remaining fixed income securities are based on net asset values as a practical expedient for fair value.
Methodology and Process
UNCF’s Management and UNCF’s investment advisor, both working in conjunction, (i) performs on-going due diligence on outside managers including, among other things, vetting, monitoring developments involving operations, firewalls and best practices, and compliance oversight; (ii) ensures proper benchmarking where applicable against certain indexes (e.g., MSCI EAFE, MSCI Emerging Markets, Barclays Aggregate Bond Index, HFR, S&P 500 Index, and Dow Jones Industrial Average, among others); and (iii) reports on changes in overall market conditions. The investment advisor and UNCF Management also have regular calls with management of the outside fund managers, conduct intermittent in-person and on-site meetings, and conduct periodic and ad hoc meetings with the investment committee, as necessary.

UNCF’s Management and the investment advisor also analyze and report to the investment committee on the portfolios’ overall performance and compliance. Finally, the UNCF Management and the advisor make regular proactive recommendations for the investment committee to consider with a view towards improving the overall management and performance of the portfolio.

The following table summarizes UNCF’s investments with a reported NAV as of March 31, 2018:

<table>
<thead>
<tr>
<th>Investment type</th>
<th>Fair value</th>
<th>Redemption frequency</th>
<th>Redemption period (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. and global equities</td>
<td>$51,824,343</td>
<td>Monthly, quarterly</td>
<td>1-180 days</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>20,420,383</td>
<td>Quarterly, monthly</td>
<td>8-65 days</td>
</tr>
<tr>
<td>Fixed income</td>
<td>11,586,096</td>
<td>Daily, quarterly</td>
<td>10-90 days</td>
</tr>
<tr>
<td>Private equities</td>
<td>38,093,410</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>$121,924,232</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following table summarizes UNCF’s investments with a reported NAV as of March 31, 2017:

<table>
<thead>
<tr>
<th>Investment type</th>
<th>Fair value</th>
<th>Redemption frequency</th>
<th>Redemption period (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. and global equities</td>
<td>$42,486,694</td>
<td>Monthly, quarterly</td>
<td>10-60 days</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>23,752,071</td>
<td>Quarterly, monthly</td>
<td>8-65 days</td>
</tr>
<tr>
<td>Fixed income</td>
<td>16,727,050</td>
<td>Daily, quarterly</td>
<td>1-60 days</td>
</tr>
<tr>
<td>Private equities</td>
<td>36,716,306</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>$119,683,021</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

UNCF’s investments in U.S. and global equities, and fixed income asset classes, which are recorded at net asset value, and represent investments in various commingled investment funds and other marketable securities.

UNCF's investments in hedge funds seek to provide investors with maximum appreciation of capital while limiting down-side risk. It does so by investing with a diversified group of hedge funds and fund-of-funds. Where hedge funds take direct positions, fund-of-funds invest with underlying sub-managers that employ various hedging strategies typically by simultaneously investing in long and short positions in various securities. These funds may utilize leverage to magnify the effects of securities selection and especially price movements. Additionally, most of UNCF’s hedge fund positions were out of the mandatory lock-up periods.

UNCF's investments in private equities seek to provide investors with reasonable returns compared to comparable market indexes utilizing a pool of nonmarketable private equity funds. The funds have different kick-out structures that lead to varying withdrawal restrictions or possible redemptions of capital. The typical cycle provides for an initial investment period usually ranging anywhere from 1-5 years, followed by a growth and management phase that typically runs anywhere from 2-10 years, or longer. Over this entire period, capital is both periodically called and distributed according to the realization/distribution of investment earnings and/or returns.

UNCF does not intend to sell any of the funds at an amount different from net asset value per share at March 31, 2018 and 2017. Outstanding funding commitments for nonmarketable alternative investments, based on the terms of the underlying investment agreements, amounted to $1,369,000 and $1,500,000 as of March 31, 2018 and 2017, respectively.

