UNITED WAY OF
CENTRAL INDIANA, INC.

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

UNITED WAY OF CENTRAL INDIANA, INC.
Indianapolis, Indiana

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

CONTENTS

Crowe LLP
Independent Member Crowe Global

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, 2018 and 2017, 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)

Opinion

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, 2018 and 2017, 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 and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 23, 2018, 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 LLP

Crowe LLP

Indianapolis, Indiana
October 23, 2018

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS:		
Cash and cash equivalents	$ 3,896,150	$ 5,529,035
Investments (Note 3)	149,006,841	150,677,753
Pledges receivable		
Current fundraising, less allowance of $1,925,758 and $1,868,597 for uncollectible accounts for 2018 and 2017, respectively	13,962,745	14,231,931
Future years' fundraising, less allowance and discounts of $167,413 and $126,622 for 2018 and 2017, respectively	7,167,251	4,471,102
	21,129,996	18,703,033
Grants and other amounts receivable	5,587,400	5,996,863
Prepaid expenses and other assets	454,690	438,736
Leasehold improvements and equipment:		
Leasehold improvements	1,234,603	1,156,514
Furniture and equipment	2,636,800	2,625,554
Less - accumulated depreciation	(1,273,091)	(822,107)
	2,598,312	2,959,961
Total assets	$ 182,673,389	$ 184,305,381
LIABILITIES:		
Accounts payable and accrued expenses	$ 3,368,895	$ 3,990,240
Fund distributions payable	3,692,391	3,022,097
Donor designations payable	3,826,690	4,647,439
Total liabilities	10,887,976	11,659,776
NET ASSETS:		
Unrestricted:		
Undesignated	7,483,908	8,053,782
Board designated (Note 7)	26,484,387	24,822,839
Total unrestricted	33,968,295	32,876,621
Temporarily restricted (Note 7)	53,205,941	56,028,645
Permanently restricted (Note 7)	84,611,177	83,740,339
Total net assets	171,785,413	172,645,605
Total liabilities and net assets	$ 182,673,389	$ 184,305,381

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2018 with combined totals for 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Total 2017
COMMUNITY ENGAGEMENT RESULTS SUMMARY					
Community Engagement Results	$ 34,322,020	$ -	$ 42,724	$ 34,364,744	$ 33,923,291
LESS: Pledges designated to other agencies	(6,281,237)	-	-	(6,281,237)	(6,863,432)
CONTRIBUTIONS TO THE UNITED WAY	$ 28,040,783	$ -	$ 42,724	$ 28,083,507	$ 27,059,859
CONTRIBUTIONS AND OTHER REVENUE					
Community Engagement contributions applicable to current period					
Contributions pledged - current period	$ 26,400,215	$ -	$ 42,724	$ 26,442,939	$ 26,241,551
Contributions pledged in prior periods and now released from restriction (Note 8)	1,640,568	(1,640,568)	-	-	-
Community Engagement fundraising, current	28,040,783	(1,640,568)	42,724	26,442,939	26,241,551
Contributions received and released for restricted purpose in current period				-	-
Less - provision for uncollectible pledges, discounts and designations	(1,530,948)	40,088	-	(1,490,860)	(1,334,105)
Net Community Engagement, current	26,509,835	(1,600,480)	42,724	24,952,079	24,907,446
Change in estimated prior years' Community Engagement revenue	549,653	-	-	549,653	539,232
Community Engagement contributions pledged for future allocation periods (Net of allowance for uncollectible pledges and discounts of $67,589 and $114,147 at June 30, 2018 and 2017)	-	4,215,225	-	4,215,225	4,453,134
Total Community Engagement	27,059,488	2,614,745	42,724	29,716,957	29,899,812
Grants and other contributions	1,000,961	18,521,308	130,178	19,652,447	32,772,062
Investment income - endowment funds	131,038	6,768,108	697,936	7,597,082	9,679,496
Investment income - other funds	433,144	340,479	-	773,623	917,924
Grants and other contributions released from restrictions (Note 8)	31,068,018	(31,068,018)	-	-	-
Program and service fees	710,229	-	-	710,229	872,813
Other income	112,215	674	-	112,889	117,701
Total contributions and other revenue	60,515,093	(2,822,704)	870,838	58,563,227	74,259,808
FUNDS ALLOCATED FOR SERVICES AND OTHER FUNCTIONAL EXPENSES					
Affiliated agency supports	26,043,759	-	-	26,043,759	26,946,077
United Way priorities	19,331,450	-	-	19,331,450	16,508,413
Other community impact	4,356,982	-	-	4,356,982	5,396,915
Total program services	49,732,191	-	-	49,732,191	48,851,405
Fund raising	5,431,189	-	-	5,431,189	5,145,249
Management and general	4,390,301	-	-	4,390,301	4,103,022
Total funds allocated for services and other functional expenses	59,553,681	-	-	59,553,681	58,099,676
NET OPERATING RESULTS	961,412	(2,822,704)	870,838	(990,454)	16,160,132
Loss on disposal of land, building and other assets	-	-	-	-	(74,008)
Actuarial gain not yet recognized in net periodic pension cost	130,262	-	-	130,262	442,356
CHANGE IN NET ASSETS	1,091,674	(2,822,704)	870,838	(860,192)	16,528,480
NET ASSETS AT BEGINNING OF YEAR	$ 32,876,621	$ 56,028,645	$ 83,740,339	$ 172,645,605	$ 156,117,125
NET ASSETS AT END OF YEAR	$ 33,968,295	$ 53,205,941	$ 84,611,177	$ 171,785,413	$ 172,645,605

