UNITED WAY OF
CENTRAL INDIANA, INC.

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2015 and 2014

UNITED WAY OF CENTRAL INDIANA, INC.
Indianapolis, Indiana

CONSOLIDATED FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
United Way of Central Indiana, Inc.
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of United Way of Central Indiana, Inc. ("United Way"), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinions

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central Indiana, Inc. as of June 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards,* we have also issued our report dated October 20, 2015, 2015 on our consideration of United Way's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
October 20, 2015

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS:		
Cash and cash equivalents	$ 17,799,917	$ 21,948,989
Investments (Note 3)	127,743,792	119,827,102
Pledges receivable		
Current year Community Engagement, less allowance of $2,234,051 and $2,701,359 for uncollectible accounts for 2015 and 2014, respectively	13,808,846	14,202,090
Future years Community Engagement, less allowance and discounts of $94,737 and $59,707 for 2015 and 2014, respectively	2,111,435	2,554,845
	15,920,281	16,756,935
Other receivables	4,010,467	684,080
Prepaid expenses and other assets	441,576	338,882
Pension asset (Note 6)	782,239	1,308,004
Land, building and equipment:		
Land and land improvements	193,984	193,984
Building	7,513,202	7,504,899
Furniture and equipment	4,952,953	4,852,671
Less - accumulated depreciation	(11,273,982)	(10,919,588)
	1,386,157	1,631,966
Total assets	$ 168,084,429	$ 162,495,958
LIABILITIES:		
Accounts payable and accrued expenses	$ 2,133,567	$ 1,379,478
Funds distribution payable	3,127,139	1,341,204
Donor designations payable	5,478,330	5,632,595
Funds held for others	266,994	252,795
Total liabilities	11,006,030	8,606,072
NET ASSETS:		
Unrestricted:		
Undesignated	6,271,238	4,069,178
Board designated (Note 7)	23,690,480	22,408,545
Funds needed to restore endowed funds to historic principal	(1,581,551)	(1,079,578)
Total unrestricted	28,380,167	25,398,145
Temporarily restricted (Note 7)	46,845,289	47,781,246
Permanently restricted (Note 7)	81,852,943	80,710,495
Total net assets	157,078,399	153,889,886
Total liabilities and net assets	$ 168,084,429	$ 162,495,958

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2015 with combined totals for 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
COMMUNITY ENGAGEMENT RESULTS SUMMARY					
Community Engagement Results	$ 40,620,278	$ 3,685,181	$ -	$ 44,305,459	$ 41,742,699
LESS: Pledges designated to other agencies	(7,138,948)	-	-	(7,138,948)	(6,896,030)
Amounts recorded as other contributions in prior period	-	-	-	-	(250,000)
CONTRIBUTIONS TO THE UNITED WAY	$ 33,481,330	$ 3,685,181	$ -	$ 37,166,511	$ 34,596,669
CONTRIBUTIONS AND OTHER REVENUE					
Community Engagement contributions applicable to current period					
Contributions received - current period	$ 26,371,915	$ 3,685,181	$ -	$ 30,057,096	$ 29,456,642
Contributions received in prior periods and now released from restriction (Note 8)	7,109,415	(7,109,415)	-	-	-
Community Engagement contributions	33,481,330	(3,424,234)	-	30,057,096	29,456,642
Contributions received and released for restricted purpose in current period	3,507,372	(3,507,372)	-	-	-
Less - provision for uncollectible pledges	(1,854,015)	27,953	-	(1,826,062)	(2,036,034)
Net current Community Engagement revenue	35,134,687	(6,903,653)	-	28,231,034	27,420,608
Change in estimated prior years Community Engagement revenue	1,533,705	-	-	1,533,705	260,940
Community Engagement contributions received for future allocation periods (Net of allowance for uncollectible pledges and discounts of $55,109 and $59,707 at June 30, 2015 and 2014)	-	7,143,095	-	7,143,095	8,939,958
Total Community Engagement	36,668,392	239,442	-	36,907,834	36,621,506
Grants and other contributions	936,201	14,583,644	16,487	15,536,332	17,848,623
Investment income - endowment funds	(812)	34,798	1,973,988	2,007,974	10,681,934
Investment income - other funds	182,928	176,150	-	359,078	675,383
Underwater endowment repaid from endowment earnings	848,027	-	(848,027)	-	
Grants and other contributions released from restrictions (Note 8)	15,969,991	(15,969,991)	-	-	-
Program and service fees	928,660	-	-	928,660	1,190,124
Net rental loss	(82,762)	-	-	(82,762)	(172,109)
Other income	119,972	-	-	119,972	21,025
Total contributions and other revenue	55,570,597	(935,957)	1,142,448	55,777,088	66,866,486
FUNDS ALLOCATED FOR SERVICES AND OTHER FUNCTIONAL EXPENSES					
Agencies and other direct program services	35,563,740	-	-	35,563,740	28,477,890
Funds distributed to individuals for direct assistance programs	574,466	-	-	574,466	759,675
Community & agency services provided by United Way	7,569,906	-	-	7,569,906	6,817,766
Total program services	43,708,112	-	-	43,708,112	36,055,331
Fund raising	5,003,982	-	-	5,003,982	5,104,221
Management and general	3,260,161	-	-	3,260,161	2,985,418
Total funds allocated for services and other functional expenses	51,972,255	-	-	51,972,255	44,144,970
NET OPERATING RESULTS	3,598,342	(935,957)	1,142,448	3,804,833	22,721,516
Actuarial gain (loss) not yet recognized in net periodic pension cost	(616,320)	-	-	(616,320)	136,383
CHANGE IN NET ASSETS	2,982,022	(935,957)	1,142,448	3,188,513	22,857,899
NET ASSETS AT BEGINNING OF YEAR	25,398,145	47,781,246	80,710,495	153,889,886	131,031,987
NET ASSETS AT END OF YEAR	$ 28,380,167	$ 46,845,289	$ 81,852,943	$ 157,078,399	$ 153,889,886