(10) Property and Equipment
Property and equipment utilized at national headquarters and regional field offices are summarized as follows.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$6,350,000</td>
<td>$6,350,000</td>
</tr>
<tr>
<td>Building</td>
<td>22,958,557</td>
<td>22,958,557</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>950,755</td>
<td>950,755</td>
</tr>
<tr>
<td>Computers and equipment</td>
<td>3,367,109</td>
<td>3,365,609</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>387,603</td>
<td></td>
</tr>
<tr>
<td>Total property and equipment</td>
<td>$34,014,024</td>
<td>33,624,921</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>($6,959,028)</td>
<td>($6,192,240)</td>
</tr>
<tr>
<td>Depreciation and amortization expense for the years ended March 31, 2018 and 2017, was approximately</td>
<td>$27,054,396</td>
<td>27,432,681</td>
</tr>
</tbody>
</table>
At a meeting with the Foundation in December 2012, the Foundation determined that no further funding through March 31, 2012 totaled $1,322,879,941. to provide additional funding up to a maximum of $472,699,156. The cumulative payments received future payments. Consequently, the Foundation agreed not accrue as anticipated, the payment dates and amounts of future installments, if any, will be determined with the GMSP partner organizations and UNCF. The Foundation will provide UNC F with no less than thirty with a lump-sum payment and a series of annual payments. The cumulative payments through March 31, 2005, were $1,042,000,000. During the fiscal year ended March 31, 2006, the Foundation approved enhancements to the original program and awarded the GMSP an additional amount not to exceed $58,003,043, of which $35,000,000 was received during fiscal year 2006. The balance of $23,003,043 was received during the fiscal year ended March 31, 2007. An additional enhancement grant of $10,681,794 to support Early Outreach, Male Initiative, Alumni Development, and other leadership initiatives was awarded and received as of the fiscal year ended March 31, 2007. Cumulative enhancement grant payments through March 31, 2007 were $68,684,837. Additionally, during the fiscal year ended March 31, 2007, the original cost estimates for the GMSP were evaluated, and it was determined that additional funding would be required in order for the GMSP to achieve its original objectives. Consequently, the Foundation agreed to provide additional funding up to a maximum of $472,699,156. The cumulative payments received through March 31, 2012 totaled $1,322,879,941.

At a meeting with the Foundation in December 2012, the Foundation determined that no further funding was required based on an anticipated value for the program of $439,032,187. If the terminal surplus does not accrue as anticipated, the payment dates and amounts of future installments, if any, will be determined by the Foundation in collaboration with UNCF. The Foundation will provide UNCF with no less than thirty (30) days prior written notice of the date and amount of each disbursement. During the fiscal year ended March 31, 2015, the Gates Foundation asked UNCF in its role as GMSP Administrator to present a ramp down plan for the program projecting student enrollment and scholarship and administrative expenditures through the program’s termination in the spring 2020. Working collaboratively with the GMSP partner organizations and UNCF’s leadership, the GMSP staff submitted the final plan to the Foundation in February 2017. As of March 31, 2018, the plan accepted by the Foundation, anticipates $311,121,244 in scholarship expenses and $55,277,189 in administrative expenses. When compared against the liability schedule, the plan anticipates a terminal surplus of $18,2 million, including future interest earnings. GMSP funds are invested and held in separate investment accounts by UNCF, and all investment gains and losses and interest and dividends earned are restricted for the purpose of the grant (see notes 8 and 9).

In accordance with FASB ASC Topic 958-605-25, revenue recognition is based on the unconditional/conditional promise to give. The restated grant agreement requires UNCF to allocate by specific performance metrics. If performance metrics are not met, the grant agreement may be terminated, and any unspent funds, including the accumulated returns on invested assets, will be returned to the Foundation.

In addition, the agreement also outlines general conditions that stipulate (i) in the event of a modification, enlargement, frustration, or the impossibility of achieving the purposes of the grant agreement and/or (ii) UNCF’s continuous failure to perform any of its duties under the restated grant agreement and/or (iii) UNCF’s failure to submit an acceptable annual budget and/or (iv) a significant leadership or other material change that may adversely threaten the administration and success of the GMSP, the Foundation has the discretion to cancel the grant agreement, set off any further payments outstanding under the grant agreement, and/or require that any portion of the funds, including the accumulated returns on investments, that were distributed but unexpended to be repaid or transferred to another administrator.

Due to the conditions placed in the restated grant agreement, the funding was treated as a conditional promise to give. Therefore, the funding received was not recorded as revenue in the year received, but rather as a liability (refundable advances from donor) with revenue being recognized in the year in which the conditions are met. Returns on the GMSP Investments are recognized as revenue and an increase in temporarily restricted net assets in the period such returns are generated by the underlying investments. As of March 31, 2016, all relevant conditions placed on the grant agreement had been met, or management determined that it was remote that they would not be met, and therefore all amounts received from the Foundation had been recognized as revenue. 