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017
COMMUNITY ENGAGEMENT RESULTS SUMMARY				
Community Engagement Results	$ 33,923,291	-	-	$ 33,923,291
LESS: Pledges designated to other agencies	(6,863,432)	-	-	(6,863,432)
CONTRIBUTIONS TO THE UNITED WAY	$ 27,059,859	$ -	$ -	$ 27,059,859
CONTRIBUTIONS AND OTHER REVENUE				
Community Engagement contributions applicable to current period				
Contributions pledged - current period	$ 26,241,551	-	-	$ 26,241,551
Contributions pledged in prior periods and now released from restriction (Note 8)	818,308	(818,308)	-	-
Community Engagement fundraising, current	27,059,859	(818,308)	-	26,241,551
Contributions received and released for restricted purpose in current period	-	-		-
Less - provision for uncollectible pledges	(1,395,009)	60,904	-	(1,334,105)
Net Community Engagement, current	25,664,850	(757,404)	-	24,907,446
Change in estimated prior years' Community Engagement revenue	539,232	-	-	539,232
Community Engagement contributions pledged for future allocation periods (Net of allowance for uncollectible pledges and discounts of $114,147 and $60,904 at June 30, 2017 and 2016)	-	4,453,134	-	4,453,134
Total Community Engagement	26,204,082	3,695,730	-	29,899,812
Grants and other contributions	2,147,960	30,537,008	100,094	32,785,062
Investment income - endowment funds	425,085	5,935,844	3,318,567	9,679,496
Investment income - other funds	580,964	336,960	-	917,924
Repayment of underwater endowment funds	2,780,808	-	(2,780,808)	-
Grants and other contributions released from restrictions (Note 8)	30,539,002	(30,539,002)	-	-
Program and service fees	859,813	-	-	859,813
Other income	117,701	-	-	117,701
Total contributions and other revenue	63,655,415	9,966,540	637,853	74,259,808
FUNDS ALLOCATED FOR SERVICES AND OTHER FUNCTIONAL EXPENSES				
Affiliated agency supports	26,946,077	-	-	26,946,077
United Way priorities	16,508,413	-	-	16,508,413
Other community impact	5,396,915	-	-	5,396,915
Total program services	48,851,405	-	-	48,851,405
Fund raising	5,145,249	-	-	5,145,249
Management and general	4,103,022	-	-	4,103,022
Total funds allocated for services and other functional expenses	58,099,676	-	-	58,099,676
NET OPERATING RESULTS	5,555,739	9,966,540	637,853	16,160,132
Loss on disposal of land, building and other assets	(74,008)	-	-	(74,008)
Actuarial gain (loss) not yet recognized in net periodic pension cost	442,356	-	-	442,356
CHANGE IN NET ASSETS	5,924,087	9,966,540	637,853	16,528,480
NET ASSETS AT BEGINNING OF YEAR	$ 26,952,534	$ 46,062,105	$ 83,102,486	$ 156,117,125
NET ASSETS AT END OF YEAR	$ 32,876,621	$ 56,028,645	$ 83,740,339	$ 172,645,605

