UNITED WAY OF
CENTRAL INDIANA, INC.

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

UNITED WAY OF CENTRAL INDIANA, INC.
Indianapolis, Indiana

CONSOLIDATED FINANCIAL STATEMENTS
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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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, United Way has adopted ASU 2016-14 - *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities.* Our opinion is not modified with respect to this matter.

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 21, 2019, 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 21, 2019

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS:		
Cash and cash equivalents	$ 5,990,066	$ 3,896,150
Investments (Note 3)	149,585,147	149,006,841
Pledges receivable		
Current fundraising, less allowance of $1,824,698 and $1,925,758 for uncollectible accounts for 2019 and 2018, respectively	11,886,778	13,962,745
Future years' fundraising, less allowance and discounts of $137,154 and $167,413 for 2019 and 2018, respectively	5,087,446	7,167,251
	16,974,224	21,129,996
Grants and other amounts receivable	3,545,769	5,587,400
Prepaid expenses and other assets	1,937,739	454,690
Leasehold improvements and equipment:		
Leasehold improvements	1,203,413	1,234,603
Furniture and equipment	2,621,377	2,636,800
Less - accumulated depreciation	(1,679,059)	(1,273,091)
	2,145,731	2,598,312
Total assets	$ 180,178,676	$ 182,673,389
LIABILITIES:		
Accounts payable and accrued expenses	$ 3,045,517	$ 3,368,895
Fund distributions payable	1,853,470	3,692,391
Donor designations payable	4,389,312	3,826,690
Total liabilities	9,288,299	10,887,976
NET ASSETS:		
Without donor restrictions		
Undesignated	8,066,775	7,483,908
Board designated (Note 7)	29,679,049	26,484,387
Total without donor restrictions	37,745,824	33,968,295
With donor restrictions (Note 7)	133,144,553	137,817,118
Total net assets	170,890,377	171,785,413
Total liabilities and net assets	$ 180,178,676	$ 182,673,389

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2019 with combined totals for 2018

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
COMMUNITY ENGAGEMENT RESULTS SUMMARY				
Community Engagement Results	$ 32,840,988	166,174	$ 33,007,162	$ 34,364,744
LESS: Pledges designated to other agencies	(6,019,901)	-	(6,019,901)	(6,281,237)
CONTRIBUTIONS TO THE UNITED WAY	$ 26,821,087	$ 166,174	$ 26,987,261	$ 28,083,507
CONTRIBUTIONS AND OTHER REVENUE				
Community Engagement contributions applicable to current period				
Contributions pledged - current period	$ 24,329,080	$ 166,174	$ 24,495,254	$ 26,442,939
Contributions pledged in prior periods and now released from restriction (Note 8)	2,492,007	(2,492,007)	-	-
Community Engagement fundraising, current	26,821,087	(2,325,833)	24,495,254	26,442,939
Less - provision for uncollectible pledges, discounts and designations	(1,379,332)	3,185	(1,376,147)	(1,490,860)
Net Community Engagement, current	25,441,755	(2,322,648)	23,119,107	24,952,079
Change in estimated prior years' Community Engagement revenue	(82,417)	-	(82,417)	549,653
Community Engagement contributions pledged for future allocation periods (Net of change in allowance for uncollectible pledges and discounts of $(6,006) and $67,589 at June 30, 2019 and 2018)	-	1,971,631	1,971,631	4,215,225
Total Community Engagement	25,359,338	(351,017)	25,008,321	29,716,957
Grants and other contributions	335,177	16,822,489	17,157,666	19,652,447
Investment income - endowment funds	138,172	6,874,567	7,012,739	7,597,082
Investment income - other funds	1,130,956	741,701	1,872,657	773,623
Grants and other contributions released from restrictions (Note 8)	28,760,305	(28,760,305)	-	-
Program and service fees	617,423	-	617,423	710,229
Other income	83,836	-	83,836	112,889
Total contributions and other revenue	56,425,207	(4,672,565)	51,752,642	58,563,227
FUNDS ALLOCATED FOR SERVICES AND OTHER FUNCTIONAL EXPENSES				
Affiliated agency supports	20,738,480	-	20,738,480	26,043,759
United Way priorities	16,653,651	-	16,653,651	19,331,450
Other community impact	4,832,766	-	4,832,766	4,356,982
Total program services	42,224,897	-	42,224,897	49,732,191
Fund raising	5,334,024	-	5,334,024	5,431,189
Management and general	4,268,634	-	4,268,634	4,390,301
Total funds allocated for services and other functional expenses	51,827,555	-	51,827,555	59,553,681
NET OPERATING RESULTS	4,597,652	(4,672,565)	(74,913)	(990,454)
Loss on disposal of land, building and other assets	(2,364)	-	(2,364)	-
Actuarial gain (loss) not yet recognized in net periodic pension cost	(817,759)	-	(817,759)	130,262
CHANGE IN NET ASSETS	3,777,529	(4,672,565)	(895,036)	(860,192)
NET ASSETS AT BEGINNING OF YEAR	$ 33,968,295	$ 137,817,118	$ 171,785,413	$ 172,645,605
NET ASSETS AT END OF YEAR	$ 37,745,824	$ 133,144,553	$ 170,890,377	$ 171,785,413

