UNITED WAY OF
CENTRAL INDIANA, INC.

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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 2 to the financial statements, United Way has adopted ASU 2014-09 – *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08 – *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* for the year ended June 30, 2020*.* 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 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*, 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 November 6, 2020, 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
November 6, 2020

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS:		
Cash and cash equivalents	$ 12,904,906	$ 5,990,066
Investments (Note 3)	154,249,906	149,585,147
Pledges receivable		
Current fundraising, less allowance of $4,021,085 and $1,824,698 for uncollectible accounts for 2020 and 2019, respectively	8,668,932	11,886,778
Future years' fundraising, less allowance and discounts of $59,159 and $137,154 for 2020 and 2019, respectively	3,686,496	5,087,446
	12,355,428	16,974,224
Grants and other amounts receivable	4,069,744	3,545,769
Prepaid expenses and other assets	101,429	1,937,739
Leasehold improvements and equipment:		
Leasehold improvements	1,191,914	1,203,413
Furniture and equipment	2,619,688	2,621,377
Less - accumulated depreciation	(2,113,178)	(1,679,059)
	1,698,424	2,145,731
Total assets	$ 185,379,837	$ 180,178,676
LIABILITIES:		
Accounts payable and accrued expenses	$ 9,961,756	$ 3,045,517
Refundable grant advance	1,801,162	-
Fund distributions payable	3,641,453	1,853,470
Donor designations payable	2,677,156	4,389,312
Total liabilities	18,081,527	9,288,299
NET ASSETS:		
Without donor restrictions		
Undesignated	5,229,396	8,066,775
Board designated (Note 7)	27,046,088	29,679,049
Total without donor restrictions	32,275,484	37,745,824
With donor restrictions (Note 7)	135,022,826	133,144,553
Total net assets	167,298,310	170,890,377
Total liabilities and net assets	$ 185,379,837	$ 180,178,676

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2020 with combined totals for 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
COMMUNITY ENGAGEMENT RESULTS SUMMARY				
Community Engagement Results	$ 31,304,214	144,500	$ 31,448,714	$ 33,007,162
LESS: Pledges designated to other not-for-profit organizations	(5,979,238)	-	(5,979,238)	(6,019,901)
CONTRIBUTIONS TO THE UNITED WAY	$ 25,324,976	$ 144,500	$ 25,469,476	$ 26,987,261
CONTRIBUTIONS AND OTHER REVENUE				
Community Engagement contributions applicable to current period				
Contributions pledged - current period	$ 21,947,663	144,500	$ 22,092,163	$ 24,495,254
Contributions pledged in prior periods and now released from restriction (Note 8)	3,377,313	(3,377,313)	-	-
Community Engagement fundraising, current	25,324,976	(3,232,813)	22,092,163	24,495,254
Less - provision for uncollectible pledges, discounts and designations	(3,064,148)	62,943	(3,001,205)	(1,376,147)
Net Community Engagement, current	22,260,828	(3,169,870)	19,090,958	23,119,107
Change in estimated prior years' Community Engagement revenue	130,990	-	130,990	(82,417)
Community Engagement contributions pledged for future allocation periods (Net of change in allowance for uncollectible pledges and discounts of $15,648 and $(6,006) at June 30, 2020 and 2019)	-	1,107,712	1,107,712	1,971,631
Total Community Engagement	22,391,818	(2,062,158)	20,329,660	25,008,321
Grants and other contributions	338,214	46,868,335	47,206,549	17,157,666
Investment income - endowment funds	51,963	2,436,756	2,488,719	7,012,739
Investment income - other funds	453,122	455,283	908,405	1,872,657
Grants and other contributions released from restrictions (Note 8)	45,819,943	(45,819,943)	-	-
Program and service fees	724,986	-	724,986	617,423
Other income	57,381	-	57,381	83,836
Total contributions and other revenue	69,837,427	1,878,273	71,715,700	51,752,642
FUNDS ALLOCATED FOR SERVICES AND OTHER FUNCTIONAL EXPENSES				
Accredited community-based organization (CBO) supports	10,282,813	-	10,282,813	20,738,480
United Way initiatives	26,601,285	-	26,601,285	16,653,651
Other community impact	27,102,983	-	27,102,983	4,832,766
Total program services	63,987,081	-	63,987,081	42,224,897
Fund raising	6,139,139	-	6,139,139	5,334,024
Management and general	5,019,980	-	5,019,980	4,268,634
Total funds allocated for services and other functional expenses	75,146,200	-	75,146,200	51,827,555
NET OPERATING RESULTS	(5,308,773)	1,878,273	(3,430,500)	(74,913)
Loss on disposal of land, building and other assets	(802)	-	(802)	(2,364)
Actuarial loss not yet recognized in net periodic pension cost	(160,765)	-	(160,765)	(817,759)
CHANGE IN NET ASSETS	(5,470,340)	1,878,273	(3,592,067)	(895,036)
NET ASSETS AT BEGINNING OF YEAR	$ 37,745,824	$ 133,144,553	$ 170,890,377	$ 171,785,413
NET ASSETS AT END OF YEAR	$ 32,275,484	$ 135,022,826	$ 167,298,310	$ 170,890,377