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	$ (860,192)	$ 16,528,480
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Contribution payments restricted for endowments	(172,902)	(100,094)
Realized and unrealized gain on investments	(4,781,511)	(7,853,886)
Loss on disposal of land, building and other assets	-	74,008
Depreciation	450,984	252,309
Bad debt expense	97,952	(66,052)
Actuarial gain not yet recognized in net periodic pension cost	(130,262)	(442,356)
Change in other assets and liabilities:		
Pledge and other receivables	(2,115,452)	(1,739,407)
Prepaid expenses and other assets	(15,954)	(153,559)
Accounts payable and accrued expenses	(491,083)	643,043
Fund distributions payable	670,294	2,239,453
Donor designations payable	(820,749)	(28,819)
Net cash from (used in) operating activities	(8,168,875)	9,353,120
Cash flows from investing activities		
Proceeds from sale of investments	76,248,271	78,212,770
Purchases of investments	(69,795,848)	(89,705,887)
Purchases of furniture and equipment and building improvements	(89,335)	(3,125,777)
Net cash from (used in) investing activities	6,363,088	(14,618,894)
Cash flows from financing activities		
Proceeds from contributions restricted for endowments	172,902	100,094
Net cash from financing activities	172,902	100,094
Net change in cash and cash equivalents	(1,632,885)	(5,165,680)
Cash and cash equivalents at beginning of the year	5,529,035	10,694,715
Cash and cash equivalents at the end of the year	$ 3,896,150	$ 5,529,035

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Years ended June 30, 2018 with combined totals for 2017

	Affiliated Agency Supports	United Way Priorities	Other Community Impact	Total Program Services	Fund Raising	Management & General	Internal Services	Total 2018	Total 2017
Grants and assistance	$ 25,372,399	$ 14,554,858	$ 309,715	$ 40,236,972	$ -	$ -	$ -	$ 40,236,972	$ 39,063,433
Other expenses									
Personnel	338,909	1,803,506	2,021,903	4,164,318	3,372,882	2,661,559	316,679	10,515,438	10,059,458
Professional fees and contract services	182,535	1,664,642	1,175,342	3,022,519	84,526	510,311	246,357	3,863,713	4,219,375
Office costs (supplies, telephone, shipping)	13,918	433,017	78,525	525,460	192,344	127,862	83,169	928,835	1,209,136
Program supplies	-	177,693	28,905	206,598	-	641	-	207,239	164,575
Technology licensing and hosting	-	14,514	35,017	49,531	9,909	60,954	555,833	676,227	610,670
Occupancy	-	32,937	34,505	67,442	39,003	28,941	804,191	939,577	683,422
Printing, publications and advertising	-	83,055	3,282	86,337	314,251	35,357	71	436,016	500,377
Transportation, meetings and conferences	2,165	184,302	108,946	295,413	140,462	337,106	11,628	784,609	710,036
Membership dues	20,407	57,267	88,361	166,035	198,426	101,164	45	465,670	494,033
Miscellaneous	-	10,970	2,538	13,508	1,714	32,765	414	48,401	132,852
Expenses before internal allocations	557,934	4,461,903	3,577,324	8,597,161	4,353,517	3,896,660	2,018,387	18,865,725	18,783,934
Internal allocations									
Depreciation of building and equipment	-	-	-	-	957	-	450,027	450,984	252,309
Allocation of internal services	113,426	314,689	469,943	898,058	1,076,715	493,641	(2,468,414)	-	-
Expenses after internal allocations	671,360	4,776,592	4,047,267	9,495,219	5,431,189	4,390,301	-	19,316,709	19,036,243
Total	$ 26,043,759	$ 19,331,450	$ 4,356,982	$ 49,732,191	$ 5,431,189	$ 4,390,301	$ -	$ 59,553,681	$ 58,099,676