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014
COMMUNITY ENGAGEMENT RESULTS SUMMARY				
Community Engagement Results	$ 40,404,363	$ 1,088,336	$ 250,000	$ 41,742,699
LESS: Pledges designated to other agencies	(6,896,030)	-	-	(6,896,030)
Amounts recorded as other contributions in prior period	-	-	(250,000)	(250,000)
CONTRIBUTIONS TO THE UNITED WAY	$ 33,508,333	$ 1,088,336	$ -	$ 34,596,669
CONTRIBUTIONS AND OTHER REVENUE				
Community Engagement contributions applicable to current period				
Contributions received - current period	$ 28,368,306	$ 1,088,336	$ -	$ 29,456,642
Contributions received in prior periods and now released from restriction (Note 8)	5,140,027	(5,140,027)	-	-
Community Engagement contributions	33,508,333	(4,051,691)	-	29,456,642
Contributions received and released for restricted purpose in current period	512,079	(512,079)	-	-
Less - provision for uncollectible pledges	(2,071,359)	35,325	-	(2,036,034)
Net current Community Engagement revenue	31,949,053	(4,528,445)	-	27,420,608
Change in estimated prior years Community Engagement revenue	260,940	-	-	260,940
Community Engagement contributions received for future allocation periods				-
(Net of allowance for uncollectible pledges and discounts of $59,707				
and $39,375 at June 30, 2014 and 2013)	-	8,939,958	-	8,939,958
Total Community Engagement	32,209,993	4,411,513	-	36,621,506
Grants and other contributions	241,452	17,473,951	133,220	17,848,623
Investment income - endowment funds	-	139,083	10,542,851	10,681,934
Investment income - other funds	352,469	322,914	-	675,383
Underwater endowment repaid from endowment earnings	9,288,091	-	(9,288,091)	-
Grants and other contributions released from restrictions (Note 8)	10,292,244	(10,292,244)	-	-
Program and service fees	1,094,319	-	-	1,094,319
Net rental loss	(172,109)	-	-	(172,109)
Other income	116,830	-	-	116,830
Total contributions and other revenue	53,423,289	12,055,217	1,387,980	66,866,486
FUNDS ALLOCATED FOR SERVICES AND OTHER FUNCTIONAL EXPENSES				
Agencies and other direct program services	28,477,890	-	-	28,477,890
Funds distributed to individuals for direct assistance programs	759,675	-	-	759,675
Community & agency services provided by United Way	6,817,766	-	-	6,817,766
Total program services	36,055,331	-	-	36,055,331
Fund raising	5,104,221	-	-	5,104,221
Management and general	2,985,418	-	-	2,985,418
Total funds allocated for services and other functional expenses	44,144,970	-	-	44,144,970
NET OPERATING RESULTS	9,278,319	12,055,217	1,387,980	22,721,516
Actuarial gain not yet recognized in net periodic pension cost	136,383	-	-	136,383
CHANGE IN NET ASSETS	9,414,702	12,055,217	1,387,980	22,857,899
NET ASSETS AT BEGINNING OF YEAR	15,983,443	35,726,029	79,322,515	131,031,987
NET ASSETS AT END OF YEAR	$ 25,398,145	$ 47,781,246	$ 80,710,495	$ 153,889,886

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	$ 3,188,513	$ 22,857,899
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Contributions payments restricted for endowments	(16,487)	(133,220)
Realized and unrealized (gain) loss on investments	527,501	(9,725,868)
Depreciation related to net rental expenses	86,218	125,752
Depreciation related to operating expenses	268,176	378,235
Actuarial gain not yet recognized in net periodic pension cost	616,320	(136,383)
Change in other assets and liabilities:		
Net pledge and other receivables	(2,489,733)	(280,586)
Prepaid expenses and other assets	(102,694)	(80,169)
Pension asset	(90,555)	(316,993)
Accounts payable and accrued expenses	754,089	305,086
Fund distribution payable	1,785,935	(347,468)
Donor designation payable	(154,265)	(995,571)
Funds held for others	14,199	(3,172)
Net cash from operating activities	4,387,217	11,647,542
Cash flows from investing activities		
Proceeds from sale of investments	128,925,922	55,803,215
Purchases of investments	(137,370,113)	(77,458,830)
Purchases of furniture and equipment and building improvements	(108,585)	(238,225)
Net cash from investing activities	(8,552,776)	(21,893,840)
Cash flows from financing activities		
Proceeds from contributions restricted for endowments	16,487	133,220
Net cash from financing activities	16,487	133,220
Net change in cash and cash equivalents	(4,149,072)	(10,113,078)
Cash and cash equivalents at beginning of the year	21,948,989	32,062,067
Cash and cash equivalents at the end of the year	$ 17,799,917	$ 21,948,989

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Years ended June 30, 2015 with combined totals for 2014