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2019
COMMUNITY ENGAGEMENT RESULTS SUMMARY			
Community Engagement Results	$ 32,840,988	166,174	$ 33,007,162
LESS: Pledges designated to other not-for-profit organizations	(6,019,901)	-	(6,019,901)
CONTRIBUTIONS TO THE UNITED WAY	$ 26,821,087	$ 166,174	$ 26,987,261
CONTRIBUTIONS AND OTHER REVENUE			
Community Engagement contributions applicable to current period			
Contributions pledged - current period	$ 24,329,080	$ 166,174	$ 24,495,254
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
Less - provision for uncollectible pledges, discounts and designations	(1,379,332)	3,185	(1,376,147)
Net Community Engagement, current	25,441,755	(2,322,648)	23,119,107
Change in estimated prior years' Community Engagement revenue	(82,417)	-	(82,417)
Community Engagement contributions pledged for future allocation periods (Net of change in allowance for uncollectible pledges and discounts of $(6,006) at June 30, 2019)	-	1,971,631	1,971,631
Total Community Engagement	25,359,338	(351,017)	25,008,321
Grants and other contributions	335,177	16,822,489	17,157,666
Investment income - endowment funds	138,172	6,874,567	7,012,739
Investment income - other funds	1,130,956	741,701	1,872,657
Grants and other contributions released from restrictions (Note 8)	28,760,305	(28,760,305)	-
Program and service fees	617,423	-	617,423
Other income	83,836	-	83,836
Total contributions and other revenue	56,425,207	(4,672,565)	51,752,642
FUNDS ALLOCATED FOR SERVICES AND OTHER FUNCTIONAL EXPENSES			
Accredited community-based organization (CBO) supports	20,738,480	-	20,738,480
United Way initiatives	16,653,651	-	16,653,651
Other community impact	4,832,766	-	4,832,766
Total program services	42,224,897	-	42,224,897
Fund raising	5,334,024	-	5,334,024
Management and general	4,268,634	-	4,268,634
Total funds allocated for services and other functional expenses	51,827,555	-	51,827,555
NET OPERATING RESULTS	4,597,652	(4,672,565)	(74,913)
Loss on disposal of land, building and other assets	(2,364)	-	(2,364)
Actuarial loss not yet recognized in net periodic pension cost	(817,759)	-	(817,759)
CHANGE IN NET ASSETS	3,777,529	(4,672,565)	(895,036)
NET ASSETS AT BEGINNING OF YEAR	$ 33,968,295	$ 137,817,118	$ 171,785,413
NET ASSETS AT END OF YEAR	$ 37,745,824	$ 133,144,553	$ 170,890,377