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2017

	Affiliated Agency Supports	United Way Priorities	Other Community Impact	Total Program Services	Fund Raising	Management & General	Internal Services	Total 2017
Grants	$ 26,168,168	$ 12,230,230	$ 665,035	$ 39,063,433	$ -	$ -	$ -	$ 39,063,433
Other expenses								
Personnel	465,199	1,839,740	1,865,360	4,170,299	3,251,143	2,413,589	224,427	10,059,458
Professional fees and contract services	167,656	902,067	2,085,510	3,155,233	81,811	593,849	388,482	4,219,375
Office costs (supplies, telephone, shipping)	6,151	477,374	122,073	605,598	172,815	109,821	320,902	1,209,136
Program supplies	-	147,598	11,269	158,867	5,006	702	-	164,575
Technology licensing and hosting	-	1,899	44,182	46,081	3,754	51,535	509,300	610,670
Occupancy	-	34,221	32,939	67,160	37,459	16,415	562,388	683,422
Printing, publications and advertising	-	189,068	2,740	191,808	272,343	36,226	-	500,377
Transportation, meetings and conferences	3,269	205,388	115,212	323,869	141,707	223,729	20,731	710,036
Membership dues	28,759	78,163	75,074	181,996	192,164	118,127	1,746	494,033
Miscellaneous	-	85,202	1,615	86,817	16,193	29,790	52	132,852
Expenses before internal allocations	671,034	3,960,720	4,355,974	8,987,728	4,174,395	3,593,783	2,028,028	18,783,934
Internal allocations								
Depreciation of building and equipment	-	-	-	-	1,506	-	250,803	252,309
Allocation of internal services	106,875	317,463	375,906	800,244	969,348	509,239	(2,278,831)	-
Expenses after internal allocations	777,909	4,278,183	4,731,880	9,787,972	5,145,249	4,103,022	-	19,036,243
Total	$ 26,946,077	$ 16,508,413	$ 5,396,915	$ 48,851,405	$ 5,145,249	$ 4,103,022	$ -	$ 58,099,676

See accompanying notes to consolidated 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, financial stability, 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 appropriated from unrestricted net assets in six-month increments. 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 on the Statement of Financial Position within pledges receivable with a related donor designations payable. The costs to generate and distribute designated pledges are recorded as fundraising and management and general 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 and/or programs, 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.

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 and UWCI, LLC did not have any transactions during the years ended June 30, 2018 or 2017.

c. Cash and Cash Equivalents: United Way maintains its primary checking accounts and various savings accounts at local banks. During 2018 and 2017, United Way maintained 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.

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

e. Pledges Receivable, Discounts, and Allowance: Pledges receivable are recorded net of any allowance for uncollectible pledges. At June 30, 2018 and 2017, there are pledges receivable extending beyond one year which are recorded at their net present value.

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Land, Building, Furniture and Equipment and Depreciation: United Way capitalizes all expenditures for land, building improvements, and furniture and equipment in excess of $5,000. 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 leasehold 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 was recognized during the years ended June 30, 2018 and 2017.

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: In fiscal years 2018 and 2017, United Way received $38,000 and $0 of donated services which are reflected in the financial statements. In addition, 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. Private grants are recorded as contributions and are administered through United Way as part of the normal course of business. Government grants are recognized as revenue when the eligible expenses are incurred.

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, present value of future cash flows, net assets classification, indirect cost allocation, and pension funded status. 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 2017 financial statements have been reclassified to conform to the 2018 presentation. These reclassifications had no impact on net assets or change in net assets.

p. Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2018 to determine the need for any adjustments or disclosures within the financial statements for the year ended June 30, 2018. Management has performed their analysis through October 23, 2018, the date the report was available to be issued.

3. INVESTMENTS

Investments at fair value are composed of the following:

	2018	2017
Money market funds	$ 6,815,169	$ 17,636,780
Certificates of deposit	1,460,350	1,445,864
U.S. government agency obligations	8,017,668	11,315,964
U.S. treasury bills	13,100,222	9,261,696
Municipal bonds	1,299,258	1,296,007
Corporate bonds	20,847,391	20,664,333
Mutual funds	60,944,037	60,807,373
Domestic equity	6,141,662	6,251,721
International equity	5,382,579	4,940,290
Exchange traded funds	24,998,505	17,057,725
	$ 149,006,841	$ 150,677,753

Investment income is comprised of the following for the years ending June 30, 2018 and 2017:

	2018	2017
Interest and dividends (net of fees of $379,818 and $403,866 for 2018 and 2017, respectively)	$ 3,569,203	$ 2,739,003
Realized gain on sale of investments	2,481,170	2,108,492
Unrealized gain on investments	2,306,644	5,745,394
Change in split value of assets	13,688	4,531
Total investment income	$ 8,370,705	$ 10,597,420

4. FACILITY OPERATIONS

United Way has six offices throughout its service area, which includes Boone, Hamilton, Hancock, Hendricks, Marion and Morgan counties. All six offices are under non-cancelable operating leases which expire on various dates through 2032. Future minimum payments due under the lease agreements are as follows:

2019	$ 722,289
2020	717,484
2021	728,490
2022	728,253
2023	716,435
2024-2032	6,765,024
	$ 10,377,975

Rent expense was $797,956 and $564,119 for the years ended June 30, 2018 and 2017.