	Agencies and Other Direct Services	Services Provided by United Way	Total Program Services	Fund Raising	Management & General	Internal Services	Total 2015	Total 2014
Allocation to agencies	$ 33,937,480	$ 2,174,566	$ 36,112,046	$ -	$ -	$ -	$ 36,112,046	$ 28,673,407
Other expenses								
Salaries and wages	575,774	2,358,680	2,934,454	2,847,334	1,606,980	156,167	7,544,935	6,518,240
Employee benefits	60,275	224,500	284,775	378,859	179,065	21,376	864,075	950,022
Payroll taxes	40,170	173,301	213,471	207,029	145,925	11,847	578,272	520,253
Total salaries and related expenses	676,219	2,756,481	3,432,700	3,433,222	1,931,970	189,390	8,987,282	7,988,515
Shared staff	-	449,979	449,979	(539,828)	89,849	-	-	-
Professional fees and contract services	868,115	682,732	1,550,847	70,656	423,377	227,523	2,272,403	2,453,231
Office supplies	7,207	446,935	454,142	72,648	30,337	17,498	574,625	427,642
Program supplies	-	29,510	29,510	-	-	-	29,510	221,424
Uw PIC Licensing Fee	-	-	-	-	6,210	476,027	482,237	583,877
Telephone	3,022	30,597	33,619	69,211	24,658	19,767	147,255	137,903
Postage and shipping	129	24,231	24,360	36,739	14,467	5,485	81,051	72,004
Occupancy	20,710	140,061	160,771	316,574	100,346	12,075	589,766	629,243
Rental and maintenance of equipment	-	-	-	16,259	9,371	41,112	66,742	62,017
Printing and publications	14,101	204,063	218,164	548,962	22,030	77	789,233	706,716
Local staff transportation	1,105	34,815	35,920	37,768	5,208	1,769	80,665	81,791
Local meetings	8,755	89,901	98,656	79,387	55,610	3,210	236,863	257,002
Conferences	6,741	33,181	39,922	38,023	63,775	2,456	144,176	182,226
Membership dues	-	148,240	148,240	219,850	97,396	-	465,486	493,271
Affiliation dues	-	6,057	6,057	5,574	9,240	61	20,932	25,078
Miscellaneous	35	(7,939)	(7,904)	2,274	54,971	-	49,341	11,713
Expenses before internal allocations	1,606,139	5,068,844	6,674,983	4,407,319	2,938,815	996,450	15,017,567	14,333,653
Internal allocations								
Depreciation of building and equipment	-	76,006	76,006	130,827	61,343	-	268,176	378,235
Allocation of internal services	20,121	250,490	270,611	465,836	260,003	(996,450)	-	-
Expenses after internal allocations	1,626,260	5,395,340	7,021,600	5,003,982	3,260,161	-	15,285,743	14,711,888
Subtotal	35,563,740	7,569,906	43,133,646	5,003,982	3,260,161	-	51,397,789	43,385,295
Funds distributed to individuals for Disaster Relief, United Christmas Service and the Winter Assistance Fund programs	574,466	-	574,466	-	-	-	574,466	759,675
Total	$ 36,138,206	$ 7,569,906	$ 43,708,112	$ 5,003,982	$ 3,260,161	$ -	$ 51,972,255	$ 44,144,970

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2014

	Agencies and Other Direct Services	Services Provided by United Way	Total Program Services	Fund Raising	Management & General	Internal Services	Total 2014
Allocation to agencies	$ 26,657,086	$ 2,016,321	$ 28,673,407	$ -	$ -	$ -	$ 28,673,407
Other expenses							
Salaries and w ages	297,770	2,044,983	2,342,753	2,607,026	1,467,913	100,548	6,518,240
Employee benefits	58,531	303,485	362,016	407,659	160,991	19,356	950,022
Payroll taxes	21,317	150,686	172,003	189,743	150,738	7,769	520,253
Total salaries and related expenses	377,618	2,499,154	2,876,772	3,204,428	1,779,642	127,673	7,988,515
Shared staff	-	371,991	371,991	(446,429)	74,438	-	-
Professional fees and contract services	1,403,042	467,924	1,870,966	75,691	366,451	140,123	2,453,231
Office supplies	4,065	319,082	323,147	72,684	30,770	1,041	427,642
Program supplies	-	221,424	221,424	-	-	-	221,424
Uw PIC Licensing Fee	-	-	-	-	19,064	564,813	583,877
Telephone	2,273	30,792	33,065	74,936	20,090	9,812	137,903
Postage and shipping	387	21,595	21,982	24,994	21,301	3,727	72,004
Occupancy	8,688	133,116	141,804	333,615	142,825	10,999	629,243
Rental and maintenance of equipment	-	-	-	15,348	8,878	37,791	62,017
Printing and publications	6,239	145,181	151,420	536,054	19,242	-	706,716
Local staff transportation	799	37,241	38,040	37,926	5,705	120	81,791
Local meetings	6,537	67,406	73,943	107,063	73,286	2,710	257,002
Conferences	5,093	75,715	80,808	38,600	62,818	-	182,226
Membership dues	640	194,589	195,229	223,753	74,289	-	493,271
Affiliation dues	-	4,700	4,700	6,725	13,574	79	25,078
Miscellaneous	-	2,356	2,356	493	8,864	-	11,713
Expenses before internal allocations	1,815,381	4,592,266	6,407,647	4,305,881	2,721,237	898,888	14,333,653
Internal allocations							
Depreciation of building and equipment	-	73,771	73,771	226,757	77,707	-	378,235
Allocation of internal services	5,423	135,408	140,831	571,583	186,474	(898,888)	-
Expenses after internal allocations	1,820,804	4,801,445	6,622,249	5,104,221	2,985,418	-	14,711,888
Subtotal	28,477,890	6,817,766	35,295,656	5,104,221	2,985,418	-	43,385,295
Funds distributed to individuals for Disaster Relief, United Christmas Service and the Winter Assistance Fund programs	759,675	-	759,675	-	-	-	759,675
Total	$ 29,237,565	$ 6,817,766	$ 36,055,331	$ 5,104,221	$ 2,985,418	$ -	$ 44,144,970