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
COMMUNITY ENGAGEMENT RESULTS SUMMARY			
Community Engagement Results	$ 34,322,020	$ 42,724	$ 34,364,744
LESS: Pledges designated to other agencies	(6,281,237)	-	(6,281,237)
CONTRIBUTIONS TO THE UNITED WAY	$ 28,040,783	$ 42,724	$ 28,083,507
CONTRIBUTIONS AND OTHER REVENUE			
Community Engagement contributions applicable to current period			
Contributions pledged - current period	$ 26,400,215	$ 42,724	$ 26,442,939
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	(1,597,844)	26,442,939
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)
Net Community Engagement, current	26,509,835	(1,557,756)	24,952,079
Change in estimated prior years' Community Engagement revenue	549,653	-	549,653
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
Total Community Engagement	27,059,488	2,657,469	29,716,957
Grants and other contributions	1,000,961	18,651,486	19,652,447
Investment income - endowment funds	131,038	7,466,044	7,597,082
Investment income - other funds	433,144	340,479	773,623
Grants and other contributions released from restrictions (Note 8)	31,068,018	(31,068,018)	-
Program and service fees	710,229	-	710,229
Other income	112,215	674	112,889
Total contributions and other revenue	60,515,093	(1,951,866)	58,563,227
FUNDS ALLOCATED FOR SERVICES AND OTHER FUNCTIONAL EXPENSES			
Affiliated agency supports	26,043,759	-	26,043,759
United Way priorities	19,331,450	-	19,331,450
Other community impact	4,356,982	-	4,356,982
Total program services	49,732,191	-	49,732,191
Fund raising	5,431,189	-	5,431,189
Management and general	4,390,301	-	4,390,301
Total funds allocated for services and other functional expenses	59,553,681	-	59,553,681
NET OPERATING RESULTS	961,412	(1,951,866)	(990,454)
Actuarial gain not yet recognized in net periodic pension cost	130,262	-	130,262
CHANGE IN NET ASSETS	1,091,674	(1,951,866)	(860,192)
NET ASSETS AT BEGINNING OF YEAR	$ 32,876,621	$ 139,768,984	$ 172,645,605
NET ASSETS AT END OF YEAR	$ 33,968,295	$ 137,817,118	$ 171,785,413

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	$ (895,036)	$ (860,192)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Contribution payments restricted for endowments	(52,793)	(172,902)
Realized and unrealized gain on investments	(6,158,147)	(4,787,814)
Loss on disposal of land, building and other assets	2,364	-
Depreciation	450,217	450,984
Bad debt expense (recovery)	(131,319)	97,952
Actuarial (gain) loss not yet recognized in net periodic pension cost	817,759	(130,262)
Change in other assets and liabilities:		
Pledge and other receivables	6,328,722	(2,115,452)
Prepaid expenses and other assets	(1,483,049)	(15,954)
Accounts payable and accrued expenses	(1,141,137)	(491,083)
Fund distributions payable	(1,838,921)	670,294
Donor designations payable	562,622	(820,749)
Net cash used in operating activities	(3,538,718)	(8,175,178)
Cash flows from investing activities		
Proceeds from sale of investments	74,551,960	76,254,574
Purchases of investments	(68,972,119)	(69,795,848)
Purchases of furniture and equipment and building improvements	-	(89,335)
Net cash from investing activities	5,579,841	6,369,391
Cash flows from financing activities		
Proceeds from contributions restricted for endowments	52,793	172,902
Net cash from financing activities	52,793	172,902
Net change in cash and cash equivalents	2,093,916	(1,632,885)
Cash and cash equivalents at beginning of the year	3,896,150	5,529,035
Cash and cash equivalents at the end of the year	$ 5,990,066	$ 3,896,150