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 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, 2018 or 2017.

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 for the years ended June 30, 2018 and 2017. 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). All assets of the plan are valued at fair value and are measured using the fair value hierarchy as disclosed in Note 10. The underlying assets of the equity and fixed income fund of funds are 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 (NAV) 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 in accounts payable and accrued expenses.

	2018	2017
Fair value of plan assets	$ 6,757,224	$ 6,671,794
Projected benefit obligation	(7,080,837)	(6,854,473)
Net pension liability	$ (323,613)	$ (182,679)

The fair value of United Way's defined benefit plan assets at June 30, 2018 and 2017, are as follows:

2018	Level 1	Level 2	Level 3	Net Asset Value	Total
Equity & fixed income fund of funds	$ -	$ 6,202,166	$ -	$ -	$ 6,202,166
General account	-	-	-	555,058	555,058
Total	$ -	$ 6,202,166	$ -	$ 555,058	$ 6,757,224

(Continued)

6. RETIREMENT PLANS (Continued)

2017	Level 1	Level 2	Level 3	Net Asset Value	Total
Equity & fixed income fund of funds	$ -	$ 6,286,977	$ -	$	$ 6,286,977
General account	-	-	-	384,817	384,817
Total	$ -	$	$ -	$ 384,817	$ 6,671,794

	2018	2017
Composition of plan assets:		
Equity	$ 3,573,820	$ 3,641,279
Fixed income	2,628,346	2,645,698
General account	555,058	384,817
	$ 6,757,224	$ 6,671,794
Accumulated benefit obligation	$ 6,603,502	$ 6,397,128
Accrued pension cost recognized in statement of financial position	323,613	182,679
Service cost	374,807	417,197
Interest cost	258,318	236,506
Expected return on assets	(463,374)	(449,303)
Recognized actuarial loss	157,482	213,774
Prior service credit	(56,037)	(56,037)
Benefit cost	$ 271,196	$ 362,137
Unrecognized actuarial loss	$ 1,689,827	$ 1,876,126
Unrecognized prior service credit	(28,015)	(84,052)
Benefits paid	298,610	258,184
Measurement date	June 30, 2018	June 30, 2017
Assumptions used:		
Discount rate	3.80%	3.50%
Rate of compensation levels	3.00%	3.00%
Expected return on plan assets	7.50%	7.50%

In fiscal year 2018, the DB plan is expected to recognize $28,015 of the prior service credit and $138,274 of the actuarial loss.

Estimated future benefit payments:

Fiscal Year 2019	$ 1,294,000
Fiscal Year 2020	307,000
Fiscal Year 2021	111,000
Fiscal Year 2022	358,000
Fiscal Year 2023	202,000
Fiscal Years 2024-2027	2,268,000

(Continued)

6. RETIREMENT PLANS (Continued)

Estimated contributions to the DB plan for the measurement year from July 1, 2018 through June 30, 2019 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 $105,475 and $107,573 for the years ended June 30, 2018 and 2017, respectively.

7. RESTRICTED AND BOARD-DESIGNATED FUNDS

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

	2018	2017
Agency support programs	$ 843,018	$ 767,123
Current year operations and agency allocations	20,791,483	20,104,648
Priority initiatives	2,752,225	2,153,480
Quasi endowed funds	1,989,266	1,671,281
Other	108,035	126,307
	$ 26,484,387	$ 24,822,839

Temporarily restricted net assets are comprised of the following:

	2018	2017
Purpose restrictions:		
Agency and childcare ministries capital projects	$ 20,683,554	$ 26,677,964
Other agency support programs	-	861,000
Pre-K capacity building	4,280,140	8,275,722
Other education initiatives	408,636	285,722
Financial stability initiatives	431,580	229,389
Mental health initiatives	346,153	447,280
JumpIn initiative	460,547	351,265
Basic needs initiatives	871,755	1,379,948
Social Innovation Fund match	1,319,589	876,471
Community research	423,515	861,131
Undistributed endowment earnings	11,860,691	5,980,487
Other	345,464	642,694
Time restrictions:		
Future years operating grants	4,350,000	4,350,000
Future years pledges	7,424,317	4,809,572
	$ 53,205,941	$ 56,028,645