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT OPERATING POLICIES

a. Annual Contributions and Designated Pledges: United Way of Central Indiana, Inc. ("United Way") conducts annual community engagement fundraising to support local health and human service programs in the priority areas of education, income, health and basic needs. Pledges are generally recorded as unrestricted unless a pledge is specifically restricted due to timing (a future year pledge) or purpose. Allocations to affiliated agencies approved by the United Way Board of Directors are committed in six-month increments and appropriated from unrestricted net assets. In addition, other approved expenditures for the next fiscal year are appropriated from unrestricted net assets by the United Way Board of Directors.

   United Way allows donors to designate all or part of their contributions. Designations to specific not-for-profit organizations other than United Way are excluded from revenue and expenses. Designations are included within unrestricted pledges receivable with a related unrestricted liability. The costs to generate and distribute designated pledges are recorded as fundraising expense. These costs are deducted from designated contributions as they are collected and disbursed. This cost reimbursement is recorded as service fee income.

   Contributions to United Way for specific priorities, programs, population groups, and/or geographic areas, are defined as purpose restrictions and are initially recorded as temporarily restricted contributions. Restricted contributions received and released from restriction within the same fiscal period are recorded as temporarily restricted and released from restriction.

b. Direct Assistance Programs: United Way programs also include United Christmas Service, Winter Assistance Fund, and Disaster Relief. These programs provide direct assistance to individuals. Contributions received on behalf of these programs are classified as temporarily restricted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

b. Basis of Consolidation: The financial statements include the accounts of United Way and UWCI, LLC, a limited liability company of which United Way is the sole member. There are no material intercompany transactions that are required to be eliminated in the consolidation.

c. Cash and Cash Equivalents: Cash equivalents consist of overnight commitments in commercial paper. United Way maintains cash balances at financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation.

d. Investments: Investments are recorded at fair value based on estimates made by the investment trust administrators using current quoted market prices or the market prices of similar securities.

   The various investments in equity securities, mutual funds, bonds, exchange traded funds and other investments are exposed to a variety of uncertainties, including interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements.

   The investment in real estate investment trust was valued based upon appraisals or the audited financial reporting of the entity as independent market valuations are not readily available. The trust was liquidated during fiscal year 2015 and United Way received payment equal to the market value as of June 30, 2014.

   Investment income includes realized and unrealized gains and losses on investment transactions and interest and dividend income, net of fees.

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Pledges Receivable, Discounts, and Allowance: Pledges receivable are recorded net of any allowance for uncollectible pledges. At June 30, 2015 and 2014, there are pledges receivable extending beyond one year which are recorded at their net present value.

f. Land, Building, Furniture and Equipment and Depreciation: United Way capitalizes all expenditures for land, building improvements, and furniture and equipment in excess of $500. The fair value of donated fixed assets is similarly capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. No temporary or permanent restriction exists on any land, building, furniture, or equipment assets.

g. Impairment of Long-Lived Assets: In accordance with GAAP, United Way reviews its land, building improvements, and furniture and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended June 30, 2015 or 2014.

h. Unrestricted Net Assets: The unrestricted net asset class includes undesignated and Board-appropriated assets and liabilities of United Way. The Board of Directors appropriates a portion of the unrestricted net assets for specific purposes. These funds may only be used based on Board directives. The unappropriated portion of the unrestricted net asset class may be used at the discretion of management to support United Way's purpose and operations.

i. Temporarily Restricted Net Assets: Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

j. Permanently Restricted Net Assets: Permanently restricted net assets have been restricted by donors to be maintained by United Way in perpetuity.

k. Donated Services: No qualified donated services were received which would be required to be reflected in the financial statements. However, a substantial number of volunteers have donated significant amounts of their time in the organization's governance, fund raising, fund distribution, and direct assistance program activities.

l. Private and Government Grants: United Way receives private and government grants for various projects and programs. Grants are recorded as contributions and are administered through United Way as part of the normal course of business.

m. Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported period.

   Areas where significant estimates are used in the accompanying financial statements include the allowance for pledges receivable, prepaid pension cost, and the valuation of alternative investments. Actual results could differ from those estimates.

n. Functional Allocation of Expenses: Expenses have been allocated among program, management and general, and fundraising categories based upon estimates of the benefits received by the various programs and supporting services.

o. Reclassifications: Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation. These reclassifications had no impact on net assets or change in net assets.

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2015 to determine the need for any adjustments or disclosures within the financial statements for the year ended June 30, 2015. Management has performed their analysis through October 20, 2015, the date the report was available to be issued.