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Years ended June 30, 2019 with combined totals for 2018

	Affiliated Agency Supports	United Way Priorities	Other Community Impact	Total Program Services	Fund Raising	Management & General	Internal Services	Total 2019	Total 2018
Grants and assistance	$ 20,103,861	$ 13,012,273	$ 442,587	$ 33,558,721	$ -	$ -	$ -	$ 33,558,721	$ 40,236,972
Other expenses									
Personnel	380,429	1,458,562	2,161,876	4,000,867	3,549,485	2,540,097	364,003	10,454,452	10,515,438
Professional fees and contract services	150,609	954,419	1,279,852	2,384,880	76,786	620,327	245,995	3,327,988	3,863,713
Office costs (supplies, telephone, shipping)	6,890	104,879	48,109	159,878	152,968	107,589	118,978	539,413	650,098
Program supplies	-	373,136	61,059	434,195	-	-	-	434,195	485,976
Technology licensing and hosting	-	9,656	105,896	115,552	8,137	68,931	683,923	876,543	676,227
Occupancy	-	35,800	29,489	65,289	32,240	22,369	864,081	983,979	939,577
Printing, publications and advertising	-	47,140	796	47,936	1,148	89,018	65	138,167	436,016
Transportation, meetings and conferences	5,651	174,961	43,263	223,875	102,902	126,487	13,388	466,652	784,609
Membership dues	14,459	75,360	105,295	195,114	225,988	123,795	45	544,942	465,670
Miscellaneous	-	8,691	6,594	15,285	2,031	34,280	690	52,286	48,401
Expenses before internal allocations	558,038	3,242,604	3,842,229	7,642,871	4,151,685	3,732,893	2,291,168	17,818,617	18,865,725
Internal allocations									
Depreciation of building and equipment	-	-	-	-	891	-	449,326	450,217	450,984
Allocation of internal services	76,581	398,774	547,950	1,023,305	1,181,448	535,741	(2,740,494)	-	-
Expenses after internal allocations	634,619	3,641,378	4,390,179	8,666,176	5,334,024	4,268,634	-	18,268,834	19,316,709
Total	$ 20,738,480	$ 16,653,651	$ 4,832,766	$ 42,224,897	$ 5,334,024	$ 4,268,634	$ -	$ 51,827,555	$ 59,553,681

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2018

	Affiliated Agency Supports	United Way Priorities	Other Community Impact	Total Program Services	Fund Raising	Management & General	Internal Services	Total 2018
Grants and assistance	$ 25,372,399	$ 14,554,858	$ 309,715	$ 40,236,972	$ -	$ -	$ -	$ 40,236,972
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
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
Office costs (supplies, telephone, shipping)	13,918	154,280	78,525	246,723	192,344	127,862	83,169	650,098
Program supplies	-	456,430	28,905	485,335	-	641	-	485,976
Technology licensing and hosting	-	14,514	35,017	49,531	9,909	60,954	555,833	676,227
Occupancy	-	32,937	34,505	67,442	39,003	28,941	804,191	939,577
Printing, publications and advertising	-	83,055	3,282	86,337	314,251	35,357	71	436,016
Transportation, meetings and conferences	2,165	184,302	108,946	295,413	140,462	337,106	11,628	784,609
Membership dues	20,407	57,267	88,361	166,035	198,426	101,164	45	465,670
Miscellaneous	-	10,970	2,538	13,508	1,714	32,765	414	48,401
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
Internal allocations								
Depreciation of building and equipment	-	-	-	-	957	-	450,027	450,984
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
Total	$ 26,043,759	$ 19,331,450	$ 4,356,982	$ 49,732,191	$ 5,431,189	$ 4,390,301	$ -	$ 59,553,681