(13) Line of Credit, Term Loan, and Note Payable

Line of Credit and Term Loan

In May 2008, after receiving formal Board of Directors’ authorization, UNCF established a revolving line of credit (LOC) with its master custodian bank, JP Morgan Chase N.A. The interest rate on this LOC was variable and based on a spread of 100 basis points over the applicable London Inter-Bank Offered Rate (LIBOR). The original LOC expired on May 31, 2008, and was extended through November 2010. At that time, the LOC was renegotiated to $35,000,000 and re-set based on a November one-year cycle subject to no material changes in UNCF’s financial condition. During August 2011, the LOC was renegotiated to $7,500,000 and then renewed in November 2011 for $10,000,000 for an additional one-year period ending November 2012.

During 2014, UNCF refinanced $4,000,000 of the outstanding LOC debt. The remaining $6,000,000 of the total LOC allowable balance was then modified into a term loan arrangement for a term of 60 months at an interest rate of 3.25% per annum, and also included $672,917 in an obligation which UNCF assumed on behalf of UNCF Special Programs Corporation.
In December 2015, UNCF transferred the outstanding balance of $4,337,396 of the term loan to Investors Bank for a term of four years with an interest rate of 3.25% per annum. Under the new arrangement, UNCF is required to make monthly principal and interest payments of $90,319.

As a result of this modification, a maximum amount of $4,000,000 of a line of credit continued to remain available to UNCF, with a maturity date of January 1, 2017. The LOC expired on the maturity date of January 1, 2017 and was renewed under the original agreement on December 20, 2017, with a maturity date of January 1, 2019. There were no amounts outstanding on the LOC at March 31, 2018 and 2017.

Total incurred interest expense on the term loan arrangement amounted to $81,527 and $113,973 for fiscal year 2018 and 2017, respectively.

At March 31, 2018, the total amounts outstanding on the term loan arrangement were as follows:

<table>
<thead>
<tr>
<th>Year ending March 31:</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$1,083,831</td>
<td>841,624</td>
</tr>
<tr>
<td></td>
<td>$1,925,455</td>
<td></td>
</tr>
</tbody>
</table>

Both the line of credit and term loan arrangement have restrictive covenants. At the end of each fiscal year, UNCF must maintain unrestricted and temporarily restricted cash plus investments, excluding assets designated for the GMSP to funded long term debt ratio of 1.25. In addition, there are certain financial reporting covenants that UNCF must comply with. UNCF was in compliance with its financial covenants as of March 31, 2018 and 2017.

(14) Bonds Payable

(a) Series 2010 Bonds

On June 14, 2010, UNCF signed a Purchase and Sale Agreement for the acquisition of approximately 50,000 square feet of commercial condominium units in a building to be constructed for the relocation of its headquarters. The total net acquisition cost was expected to be $26,965,000. The acquisition and build out of the space has been financed through the issuance of $26,965,000 in tax-exempt bonds (Series 2010 Bonds) and a contribution of approximately $2,900,000, drawn from UNCF investment fund.

These tax-exempt bonds were issued on December 23, 2010, and bear interest at a fixed percentage rate between 5% and 6.875% with maturities ranging from one to thirty years. As provided by the Indenture Trust, UNCF exercised the option of defeasance on the Series 2010 Bonds. On August 6, 2015, $31,565,000 of the District of Columbia special obligation bonds (Series 2015 Bonds) with an interest rate of 3.61% were issued to advance refund $25,195,000 of the Series 2010 outstanding bonds. The net proceeds of $6,370,000 (after payment of $633,231 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds through July 1, 2020. As a result, the bonds are considered to be defeased and the liability for those bonds and related unamortized deferred financing costs have been removed from the financial statements. The loss on the defeasance of the Series 2010 bond was approximately $6,800,000 for the year ended March 31, 2016. This refunding decreases net debt service payments over the next 25 years by approximately $5,000,000.