3. INVESTMENTS

Investments at fair value are composed of the following:

	2015	2014
Money market funds	$ 15,750,691	$ 12,043,325
Certificates of deposit	2,690,558	1,061,365
U.S. government obligations	6,637,449	8,606,404
U.S. treasury bills	5,516,160	7,430,712
Municipal bonds	1,696,443	1,759,238
Corporate bonds	12,702,052	14,767,859
Mutual funds	68,223,990	59,185,556
Domestic equities	4,998,694	6,020,375
International equities	4,993,631	8,866,935
Exchange traded funds	4,534,124	-
Real estate investment trust	-	85,333
	$127,743,792	$119,827,102

Investment income is comprised of the following for the years ending June 30, 2015 and 2014:

	2015	2014
Interest and dividends (net of fees of $361,545 and $307,058 for 2015 and 2014, respectively)	$ 1,837,166	$ 1,652,287
Realized gain on sale of investments	4,335,566	3,040,726
Unrealized gain (loss) on investments	(3,808,065)	6,685,142
Change in split value of assets	2,385	(20,838)
Total investment income	$ 2,367,052	$ 11,357,317

4. FACILITY OPERATIONS

United Way incurred the following facilities operating costs:

	2015	2014
General operating expenses	$ 674,048	$ 704,640
Depreciation	354,394	502,900
	$ 1,028,442	$ 1,207,540

Facility expenses are allocated between United Way and tenants as follows:

	2015	2014
United Way	$ 604,356	$ 728,487
Tenants	424,086	479,053
	$ 1,028,442	$ 1,207,540

(Continued)

4. FACILITY OPERATIONS (Continued)

The tenants' share includes depreciation and property taxes and is shown as a reduction of rental income. Gross tenant rental income before reduction was $341,324 and $306,944 for 2015 and 2014.

United Way has non-cancelable tenant operating leases which expire on various dates through fiscal year 2019. Future minimum annual rentals are as follows:

2016	$ 231,046
2017	204,208
2018	122,289
2019	54,875
	$ 612,418

United Way has established county offices in its service area, which include Boone, Hamilton, Hancock, Hendricks and Morgan counties. The offices are under non-cancelable operating leases which expire on various dates through 2018. Future minimum payments due under the lease agreements are as follows:

2016	$ 65,584
2017	54,053
2018	15,180
2019	2,700
	$ 137,517

Rent expense charged to county offices was $64,343 and $79,724 for the years ended June 30, 2015 and 2014.

5. TAX STATUS

United Way is a nonprofit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC). UWCI, LLC is a single member LLC whose single member is exempt from federal income taxes under Section 501(c)(3) of the IRC. GAAP requires United Way and UWCI, LLC to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur.

The amount recognized is the largest amount of uncertain tax position that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. United Way and UWCI, LLC have examined this issue and have determined there are no material uncertain tax positions.

United Way and UWCI, LLC are no longer subject to examination by taxing authorities for years before 2012. United Way and UWCI, LLC do not expect the total amount of uncertain tax positions to significantly change in the next 12 months. United Way and UWCI, LLC recognize interest and/or penalties related to income tax matters in income tax expense. United Way and UWCI, LLC did not have any amounts accrued for interest and penalties at June 30, 2015 or 2014.

(Continued)

6. RETIREMENT PLANS

United Way has a noncontributory defined benefit pension plan (DB plan) and a contributory defined contribution plan (DC plan) covering all eligible employees. DB plan benefits are determined by a formula that considers length of service, salary, and the individual's Social Security benefit.

Defined Benefit Plan: It is United Way's funding policy to maintain the DB plan on an actuarially sound basis. Under this policy, United Way contributed $0 and $236,944 for the years ended June 30, 2015 and 2014. The DB plan's assets consist of investments in equity and fixed income fund of funds and funds held in the general assets of Mutual of America (General Account). The underlying assets of the equity and fixed income fund of funds are all publicly traded Level 1 investments held by Mutual of America. However, the DB plan invests at the fund of funds level rather than the individual underlying investments (Level 2 input). The assets invested in the General Account are invested in the pool of assets held by Mutual of America, which is valued at net asset value (Level 3 input) and United Way receives a guaranteed interest rate on these investments.

The following table sets forth the DB plan's funded status and the amount recognized in United Way's statement of financial position.

	2015	2014
Fair value of plan assets	$ 6,681,003	$ 6,618,705
Projected benefit obligation	(5,898,764)	(5,310,701)
Funded status	$ 782,239	$ 1,308,004

The fair value of United Way's defined benefit plan assets at June 30, 2015 and 2014, are as follows:

2015	Level 1	Level 2	Level 3	Total
Equity & fixed income fund of funds	$ -	$ 6,252,204	$ -	$6,252,204
General account	-	-	428,799	428,799
Total	$ -	$ 6,252,204	$ 428,799	$6,681,003

2014	Level 1	Level 2	Level 3	Total
Equity & fixed income fund of funds	$ -	$ 6,025,673	$ -	$6,025,673
General account	-	-	593,032	593,032
Total	$ -	$ 6,025,673	$ 593,032	$6,618,705

The following table presents a reconciliation of plan assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2015 and 2014:

	2015	2014
Beginning balance, July 1	$ 593,032	$ 272,107
Investment income, net	5,019	394,648
Contributions to the account	-	236,944
Benefit purchases	(146,285)	(278,326)
Plan administrative expenses	(22,967)	(32,341)
Ending balance, June 30	$ 428,799	$ 593,032

(Continued)