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	$ (3,592,067)	$ (895,036)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Contribution payments restricted for endowments	(200,349)	(52,793)
Realized and unrealized gain on investments	(654,622)	(6,158,147)
Loss on disposal of land, building and other assets	802	2,364
Depreciation	446,505	450,217
Bad debt expense	2,118,392	(131,319)
Actuarial loss not yet recognized in net periodic pension cost	160,765	817,759
Change in other assets and liabilities:		
Pledge and other receivables	1,976,429	6,328,722
Prepaid expenses and other assets	1,836,310	(1,483,049)
Accounts payable and accrued expenses	6,755,474	(1,141,137)
Refundable grant advance	1,801,162	-
Fund distributions payable	1,787,983	(1,838,921)
Donor designations payable	(1,712,156)	562,622
Net cash from (used in) operating activities	10,724,628	(3,538,718)
Cash flows from investing activities		
Proceeds from sale of investments	64,578,904	74,551,960
Purchases of investments	(68,589,041)	(68,972,119)
Net cash from (used in) investing activities	(4,010,137)	5,579,841
Cash flows from financing activities		
Proceeds from contributions restricted for endowments	200,349	52,793
Net cash from financing activities	200,349	52,793
Net change in cash and cash equivalents	6,914,840	2,093,916
Cash and cash equivalents at beginning of the year	5,990,066	3,896,150
Cash and cash equivalents at the end of the year	$ 12,904,906	$ 5,990,066

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Years ended June 30, 2020 with combined totals for 2019

	Accredited CBO Supports	United Way Initiatives	Other Community Impact	Total Program Services	Fund Raising	Management & General	Internal Services	Total 2020	Total 2019
Grants and assistance									
Central Indiana COVID-19 Community Economic Relief Fund	$ -	$ -	$ 21,547,500	$ 21,547,500	$ -	$ -	$ -	$ 21,547,500	$ -
Other grants and assistance	9,870,914	23,634,744	367,779	33,873,437	-	-	-	33,873,437	33,558,721
Total grants and assistance	9,870,914	23,634,744	21,915,279	55,420,937	-	-	-	55,420,937	33,558,721
Personnel	322,776	1,456,089	3,027,613	4,806,477	4,230,214	3,292,923	368,923	12,698,537	10,454,452
Professional fees and contract services	28,222	541,789	1,270,519	1,840,529	114,757	670,506	226,498	2,852,290	3,327,988
Office costs (printing, telephone, internet, computer hardware, other)	2,242	77,829	48,255	128,325	132,813	82,998	211,864	555,999	539,413
Program supplies	-	382,183	29,795	411,978	-	-	-	411,978	434,195
Technology licensing and hosting	-	694	67,182	67,877	52,543	63,871	644,589	828,880	876,543
Occupancy	-	29,952	-	29,952	5,308	24,242	810,082	869,584	983,979
Advertising	-	8,792	17,364	26,156	11,381	143,905	16	181,458	138,167
Transportation, meetings and conferences	1,699	109,444	25,615	136,757	63,514	30,899	7,155	238,326	466,652
Membership dues	10,079	62,599	126,208	198,886	271,246	139,526	-	609,658	544,942
Miscellaneous	-	5,634	413	6,047	1,475	24,304	222	32,048	52,286
Expenses before internal allocations	365,017	2,675,003	4,612,963	7,652,983	4,883,251	4,473,176	2,269,348	19,278,758	17,818,617
				-				-	
Internal allocations				-				-	
Depreciation of building and equipment	-	-	-	-	-	-	446,505	446,505	450,217
Allocation of internal services	46,882	291,538	574,741	913,161	1,255,888	546,804	(2,715,853)	-	-
Expenses after internal allocations	411,899	2,966,541	5,187,704	8,566,144	6,139,139	5,019,980	-	19,725,263	18,268,834
Total	$ 10,282,813	$ 26,601,285	$ 27,102,983	$ 63,987,081	$ 6,139,139	$ 5,019,980	$ -	$ 75,146,200	$ 51,827,555

See accompanying notes to consolidated financial statements.