(b) Series 2015 Bonds

Investors Bank purchased the Series 2015 Bonds, pursuant to and upon the terms and conditions set forth in the Bond Purchase and Continuing Covenants Agreement as of August 6, 2015 between Investors Bank and UNCF. The Series 2010 Bonds are special obligations of the District of Columbia (the District), the principal of, redemption premium, if any, and interest on which are payable solely from the revenues received under the Loan Agreement for the Series 2015 Bonds between the District and UNCF (Loan Agreement) and, to the extent provided in the Indenture Trust, dated August 1, 2015, between the District and the Trustee, pursuant to which the Series 2015 Bonds are currently issued and outstanding. Actual interest expenses incurred in 2018 amounted to $1,080,593 and is included in the accompanying statements of activities.

To evidence and secure its obligations under the Loan Agreement, UNCF has executed a promissory note (Series 2015 Note) in the principal amount of $31,565,000. Commingling September 1, 2015 both principal and interest payments are due monthly, with all outstanding amounts related to the Series 2015 Note due on August 1, 2040. The Series 2015 Note is an unconditional general obligation of UNCF.

At March 31, 2018, the total amounts outstanding on the Series 2015 Bonds were as follows:

<table>
<thead>
<tr>
<th>Year ending March 31:</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$870,000</td>
<td>900,000</td>
</tr>
<tr>
<td></td>
<td>930,000</td>
<td>970,000</td>
</tr>
<tr>
<td></td>
<td>1,055,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>24,151,818</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$28,876,518</td>
<td></td>
</tr>
</tbody>
</table>

(c) Restrictive Covenants

UNCF must maintain a liquidity ratio of 1.25 to 1. Compliance will be based solely on the assets of UNCF, exclusive of the GMSP. In addition, there are also certain financial reporting covenants that UNCF must comply with. UNCF is in compliance with all of its financial covenants as of March 31, 2018 and 2017.

(d) Deferred Financing Costs

UNCF’s bond financing costs for the years ended March 31, 2018 and 2017, such as underwriter fees, legal fees, and other direct costs, amounted to $88,482 and are included in the accompanying statements of financial position. These costs are being amortized using the straight-line method, which...
approximates the effective interest method, over the maturity of the respective debt. Amortization expense amounted to $26,252 for the years ended March 31, 2018.

(15) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the unspent portion of temporarily restricted contributions and gifts received by UNCF. These contributions and gifts are available for the following purposes:

**2018** | **2017**
--- | ---
Scholarships and special projects | $171,407,189 | 157,627,349
GMSP (note 12) | 399,522,773 | 492,834,991
**Total** | **$571,000,962** | **$646,462,340**

Temporarily restricted net assets were released from restrictions for the following purposes:

**2018** | **2017**
--- | ---
Scholarships and special projects | $28,415,601 | 37,769,990
GMSP (note 12) | 97,137,102 | 106,635,093
**Total** | **$125,552,703** | **$144,405,083**

(16) Permanently Restricted Net Assets

Permanently restricted net assets consist of endowments that are restricted for investment in perpetuity. The income from these net assets is expendable to support the following program areas:

**2018** | **2017**
--- | ---
Scholarships | $58,961,857 | 57,340,624
General endowment support | 3,279,212 | 3,276,213
F.D. Patterson Research Institute | 7,905,328 | 7,795,328
**Total** | **$70,233,397** | **68,412,365**

(17) Endowment Net Asset Classifications

UNCF’s endowments consist of 168 programs established for the purpose of funding scholarships. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(18) Gifts-In-Kind and Donated Services

Donated services represent certain specialized services provided to UNCF for the various annual events and other UNCF programs and are comprised of advertising services, mailing, and marketing services. For the years ended March 31, 2018 and 2017, the fair value of these specialized services amounted to $1,105,047 and $978,775, respectively.

Changes in endowment net assets for the year ended March 31, 2018, are as follows:

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Undesignated</th>
<th>Total unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets (deficit), beginning of year</td>
<td>$(200,000)</td>
<td>4,766,657</td>
<td>4,566,857</td>
<td>24,535,072</td>
<td>68,412,365</td>
</tr>
<tr>
<td>Investment income</td>
<td>(4,625)</td>
<td>(4,625)</td>
<td>(88,101)</td>
<td>—</td>
<td>(73,746)</td>
</tr>
<tr>
<td>Net realized and unrealized gains</td>
<td>—</td>
<td>409,106</td>
<td>409,106</td>
<td>—</td>
<td>9,986,861</td>
</tr>
<tr>
<td>Total investment income</td>
<td>—</td>
<td>404,481</td>
<td>404,481</td>
<td>—</td>
<td>9,913,315</td>
</tr>
<tr>
<td>Contributions</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,696,779</td>
</tr>
<tr>
<td>Transfers</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>16,256</td>
</tr>
<tr>
<td>Appropriation of endowment income for expenditure</td>
<td>—</td>
<td>(237,135)</td>
<td>(237,135)</td>
<td>—</td>
<td>(4,494,452)</td>
</tr>
<tr>
<td>Net assets (deficit), end of year</td>
<td>$(200,000)</td>
<td>4,979,321</td>
<td>4,779,321</td>
<td>24,772,208</td>
<td>70,293,087</td>
</tr>
</tbody>
</table>