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 without restrictions 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 net assets without donor restrictions. In addition, other approved expenditures for the next fiscal year are appropriated from net assets without donor restrictions 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 expense. 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 contributions with donor restrictions. Restricted contributions received and released from restriction within the same fiscal period are recorded as with donor restrictions 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, 2019 or 2018.

c. Cash and Cash Equivalents: United Way maintains its primary checking accounts and various savings accounts at local banks. During 2019 and 2018, 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, 2019 and 2018, 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 restrictions 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, 2019 and 2018.

h. Net Assets Without Donor Restrictions: The net assets without donor restriction class includes undesignated and Board-appropriated assets and liabilities of United Way. The Board of Directors appropriates a portion of the net assets without donor restrictions for specific purposes. These funds may only be used based on Board directives. The unappropriated portion of the net assets without donor restrictions class may be used at the discretion of management to support United Way's purpose and operations.

i. Net Assets With Donor Restrictions: Net assets with donor restrictions are those whose use has been limited by donors to a specific time period or purpose or have been restricted by donors to be maintained by United Way in perpetuity.

j. Donated Services: In fiscal years 2019 and 2018, United Way received approximately $0 and $38,000 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, however, no amounts have been included in the financial statements for these donated services based on GAAP criteria.

k. 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 that are cost reimbursement in nature are recognized as revenue when the eligible expenses are incurred.

l. 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.

m. 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. Direct expenses related to these respective categories are allocated accordingly. Indirect expenses are allocated based on the headcount within each respective category.

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Recent Accounting Pronouncement: In August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14).* ASU 2016-14 makes several improvements to current reporting requirements that address the complexities related to not-for-profit reporting. The guidance requires the entity to provide qualitative and quantitative information that communicates how the entity manages liquid resources available to meet cash needs within one year of the statement of net position date. It also requires the entity to disclose expenses by both natural and functional classification as well as methods used to allocate between program and support functions. ASU 2016-14 requires the entity to report investment return net of external and direct internal investment expenses and no longer requires disclosure of those netted expenses. Lastly, it reduces the number of net asset classifications from three to two. United Way implemented this guidance for the year ended June 30, 2019 and retroactively applied the guidance to the year ended June 30, 2018. The new or updated disclosures are located in the statements of financial position, statement of activities, and Note 12.

o. Reclassifications: Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 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, 2019 to determine the need for any adjustments or disclosures within the financial statements for the year ended June 30, 2019. Management has performed their analysis through October 21, 2019, the date the report was available to be issued.

3. INVESTMENTS

Investments at fair value are composed of the following:

	2019	2018
Money market funds	$ 7,540,086	$ 6,815,169
Certificates of deposit	5,482,811	1,460,350
U.S. government agency obligations	7,312,595	8,017,668
U.S. treasury bills	12,243,716	13,100,222
Municipal bonds	1,233,895	1,299,258
Corporate bonds	20,638,387	20,847,391
Mutual funds	56,792,288	60,944,037
Domestic equity	6,844,325	6,141,662
International equity	4,521,004	5,382,579
Exchange traded funds	26,976,040	24,998,505
	$ 149,585,147	$ 149,006,841

Investment income is comprised of the following for the years ending June 30, 2019 and 2018:

	2019	2018
Interest and dividends (net of fees of $366,075 and $379,818 for 2019 and 2018, respectively)	$ 2,714,134	$ 3,569,203
Realized gain on sale of investments	2,503,804	2,481,170
Unrealized gain on investments	3,654,343	2,306,644
Change in split value of assets	13,115	13,688
Total investment income	$ 8,885,396	$ 8,370,705

(Continued)

4. FACILITY OPERATIONS

United Way has two offices under non-cancelable operating leases which expire on various dates through 2032. Future minimum payments due under the lease agreements are as follows:

2020	$ 722,281
2021	728,490
2022	728,253
2023	716,435
2024-2032	6,765,024
	$ 9,660,483

Rent expense was $849,116 and $797,956 for the years ended June 30, 2019 and 2018.