6. RETIREMENT PLANS (Continued)

	2015	2014
Composition of plan assets:		
Equity	$ 3,639,357	$ 3,461,022
Fixed income	2,612,847	2,564,651
General account	428,799	593,032
	$ 6,681,003	$ 6,618,705
Accumulated benefit obligation	$ 5,655,339	$ 5,217,002
Accrued pension cost recognized in statement of financial position	(782,239)	(1,308,004)
Employer contribution	-	236,944
Service cost	201,811	126,163
Interest cost	218,975	228,661
Expected return on assets	(502,833)	(449,615)
Recognized actuarial loss	47,529	70,779
Prior service credit	(56,037)	(56,037)
Loss recognized due to settlement	-	-
Benefit cost	$ (90,555)	$ (80,049)
Unrecognized actuarial loss	$ 1,521,016	$ 960,733
Unrecognized prior service credit	(196,126)	(252,163)
Benefits paid	146,285	278,326
Measurement date	June 30, 2015	June 30, 2014
Assumptions used:		
Discount rate	4.25%	4.15%
Rate of compensation levels	3.00%	3.00%
Expected return on plan assets	8.00%	8.00%

In fiscal year 2016, the DB plan is expected to recognize $56,037 of the prior service credit and $101,538 of the actuarial loss.

Estimated future benefit payments:

Fiscal Year 2016	$ 809,000
Fiscal Year 2017	385,000
Fiscal Year 2018	368,000
Fiscal Year 2019	533,000
Fiscal Year 2020	271,000
Fiscal Years 2021-2025	2,016,000

Estimated contributions to the DB plan for the measurement year from July 1, 2015 through June 30, 2016 are $0. When an individual retires, the DB plan purchases an annuity to satisfy the retirement benefit and/or provides a lump sum payment. Lump sum payments only include benefits earned through June 30, 2011.

Defined Contribution Plan: The DC plan is a 403(b) retirement plan in which employees of the organization that work at least 1,000 hours per year and have completed one year of service are eligible to participate. Vesting is by month. Employees are vested for a complete month for any hours worked in that month. The plan includes an employer match of employee contributions up to 2% of salary. The match is based on years of service – 50% for less than five years, 100% for less than 10 years, and 200% for ten or more years of service. Total contributions to the DC plan were $90,646 and $102,066 for the years ended June 30, 2015 and 2014, respectively.

(Continued)

7. RESTRICTED AND BOARD-DESIGNATED FUNDS

A portion of unrestricted net assets has been appropriated by the Board of Directors for the following purposes:

	2015	2014
Philanthropic fund	$ 18,648	$ 18,648
Agency support programs	186,235	234,764
Internal IT fund	75,000	75,000
Current year operations and agency allocations	20,340,869	19,312,420
Priority initiatives	2,300,007	2,575,300
Quasi endowed funds	749,188	-
Various operating projects	20,533	192,413
	$ 23,690,480	$ 22,408,545

Temporarily restricted net assets are comprised of the following:

	2015	2014
Purpose restrictions:		
United Christmas Service	$ 273,013	$ 195,181
Agency support programs	1,427,751	550,218
Agency capital project grants	21,700,411	27,660,755
Undistributed Endowment earnings	89,760	92,200
JUMPIn initiative	460,269	1,035,024
Homelessness grants	1,571,607	1,680,668
Human services renewal grants	602,760	266,260
Pre-K capacity building	5,733,225	253,692
Childcare ministries capital projects	4,307,601	5,327,394
Priority initiatives	1,440,564	1,506,396
Various grants in progress	153,112	189,875
Time restrictions:		
Future years pledges	9,085,216	9,023,583
	$ 46,845,289	$ 47,781,246

Lilly Endowment, Inc. awards grants to support building projects of United Way agencies. A portion of the investment revenue from these funds is restricted to support other agency projects. The unspent portion of these funds is reflected in the Agency Capital Projects category.

Permanently restricted net assets are comprised of the following:

	2015	2014
Forever Operating Fund	$ 76,190,041	$ 75,064,080
Ellen K. Annala Fund	530,210	530,210
Richard A. West Fund	200,518	200,518
Kellermeyer Fund	6,977	6,977
Jennings Fund	109,260	109,260
William H. Woost Fund	69,775	69,775
Applegate Fund	50,788	50,788
Memorial Fund	4,686,110	4,669,623
Youth programming	9,264	9,264
	$ 81,852,943	$ 80,710,495

(Continued)

8. ASSETS RELEASED FROM RESTRICTION

	2015	2014
Temporarily restricted assets released to unrestricted assets for:		
Purpose restrictions satisfied:		
Grants and other contributions	$ 15,969,991	$ 10,292,244
Community Engagement contributions	3,507,372	512,079
Timing restrictions satisfied:		
Community Engagement contributions, net	7,081,462	5,104,702

9. RELATED PARTY TRANSACTIONS

Due to the size and composition of United Way's Board of Directors, United Way inevitably uses the services or purchases products from companies from which there is a board member relationship. Most of these transactions occur in the ordinary course of business at arm's length and involve banking, investments, utilities, and similar activities.