Changes in endowment net assets for the year ended March 31, 2017, are as follows:

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Undesignated</th>
<th>Total unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets (deficit), beginning of year</td>
<td>$(200,000)</td>
<td>4,482,511</td>
<td>4,282,511</td>
<td>16,688,331</td>
<td>68,204,960</td>
</tr>
<tr>
<td>Investment income</td>
<td>—</td>
<td>(404)</td>
<td>(404)</td>
<td>22,589</td>
<td>—</td>
</tr>
<tr>
<td>Net realized and unrealized gains</td>
<td>—</td>
<td>508,423</td>
<td>508,423</td>
<td>9,537,373</td>
<td>—</td>
</tr>
<tr>
<td>Total investment income</td>
<td>—</td>
<td>508,019</td>
<td>508,019</td>
<td>9,559,962</td>
<td>—</td>
</tr>
<tr>
<td>Contributions</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>30,000</td>
<td>248,805</td>
</tr>
<tr>
<td>Transfers</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(41,400)</td>
</tr>
<tr>
<td>Appropriation of endowment income for expenditure</td>
<td>—</td>
<td>(223,673)</td>
<td>(223,673)</td>
<td>(3,723,221)</td>
<td>—</td>
</tr>
<tr>
<td>Net assets (deficit), end of year</td>
<td>$(200,000)</td>
<td>4,784,837</td>
<td>4,584,837</td>
<td>30,335,172</td>
<td>68,412,365</td>
</tr>
</tbody>
</table>
Rental $719,685 annual rental
Net minimum income 231,279

UNCF: INVEST IN BETTER FUTURES

(19) Other Fundraising Activities

(a) Contributions
UNCF raised $14,083,466 and $13,382,263 in contributions from special fund-raising events and incurred related direct expenses of $5,298,007 and $4,098,921 in fiscal years 2018 and 2017, respectively. These amounts are reported in the accompanying statements of activities as contributions and gifts, net of the related direct expenses.

(b) Direct Mail
UNCF raised $7,347,400 and $6,567,710 in contributions through its direct mail campaigns and incurred related direct expenses of $3,292,434 and $2,845,753 in fiscal years 2018 and 2017, respectively.

(20) Retirement Plans
All full-time and part-time employees are eligible to participate in the retirement plan on the first day of employment. After completing one year of service, employees are eligible to receive employer contributions into the retirement plan. The plan consists of participant voluntary and contributory tax-deferred annuity plans through AXA-Equitable and Teachers Insurance and Annuity Association and/or the College Retirement Equities Funds (TIAA-CREF). Based on the percentage an employee defers, UNCF makes an additional matching contribution of up to 7%.

UNCF also has supplemental agreements with certain current and past key executives. In order to meet these obligations, UNCF maintains annuity contracts amounting to $1,891,375 and $2,252,729 as of March 31, 2018 and 2017, respectively, and are included within accrued wages, vacation, and other related personal expenses in the accompanying statements of financial position. The liabilities associated with these agreements amounted to $1,065,734 as of March 31, 2018 and 2017, respectively, and these are included within other assets in the accompanying statements of financial position. UNCF believes it has sufficient operating cash to account for any shortfalls between the annuity contracts and the liability owed under these agreements.

UNCF believes it has sufficient operating cash to account for any shortfalls between the annuity contracts and the liability owed under these agreements.

UNCF also has supplemental agreements with certain current and past key executives. In order to meet these obligations, UNCF maintains annuity contracts amounting to $1,891,375 and $2,252,729 as of March 31, 2018 and 2017, respectively, and are included within accrued wages, vacation, and other related personal expenses in the accompanying statements of financial position. The liabilities associated with these agreements amounted to $1,065,734 as of March 31, 2018 and 2017, respectively, and these are included within other assets in the accompanying statements of financial position. UNCF believes it has sufficient operating cash to account for any shortfalls between the annuity contracts and the liability owed under these agreements.