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, 2019 or 2018.

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. In January 2019, United Way amended the DB plan to freeze benefits effective January 18, 2019. The result of the freeze is that current employees still received the benefits they had earned as of January 18, 2019; but no additional future benefits were earned and no new employees were added. United Way plans to terminate the plan effective November 1, 2019. United Way contributed $1,000,000 to the DB plan for the year ended June 30, 2019. United Way did not contribute to the DB plan for the year ended June 30, 2018.

(Continued)

6. RETIREMENT PLANS (Continued)

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 plan assets are valued at fair value and 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. Investments in the fixed income fund of funds and General Account were transferred to a money market fund during fiscal year 2019. The fair value of money markets is based on quoted prices in active investment markets. (Level 1)

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.

	2019	2018
Fair value of plan assets	$ 7,100,620	$ 6,757,224
Projected benefit obligation	(7,425,494)	(7,080,837)
Net pension liability	$ (324,874)	$ (323,613)

The fair value of United Way's defined benefit plan assets at June 30, 2019 and 2018, are as follows:

2019	Level 1	Level 2	Level 3	Net Asset Value	Total
Money market fund	$ 7,100,620	$ -	$ -	$ -	$ 7,100,620
Total	$ 7,100,620	$ -	$ -	$ -	$ 7,100,620

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)

	2019	2018
Composition of plan assets:		
Equity	$ -	$ 3,573,820
Fixed income	7,100,620	2,628,346
General account	-	555,058
	$ 7,100,620	$ 6,757,224
Accumulated benefit obligation	$ 7,425,494	$ 7,080,837
Net pension liability recognized in statement of financial position	324,874	323,613
Service cost	253,482	374,807
Interest cost	280,337	258,318
Expected return on assets	(467,215)	(463,374)
Recognized actuarial loss	144,913	157,482
Prior service credit	(28,015)	(56,037)
Benefit cost	$ 183,502	$ 271,196
Unrecognized actuarial loss	$ 2,479,571	$ 1,689,827
Unrecognized prior service credit	-	(28,015)
Benefits paid	572,830	298,610
Measurement date	June 30, 2019	June 30, 2018
Assumptions used:		
Discount rate	3.25%	3.80%
Rate of compensation levels	3.00%	3.00%
Expected return on plan assets	7.50%	7.50%

In fiscal year 2020, the DB plan is expected to recognize no prior service credit and $241,253 of the actuarial loss.

Estimated future benefit payments:

Fiscal Year 2020	$ 1,144,000
Fiscal Year 2021	139,000
Fiscal Year 2022	396,000
Fiscal Year 2023	234,000
Fiscal Year 2024	420,000
Fiscal Years 2025-2029	1,961,000

There are no estimated contributions to the DB plan for the measurement year from July 1, 2019 through June 30, 2020. When an individual retires or when the plan closes in November 2019, 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: Through December 31, 2018, United Way had sponsored a 403(b) retirement plan in which employees of the United Way that had worked at least 1,000 hours per year and completed one year of service were eligible to participate. The 403(b) plan included an employer match of employee contributions up to 2% of salary. The match was 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. Employees were vested by month for a complete month for any hours worked in that month. Total contributions to the 403(b) plan were $65,857 and $105,475 for the years ended June 30, 2019 and 2018, respectively.

(Continued)

6. RETIREMENT PLANS (Continued)

Effective January 1, 2019, United Way froze the 403(b) plan and implemented a new 401(k) retirement plan in which employees of the United Way are immediately eligible to participate. The 401(k) plan includes a 100% employer match of employee contributions up to 6%. Employees become fully vested in employer contributions after two years of service with 0% vesting prior. Current employees with two or more years of service were fully vested upon commencement of the plan. Total contributions to the 401(k) plan were $191,090 for the year ended June 30, 2019.