United Way has a conflict of interest policy for decision making documentation for related party transactions. The more significant related party transactions and related amounts paid by United Way during the years ended June 30, 2015 and 2014 are as follows:

- Employee group insurance totaling $920,167 and $1,119,276.
- Office support services including mail, internal copying and printing, and office supply management, totaling $314,010 and $229,873.
- Database management services for United Way's Social Asset Vulnerability Indicators (SAVI) program, various research projects, and mail services totaling $543,978 and $489,443.
- Various educational program services provided through Indianapolis Public Schools totaling $315,194 and $453,411.
- United Way's Board of Directors includes the Executive Director of an affiliated agency as a single representative for all of United Way's affiliated agencies. Allocations made by United Way to those agencies whose Executive Director served in this role at any time during the year totaled $371,939 and $113,718.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in United Way's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Accounting standards establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

(Continued)

10. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of money markets, U.S. treasury bills, mutual funds, exchange traded funds, and equities is based on quoted prices in active investment markets. (Level 1)

The fair value of certificates of deposit is based on similar investments over the same period at specific rates. Fair values of bonds and U.S. government obligations have inputs that are observable, but not active and are determined by obtaining quoted market prices of similar securities with similar due dates. This valuation method is the market method. The valuation process is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities. (Level 2)

For real estate investment trusts (REITs) for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity, credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual security valuations. Due to current market conditions as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market value volatility. For each of these types of investments, management has used the net asset value (NAV) of the fund or partnership to approximate fair value. (Level 3) However, investments with withdrawal restrictions less than 90 days are classified as Level 2. For both levels, the market method is used.

Real estate investment trust: United Way was invested in one real estate investment trust that invested in mezzanine financing for commercial buildings, single family lot developments, and condominium developments concentrated in the metropolitan areas of Indiana, Illinois, Ohio, North Carolina, South Dakota, and Florida. The trust was liquidated during fiscal year 2015 and United Way received payment equal to the recorded market value of $85,333 as of June 30, 2014.

(Continued)

10. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets Measured on a Recurring Basis

Assets measured at fair value on a recurring basis as of June 30, 2015, are summarized below:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total 2015
Money markets	$ 15,750,691	$ -	$ -	$ 15,750,691
Certificates of deposit	-	2,690,558	-	2,690,558
U.S. gov't obligations	-	6,637,449	-	6,637,449
U.S. treasury bills	5,516,160	-	-	5,516,160
Municipal bonds	-	1,696,443	-	1,696,443
Corporate bonds	-	12,702,052	-	12,702,052
Mutual funds:				
Fixed income	12,991,644	-	-	12,991,644
Equity	39,303,294	-	-	39,303,294
International bond	1,558,100	-	-	1,558,100
International equity	9,904,415	-	-	9,904,415
REITs	1,252,099	-	-	1,252,099
Bank loans	3,214,438	-	-	3,214,438
Domestic equity:				
Industrial	558,250	-	-	558,250
Consumer goods	1,610,007	-	-	1,610,007
Financial	226,765	-	-	226,765
Technology	1,088,197	-	-	1,088,197
Telecommunications	206,715	-	-	206,715
Energy & utilities	424,709	-	-	424,709
Health care	664,743	-	-	664,743
Insurance	209,308	-	-	209,308
International equity	4,993,631	-	-	4,993,631
Exchange traded funds	4,534,124	-	-	4,534,124
Total	$ 104,007,290	$ 23,726,502	$ -	$ 127,743,792

(Continued)

10. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value on a recurring basis as of June 30, 2014, are summarized below:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total 2014
Money markets	$ 12,043,325	$ -	$ -	$ 12,043,325
Certificates of deposit	-	1,061,365	-	1,061,365
U.S. gov't obligations	-	8,606,404	-	8,606,404
U.S. treasury bills	7,430,712	-	-	7,430,712
Municipal bonds	-	1,759,238	-	1,759,238
Corporate bonds	-	14,767,859	-	14,767,859
Mutual funds:				
Fixed income	6,314,950	-	-	6,314,950
Equity	42,192,516	-	-	42,192,516
International bond	3,803,338	-	-	3,803,338
International equity	4,093,013	-	-	4,093,013
REITs	1,019,249	-	-	1,019,249
Bank loans	1,762,490	-	-	1,762,490
Domestic equity:				
Industrial	953,136	-	-	953,136
Consumer goods	1,134,985	-	-	1,134,985
Financial	253,422	-	-	253,422
Technology	1,423,736	-	-	1,423,736
Telecommunications	225,078	-	-	225,078
Energy & utilities	1,027,576	-	-	1,027,576
Health care	799,668	-	-	799,668
Insurance	202,774	-	-	202,774
International equity	8,866,935	-	-	8,866,935
REIT	-	-	85,333	85,333
Total	$ 93,546,903	$ 26,194,866	$ 85,333	$ 119,827,102

The following tables present a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2015 and 2014:

	REIT
Beginning balance, July 1, 2014	$ 85,333
Sale of investment	(85,333)
Ending balance, June 30, 2015	$ -

	REIT
Beginning balance, July 1, 2013	$ 54,599
Realized loss on sale of investment	(4,583)
Unrealized gain on investment	35,317
Ending balance, June 30, 2014	$ 85,333

(Continued)

11. ENDOWMENT COMPOSITION

United Way's endowment consists of ten individual donor restricted funds established for a variety of purposes and one Board designated quasi-endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law**:** The Board of Directors of United Way has interpreted the Uniform Prudent Management of Institutional Funds Act (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, United Way classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from the investments
6) Other resources of the organization
7) The investment policies of the organization

Endowment net asset composition by type of fund as of June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ (1,581,551)	$ 438,374	$ 81,852,943	$ 80,709,766
Board designated	749,188	-	-	749,188
Total funds	$ (832,363)	$ 438,374	$ 81,852,943	$ 81,458,954