UNCF’s expense related to the retirement plan and the supplemental agreements was $847,299 and $754,148 for 2018 and 2017, respectively.

(21) Commitments and Contingencies

Operating Leases
Prior to UNCF’s move to its current corporate headquarters in Washington D.C., UNCF leased its space in Fairfax, Virginia. Additionally, UNCF leases space for its 21 regional field offices at various locations throughout the United States. Generally, the leases carry renewal provisions and require UNCF to pay maintenance costs. The lease for the Fairfax, Virginia space expired in April 2014 and the various office leases for the regional locations expire at varying times through fiscal year 2021.

On February 22, 2012, UNCF entered into a lease agreement for a portion of its new headquarters space commencing in November 2012 for a five-year period through October 2017 at an annual escalation rate of 5%. In November 2017, the lease was extended for an additional five years under the same agreement through October 2022.

UNCF is party to various legal actions and claims arising in the ordinary course of its business. UNCF’s management believes that their ultimate disposition will not have a material adverse effect on UNCF’s financial position or results of its operations.

(22) Related Parties
UNCF receives contributions from donor organizations that have representatives on UNCF’s Board of Directors and from Board members themselves. UNCF received $12,867,120 and $4,211,686 in contributions from such related parties during the years ended March 31, 2018 and 2017, respectively. The contributions receivable from these related parties were $10,423,484 and $690,783 as of March 31, 2018 and 2017, respectively.

(23) Subsequent Events

Risks and Uncertainties
Due to the level of uncertainty related to changes in interest rates, market volatility, and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair values of investments reported in the accompanying statements of financial position as of March 31, 2018 and 2017.

However, management is of the belief that the diversification of UNCF’s invested assets among various asset classes should mitigate the impact of dramatic change on any one class. Further, because the values of UNCF’s individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. These trends may also have an effect on the ability of donors to fulfill their pledges on a timely basis. Management has reviewed its contributions and gifts outstanding at March 31, 2018 and does not believe that the effects of the market conditions will have a material effect on the financial position of UNCF.

At March 31, 2018, aggregate net minimum annual rental commitments under the noncancelable operating leases, having an initial or remaining term of more than one year are as follows:

<table>
<thead>
<tr>
<th>Year ending March 31:</th>
<th>Rental commitment</th>
<th>Rental income</th>
<th>Net minimum annual rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>586,940</td>
<td>198,300</td>
<td>388,640</td>
</tr>
<tr>
<td>2021</td>
<td>396,902</td>
<td>198,300</td>
<td>298,602</td>
</tr>
<tr>
<td>2022</td>
<td>231,279</td>
<td>198,300</td>
<td>222,979</td>
</tr>
<tr>
<td>2023</td>
<td>26,958</td>
<td>198,300</td>
<td>201,342</td>
</tr>
<tr>
<td>Total</td>
<td>1,061,764</td>
<td>198,300</td>
<td>1,763,464</td>
</tr>
</tbody>
</table>
Management’s Evaluation

In accordance with FASB ASC Topic 855, *Subsequent Events*, management has evaluated any events or transactions occurring after March 31, 2018, the statement of financial position date, through July 30, 2018, the date the financial statements were available to be issued, and noted that except for the above, there have been no such events or transactions which would require adjustments to or disclosure in UNCF’s financial statements for the year ended March 31, 2018.
UNCF envisions a nation where all Americans have equal access to a college education that prepares them for rich intellectual lives, competitive and fulfilling careers, engaged citizenship and service to our nation.

UNCF’s mission is to build a robust and nationally recognized pipeline of underrepresented students who, because of UNCF support, become highly qualified college graduates and to ensure that our network of member institutions is a respected model of best practices in moving students to and through college.

UNCF’s North Star is to increase the total annual number of African American college graduates by focusing on activities that ensure more students are college-ready, enroll in college and persist to graduation. This is done through a three-pillar strategy:

» Positioning member institutions as a viable college option for students and investing in institutional capacity to improve student outcomes.

» Creating transformational support programs to ensure that students are enrolling and persisting through college completion.

» Building awareness of educational attainment and cultivating college-going behaviors within the African American community.
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