UNITED WAY OF CENTRAL INDIANA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

	Accredited CBO Supports	United Way Priorities	Other Community Impact	Total Program Services	Fund Raising	Management & General	Internal Services	Total 2019
Grants and assistance	$ 20,103,861	$ 13,012,273	$ 442,587	$ 33,558,721	$ -	$ -	$ -	$ 33,558,721
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
Professional fees and contract services	150,609	954,419	1,279,852	2,384,880	76,786	620,327	245,995	3,327,988
Office costs (printing, telephone, internet, computer hardware, other)	6,890	104,879	48,109	159,878	152,968	107,589	118,978	539,413
Program supplies	-	373,136	61,059	434,195	-	-	-	434,195
Technology licensing and hosting	-	9,656	105,896	115,552	8,137	68,931	683,923	876,543
Occupancy	-	35,800	29,489	65,289	32,240	22,369	864,081	983,979
Advertising	-	47,140	796	47,936	1,148	89,018	65	138,167
Transportation, meetings and conferences	5,651	174,961	43,263	223,875	102,902	126,487	13,388	466,652
Membership dues	14,459	75,360	105,295	195,114	225,988	123,795	45	544,942
Miscellaneous	-	8,691	6,594	15,285	2,031	34,280	690	52,286
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
Internal allocations								
Depreciation of building and equipment	-	-	-	-	891	-	449,326	450,217
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
Total	$ 20,738,480	$ 16,653,651	$ 4,832,766	$ 42,224,897	$ 5,334,024	$ 4,268,634	$ -	$ 51,827,555

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. Grants to community-based organizations (CBO's) 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 related donor designations payable. The costs to generate and distribute designated pledges are recorded as fundraising and management and general expense. Related processing fees deducted from payments to the designated not-for-profit organizations are recorded as service fee income.

Contributions and grants 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 and grants 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, 2020 or 2019.

c. Cash and Cash Equivalents: United Way maintains its primary checking accounts and various savings accounts at local banks. During 2020 and 2019, 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.

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Pledges Receivable, Discounts, and Allowance: Pledges receivable are recorded net of any allowance for uncollectible pledges. At June 30, 2020 and 2019, there are $1,381,833 and $224,601 of pledges receivable extending beyond one year which are recorded at their net present value. A discount rate of 1% was used to estimate the present value of future year receivables for 2020 and 2019. The remaining pledges receivable balance is expected to be collected within the next fiscal year.

f. Building, Furniture and Equipment and Depreciation: United Way capitalizes all expenditures for 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 exist on any 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, 2020 and 2019.

h. Net Assets Without Donor Restrictions: Net assets without donor restriction include 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. Unappropriated net assets without donor restrictions are subject to a Board-approved net asset reserve policy that United Way maintain a reserve balance equivalent to at least three months of operating and program costs.

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: United Way did not receive any donated services that are reflected in the financial statements in fiscal years 2020 and 2019. 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. Program and Service Fees: United way receives various sales, program, workshop and other administrative service fees throughout the year. Program and service fees revenue is recognized during the period in which the service takes place.

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.

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

o. Recent Accounting Pronouncement: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU supersedes the revenue recognition requirements in *Topic 605, Revenue Recognition*, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. United Way implemented this guidance for the year ended June 30, 2020 using the modified retrospective method, but was not materially impacted by the ASU and as a result, no cumulative effect adjustment was recorded upon adoption.