Endowment net asset composition by type of fund as of June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ (1,079,578)	$ 490,583	$ 80,710,495	$ 80,121,500

(Continued)

11. ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$(1,079,578)	$ 490,583	$80,710,495	$80,121,500
Investment return:				
Interest income, net of fees	1,092	19,970	1,214,572	1,235,634
Realized gains	3,135	69,148	4,206,162	4,278,445
Unrealized losses	(5,039)	(56,705)	(3,446,746)	(3,508,490)
Change in CSV	-	2,385	-	2,385
New gifts	750,000	8,982	16,487	775,469
Repayment of underwater	848,027	-	(848,027)	-
Appropriation for expenditure	(1,350,000)	(95,989)	-	(1,445,989)
End of year	$ (832,363)	$ 438,374	$81,852,943	$81,458,954

Changes in endowment net assets for year ended June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$(8,974,671)	$ 445,983	$79,322,515	$70,793,827
Investment return:				
Interest income, net of fees	-	19,978	1,514,454	1,534,432
Realized gains	-	37,259	2,824,301	2,861,560
Unrealized gains	-	81,846	6,204,096	6,285,942
New gifts	-	15,646	133,220	148,866
Repayment of underwater	9,288,091	-	(9,288,091)	-
Appropriation for expenditure	(1,392,998)	(110,129)	-	(1,503,127)
End of year	$(1,079,578)	$ 490,583	$80,710,495	$80,121,500

Funds with Deficiencies: 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 United Way to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $1,581,551 and $1,079,578 as of June 30, 2015 and 2014, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions and continued appropriation for certain programs deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters: United Way has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity, as well as board-designated funds.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to grow the real purchasing power of the principal while providing a growing stream of revenue available for spending. Additionally, there is a donor restriction on the operating fund which requires the purchasing power of the fund’s principal balance be maintained by annually adjusting the principal balance for inflation or deflation.

(Continued)

11. ENDOWMENT COMPOSITION (Continued)

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, United Way relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). United Way targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: United Way has a policy of appropriating for distribution each year up to 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, United Way considered the long-term expected return on its endowment. Accordingly, over the long term, United Way expects the current spending policy to allow its endowment to grow over the annual inflation rate to provide additional real growth through investment return in addition to new gifts.

The spending policy is used as a guideline and actual allocation amounts are annual decisions that consider current principal balances, undistributed earnings, and current market and economic conditions. Allocations from the operating fund must meet donor imposed restrictions. Those restrictions require the purchasing power of the fund's principal balance be maintained by annually adjusting the principal balance for inflation or deflation. Should the actual principal balance be less than the required amount, the annual allocation amount cannot exceed 2% of the actual principal. If actual principal is less than 80% of the required principal, annual allocations must be reduced to $0 (within three years) until principal is restored.

SUPPLEMENTARY INFORMATION

UNITED WAY OF CENTRAL INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2015

Federal Grantor/ Program Title	Federal CFDA Number	Expenditures	Amounts awarded to subrecipients
U.S. Department of Treasury			
Pass-through program: Office of Faith-Based and Community Initiatives			
Indiana's Hardest Hit Fund	21.unk	$ 68,668	$ -
Total U.S. Department of Treasury		68,668	-
U.S. Department of Veteran Affairs			
VA Supportive Services for Veteran Families Program	64.033	2,052,392	1,968,810
Total U.S. Veteran Affairs		2,052,392	1,968,810
U.S. Department of Health and Human Services			
Pass-through program: Indiana Housing and Community Development Authority			
Low-Income Home Energy Assistance Program	93.568	1,193,145	885,379
Pass-through program: Indiana Family and Social Services Administration			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	116,555	93,696
Total U.S. Department of Health and Human Services		1,309,700	979,075
Corporation for National and Community Service			
Pass-through program: Office of Faith-Based and Community Initiatives:			
Americorps	94.006	233,886	-
Total Corporation for National and Community Service		233,886	-
Grand Total		$ 3,664,646	$ 2,947,885

See accompanying notes to schedule of expenditures of federal awards.

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of United Way of Central Indiana, Inc., for the year ended June 30, 2015, and is presented on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
United Way of Central Indiana, Inc.
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of United Way of Central Indiana, Inc. (United Way), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered United Way's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of the United Way's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
October 20, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Directors
United Way of Central Indiana, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited United Way of Central Indiana, Inc.'s (United Way) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the United Way's major federal programs for the year ended June 30, 2015. United Way's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of United Way's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way's compliance.

Opinion on Each Major Federal Program

In our opinion, United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

(Continued)

Report on Internal Control over Compliance

Management of United Way is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
October 20, 2015

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ______ Yes ___X___ No

Significant deficiencies identified not considered to be material weaknesses? ______ Yes ___X___ None reported

Noncompliance material to financial statements noted? ______ Yes ___X___ No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? ______ Yes ___X___ No

Significant deficiencies identified not considered to be material weaknesses? ______ Yes ___X___ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? ______ Yes ___X___ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.568	Low-Income Home Energy Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: $ 300,000

Auditee qualified as low-risk auditee? ___X___ Yes ______ No

SECTION 2 - FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS.

None

SECTION 3 – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS AS DEFINED IN OMB CIRCULAR A-133 SECTION 510(a).

None

There were no prior findings or questioned costs.