7. RESTRICTED AND BOARD-DESIGNATED FUNDS

A portion of net assets without donor restrictions has been appropriated by the Board of Directors for the following purposes:

	2019	2018
Agency support programs	$ 525,025	$ 843,018
Current year operations and agency allocations	24,539,825	20,791,483
Priority initiatives	2,378,726	2,752,225
Quasi endowed funds	2,127,438	1,989,266
Other	108,035	108,035
	$ 29,679,049	$ 26,484,387

Net assets with donor restrictions are comprised of the following:

	2019	2018
Purpose restrictions:		
Agency and childcare ministries capital projects	$ 16,348,897	$ 20,683,554
Education initiatives	1,716,557	4,688,776
Financial stability initiatives	268,302	431,580
Health initiatives	561,445	806,700
Basic needs initiatives	799,321	871,755
Social Innovation Fund match	1,192,766	1,319,589
Undistributed endowment earnings	13,783,569	11,860,691
Other purpose restrictions	963,589	768,979
Endowed funds with retention restrictions:		
Forever Operating Fund	80,289,278	78,637,883
Ellen K. Annala Fund	500,460	500,960
Memorial Fund	4,923,285	4,896,077
Other named funds	525,589	576,257
Time restrictions:		
Future years operating grants	4,410,000	4,350,000
Future years pledges	6,861,495	7,424,317
	$ 133,144,553	$ 137,817,118

8. ASSETS RELEASED FROM RESTRICTION

	2019	2018
Assets with donor restrictions released to assets without donor Restrictions for:		
Purpose restrictions satisfied:		
Grants and other contributions	$ 28,760,305	$ 31,068,018
Timing restrictions satisfied:		
Community Engagement contributions, net	2,492,007	1,640,568

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, insurance, database management and other similar activities.

The more significant related-party transactions and related amounts paid by United Way during the years ended June 30, 2019 and 2018 are as follows:

- Employee group insurance totaling $1,180,839 and $1,321,911.
- Database management services for United Way's Social Asset Vulnerability Indicators (SAVI) program, various research projects, and mail services totaling $1,589,322 and $1,623,802.
- 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 $89,128 and $239,792.

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)

(Continued)

10. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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)

Assets Measured on a Recurring Basis

Assets measured at fair value on a recurring basis as of June 30, 2019, are summarized below:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total 2019
Money markets	$ 7,540,086	$ -	$ -	$ 7,540,086
Certificates of deposit	-	5,482,811	-	5,482,811
U.S. government agency obligations	-	7,312,595	-	7,312,595
U.S. treasury bills	12,243,716	-	-	12,243,716
Municipal bonds	-	1,233,895	-	1,233,895
Corporate bonds	-	20,638,387	-	20,638,387
Mutual funds:				
Fixed income	10,267,376	-	-	10,267,376
Equity	30,182,231	-	-	30,182,231
International bond	227,540	-	-	227,540
International equity	14,060,267	-	-	14,060,267
Bank loans	2,054,874	-	-	2,054,874
Domestic equity:				
Industrial	1,587,290	-	-	1,587,290
Consumer goods	658,923	-	-	658,923
Financial	1,401,876	-	-	1,401,876
Technology	1,257,267	-	-	1,257,267
Energy & utilities	355,276	-	-	355,276
Health care	1,583,693	-	-	1,583,693
International equity	4,521,004	-	-	4,521,004
Exchange traded funds	26,976,040	-	-	26,976,040
Total	$ 114,917,459	$ 34,667,688	$ -	$ 149,585,147

(Continued)

10. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

11. ENDOWMENT COMPOSITION

United Way's endowment consists of seven individual donor-restricted funds established for a variety of purposes, one donor-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 net assets with donor restrictions (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 is classified as net assets with donor restrictions 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, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted	$ -	$ 100,199,539	$ 100,199,539
Board designated	2,127,438	-	2,127,438
Total funds	$ 2,127,438	$ 100,199,539	$ 102,326,977

Endowment net asset composition by type of fund as of June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted	$ -	$ 96,661,837	$ 96,661,837
Board designated	1,989,266	-	1,989,266
Total funds	$ 1,989,266	$ 96,661,837	$ 98,651,103

(Continued)

11. ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ 1,989,266	$ 96,661,837	$ 98,651,103
Investment return:			
Interest income, net of fees	38,776	1,912,472	1,951,248
Realized gains	46,519	2,292,897	2,339,416
Unrealized gains	52,877	2,656,083	2,708,960
Change in CSV	-	13,115	13,115
New gifts	-	52,793	52,793
Appropriation for expenditure	-	(3,389,658)	(3,389,658)
End of year	$ 2,127,438	$ 100,199,539	$ 102,326,977