(Continued)

7. RESTRICTED AND BOARD-DESIGNATED FUNDS (Continued)

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:

	2018	2017
Forever Operating Fund	$ 78,637,883	$ 77,950,949
Ellen K. Annala Fund	500,960	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	61,463	61,463
James Limp Fund	119,000	59,000
Memorial Fund	4,896,077	4,742,924
Youth programming	9,264	9,264
	$ 84,611,177	$ 83,740,339

8. ASSETS RELEASED FROM RESTRICTION

	2018	2017
Temporarily restricted assets released to unrestricted assets for:		
Purpose restrictions satisfied:		
Grants and other contributions	$ 31,068,018	$ 30,539,002
Timing restrictions satisfied:		
Community Engagement contributions, net	1,640,568	818,308

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. 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, 2018 and 2017 are as follows:

- Employee group insurance totaling $1,321,911 and $1,077,650.
- Database management services for United Way's Social Asset Vulnerability Indicators (SAVI) program, various research projects, and mail services totaling $1,623,802 and $1,101,327.
- Office furniture purchases totaling $16,697 and $1,465,370.
- Commercial real-estate services embedded in UWCI's new headquarters' lease agreement totaling $0 and $220,467.

(Continued)

9. RELATED PARTY TRANSACTIONS (Continued)

- 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 $239,792 and $137,848.

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.

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)

(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, 2018, are summarized below:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total 2018
Money markets	$ 6,815,169	$ -	$ -	$ 6,815,169
Certificates of deposit	-	1,460,350	-	1,460,350
U.S. government agency obligations	-	8,017,668	-	8,017,668
U.S. treasury bills	13,100,222	-	-	13,100,222
Municipal bonds	-	1,299,258	-	1,299,258
Corporate bonds	-	20,847,391	-	20,847,391
Mutual funds:				
Fixed income	11,781,462	-	-	11,781,462
Equity	29,736,047	-	-	29,736,047
International bond	221,287	-	-	221,287
International equity	17,401,774	-	-	17,401,774
Bank loans	1,803,467	-	-	1,803,467
Domestic equity:				
Industrial	1,262,386	-	-	1,262,386
Consumer goods	731,806	-	-	731,806
Financial	1,420,169	-	-	1,420,169
Technology	919,914	-	-	919,914
Energy & utilities	183,323	-	-	183,323
Health care	1,224,064	-	-	1,224,064
Other	400,000	-	-	400,000
International equity	5,382,579	-	-	5,382,579
Exchange traded funds	24,998,505	-	-	24,998,505
Total	$ 117,382,174	$ 31,624,667	$ -	$ 149,006,841

(Continued)

10. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value on a recurring basis as of June 30, 2017, are summarized below:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total 2017
Money markets	$ 17,636,780	$ -	$ -	$ 17,636,780
Certificates of deposit	-	1,445,864	-	1,445,864
U.S. government agency obligations	-	11,315,964	-	11,315,964
U.S. treasury bills	9,261,696	-	-	9,261,696
Municipal bonds	-	1,296,007	-	1,296,007
Corporate bonds	-	20,664,333	-	20,664,333
Mutual funds:				
Fixed income	11,154,077	-	-	11,154,077
Equity	27,428,023	-	-	27,428,023
International bond	390,115	-	-	390,115
International equity	17,912,790	-	-	17,912,790
Bank loans	3,922,368	-	-	3,922,368
Domestic equity:				
Industrial	1,579,955	-	-	1,579,955
Consumer goods	697,920	-	-	697,920
Financial	421,126	-	-	421,126
Technology	1,151,579	-	-	1,151,579
Transportation	293,396	-	-	293,396
Energy & utilities	358,888	-	-	358,888
Health care	784,092	-	-	784,092
Insurance	564,765	-	-	564,765
Other	400,000	-	-	400,000
International equity	4,940,290	-	-	4,940,290
Exchange traded funds	17,057,725	-	-	17,057,725
Total	$ 115,155,585	$ 34,722,168	$ -	$ 150,677,753

11. ENDOWMENT COMPOSITION

United Way's endowment consists of ten individual donor restricted funds established for a variety of purposes, one donor temporarily restricted fund that United Way treats as an endowment, 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 State Prudent Management of Institutional Funds Act (SPMIFA) 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.