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

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ 1,671,281	$ 89,953,685	$ 91,624,966
Investment return:			
Interest income, net of fees	49,955	2,756,791	2,806,746
Realized gains	48,352	2,471,661	2,520,013
Unrealized gains	32,731	2,223,904	2,256,635
Change in CSV	-	13,688	13,688
New gifts	186,947	181,883	368,830
Appropriation for expenditure	-	(939,775)	(939,775)
End of year	$ 1,989,266	$ 96,661,837	$ 98,651,103

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 net assets with donor restrictions as of June 30, 2019 and 2018, 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.

NOTE 12 - LIQUIDITY AND AVAILABILITY

The United Way's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	$ 5,990,066	$ 3,896,150
Investments	149,585,147	149,006,841
Pledges receivable, net	16,974,224	21,129,996
Grants and other amounts receivable	3,545,769	5,587,400
Total financial assets	176,095,206	179,620,387
Less amounts not available to be used within one year:		
Financial assets restricted for board-designated endowments	2,127,438	1,989,266
Financial assets restricted for donor-restricted endowments	100,199,539	96,661,837
Funds held to pay donor designations	3,589,312	3,226,690
Financial assets subject to donor restrictions	23,422,015	33,073,355
Pledges receivable, non-current	6,861,495	7,424,317
Financial assets for future years' operating grants	4,410,000	4,350,000
Grants and other amounts receivable, non-current	400,000	-
Financial assets not available to be used within one year	141,009,799	146,725,465
Add back funds to be allocated for operations per endowment spending policy within one year	2,517,252	3,026,699
Financial assets available to meet general expenditures within one year	$ 37,602,659	$ 35,921,621

As part of the United Way's liquidity management, the United Way invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. United Way has a board designated endowment of $2,127,438 and $1,989,266 as of June 30, 2019 and 2018, respectively. Although United Way does not intend to spend from its board designated endowment funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board designated endowment could be made available if necessary. United Way has donor restricted endowment funds of $100,199,539 and $96,661,837 as of June 30, 2019 and 2018, respectively, which are subject to the annual spending policy as described in Note 11.

SUPPLEMENTARY INFORMATION

UNITED WAY OF CENTRAL INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year ended June 30, 2019

Federal Grantor/ Program Title	Grant/ Contract Number	Federal CFDA Number	Expenditures	Amounts awarded to subrecipients
U.S. Department of Treasury				
Volunteer Income Tax Assistance Matching Grant Program	19VITA0151	21.009	$ 73,080	$ 46,060
Total U.S. Department of Treasury			73,080	46,060
U.S. Department of Veteran Affairs				
VA Supportive Services for Veteran Families Program	12-IN-035	64.033	1,296,143	1,211,209
Total U.S. Veteran Affairs			1,296,143	1,211,209
U.S. Department of Health and Human Services				
Pass-through program: Indiana Housing and Community Development Authority				
Low-Income Home Energy Assistance Program	LI-019-027	93.568	738,310	461,646
Pass-through program: Indiana Family and Social Services Administration				
Child Care Development Block Grant	26489	93.575	198,755	150,006
Total U.S. Department of Health and Human Services			937,065	611,652
Corporation for National and Community Service				
Social Innovation Fund	16SIHIN001	94.019	2,070,119	1,352,193
Total Corporation for National and Community Service			2,070,119	1,352,193
Grand Total			$ 4,376,407	$ 3,221,114

Other State Grants

Indiana Department of Workforce Development		
Workforce Development Grant	$ 17,347	$ -
Indiana Housing and Community Development Authority		
Low-Income Housing Energy Assistance Program (LIHEAP)	22,215	-
Total State Expenditures	$ 39,562	$ -

See note 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, 2019, 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* (Uniform Guidance). 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, 2019, 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 21, 2019.

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 21, 2019

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, 2019. 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, 2019.

(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 21, 2019

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
64.033	VA Supportive Services for Veteran Families Program

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