(Continued)

11. ENDOWMENT COMPOSITION (Continued)

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 SPMIFA.

In accordance with SPMIFA, 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, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ -	$ 12,050,660	$ 84,611,177	$ 96,661,837
Board designated	1,989,266	-	-	1,989,266
Total funds	$ 1,989,266	$ 12,050,660	$ 84,611,177	$ 98,651,103

Endowment net asset composition by type of fund as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ -	$ 6,213,346	$ 83,740,339	$ 89,953,685
Board designated	1,671,281	-	-	1,671,281
Total funds	$ 1,671,281	$ 6,213,346	$ 83,740,339	$ 91,624,966

(Continued)

11. ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$ 1,671,281	$ 6,213,346	$83,740,339	$91,624,966
Investment return:				
Interest income, net of fees	49,955	2,500,986	255,805	2,806,746
Realized gains	48,352	2,246,038	225,623	2,520,013
Unrealized gains	32,731	2,007,396	216,508	2,256,635
Change in CSV	-	13,688	-	13,688
New gifts	186,947	8,981	172,902	368,830
Appropriation for expenditure	-	(939,775)	-	(939,775)
End of year	$ 1,989,266	$12,050,660	$84,611,177	$98,651,103

Changes in endowment net assets for year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$(2,030,541)	$ 369,591	$83,102,486	$81,441,536
Investment return:				
Interest income, net of fees	89,246	1,245,278	696,738	2,031,262
Realized gains	91,959	1,283,123	717,907	2,092,989
Unrealized gains	243,880	3,402,912	1,903,922	5,550,714
Change in CSV	-	4,531	-	4,531
New gifts	750,000	8,982	100,094	859,076
Repayment of underwater endowment funds	2,780,808	-	(2,780,808)	-
Appropriation for expenditure	(254,071)	(101,071)	-	(355,142)
End of year	$ 1,671,281	$ 6,213,346	$83,740,339	$91,624,966

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 SPMIFA requires United Way to retain as a fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature that are reported in unrestricted net assets as of June 30, 2018 and 2017, respectively.

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.

(Continued)

11. ENDOWMENT COMPOSITION (Continued)

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.

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 Forever 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 AND STATE AWARDS
Year ended June 30, 2018

Federal Grantor/ Program Title	Pass-Through Number	Federal CFDA Number	Expenditures	Amounts awarded to subrecipients
U.S. Department of Treasury				
Volunteer Income Tax Assistance Matching Grant Program	N/A	21.009	$ 152,160	$ 21,020
Total U.S. Department of Treasury			152,160	21,020
U.S. Department of Veteran Affairs				
VA Supportive Services for Veteran Families Program	N/A	64.033	1,591,778	1,501,029
Total U.S. Veteran Affairs			1,591,778	1,501,029
U.S. Department of Health and Human Services				
Pass-through program: Indiana Housing and Community Development Authority				
Low-Income Home Energy Assistance Program	LI-016-027	93.568	1,047,637	612,022
Pass-through program: Indiana Family and Social Services Administration				
Child Care Development Block Grant	F174917850287	93.596	181,734	143,763
Total Child Care and Development Block Grant Cluster			181,734	143,763
Total U.S. Department of Health and Human Services			1,229,371	755,785
Corporation for National and Community Service				
Social Innovation Fund	N/A	94.019	1,391,706	663,070
Total Corporation for National and Community Service			1,391,706	663,070
Grand Total			$ 4,365,015	$ 2,940,904

Other State Grants

Indiana Department of Workforce Development		
Workforce Development Grant	$ 124,275	$ -
Indiana Housing and Community Development Authority		
Low-Income Housing Energy Assistance Program (LIHEAP)	19,000	-
Total State Expenditures	$ 143,275	$ -

See accompanying notes to schedule of expenditures of federal awards.

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (Schedule) includes the federal and state grant activity of United Way of Central Indiana, Inc., for the year ended June 30, 2018, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

United Way has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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, 2018, 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 23, 2018.

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 LLP

Crowe LLP

Indianapolis, Indiana
October 23, 2018

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 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, 2018. United Way's major federal programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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, 2018.

(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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
October 23, 2018

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 2 CFR 200.516(a)?	______ Yes	X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
94.019	Social Innovation Fund

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

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

SECTION 2 - FINANCIAL STATEMENTS FINDINGS

None

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

There were no prior findings or questioned costs.