   In June 2018, the FASB issued ASU 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. United Way applied the amendments in this ASU for the year ended June 30, 2020. United Way implemented ASU 2018-08 using a modified prospective method of application. There were no changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

p. COVID-19 Impact and Paycheck Protection Program Loan: In December 2019, a novel strain of coronavirus (COVID-19) surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the United Way could be materially affected by this global pandemic. The extent to which the coronavirus may impact future contributions and other business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others. In addition, significant estimates disclosed in Note 2, such as fair values of investments, contributions and related expenses, among other things, may be materially adversely impacted by national, state and local events designed to contain the coronavirus.

   In April 2020, the United Way obtained a Paycheck Protection Program (PPP) Loan under a program offered by the United States Small Business Administration (SBA) in the amount of $1,801,162. United Way is accounting for the PPP Loan as a refundable grant advance liability on the consolidated statements of financial position. The loan has a stated interest rate of 1.0%. Based on accounting guidance related to conditional grants (ASC 958-140), the proceeds are recorded as a grant advance liability on the consolidated statement of financial position at June 30, 2020, as United Way has not yet satisfied the forgiveness conditions imposed by the SBA. In order to obtain loan forgiveness from the SBA, United Way must spend the PPP proceeds on allowable expenses and maintain certain required levels of employee retention over an 8 or 24-week period. The loan program's expenditures and results are subject to review and acceptance by the SBA and, as a result of such review, future adjustments could be required. If the SBA does not forgive any portion of the PPP loan, the remaining balance would have a two-year repayment period. United Way expects to meet these conditions and apply for forgiveness during the year ending June 30, 2021.

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2020 to determine the need for any adjustments or disclosures within the financial statements for the year ended June 30, 2020. Management has performed their analysis through November 6, 2020, the date the report was available to be issued.

3. INVESTMENTS

Investments at fair value are composed of the following:

	2020	2019
Money market funds	$ 16,981,172	$ 7,540,086
Certificates of deposit	3,717,518	5,482,811
U.S. government agency obligations	4,960,807	7,312,595
U.S. treasury bills	12,055,425	12,243,716
Municipal bonds	1,283,875	1,233,895
Corporate bonds	17,754,852	20,638,387
Mutual funds	58,407,417	56,792,288
Domestic equity	7,212,209	6,844,325
International equity	5,340,285	4,521,004
Exchange traded funds	26,536,346	26,976,040
	$ 154,249,906	$ 149,585,147

Investment income is comprised of the following for the years ending June 30, 2020 and 2019:

	2020	2019
Interest and dividends (net of fees of $307,195 and $366,075 for 2020 and 2019, respectively)	$ 2,721,440	$ 2,714,134
Realized gain on sale of investments	2,077,964	2,503,804
Unrealized gain (loss) on investments	(1,423,342)	3,654,343
Change in split value of assets	21,062	13,115
Total investment income	$ 3,397,124	$ 8,885,396

4. FACILITY OPERATIONS

United Way has one office under a non-cancelable operating lease which expires in 2032. Future minimum payments due under the lease agreements are as follows:

2021	$ 696,301
2022	706,368
2023	716,435
2024	726,502
2025-2032	6,038,522
	$ 8,884,128

Rent expense was $781,046 and $849,116 for the years ended June 30, 2020 and 2019.

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, 2020 or 2019.

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 terminated the plan effective November 1, 2019. United Way filed Internal Revenue Service (IRS) Form 5310, Application for Determination upon Termination on February 21, 2020 and received IRS determination on August 26, 2020. United Way filed Pension Benefit Guarantee Corporation (PBGC) Form 500, Standard Termination Notice on March 12, 2020. United Way did not contribute to the DB plan for the year ended June 30, 2020. United Way contributed $1,000,000 to the DB plan for the year ended June 30, 2019.

The DB plan's assets consist of investments in money markets. All plan assets are valued at fair value and measured using the fair value hierarchy as disclosed in Note 10. 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 consolidated statements of financial position in accounts payable and accrued expenses.

	2020	2019
Fair value of plan assets	$ 3,146,050	$ 7,100,620
Projected benefit obligation	(5,606,201)	(7,425,494)
Net pension liability	$ (2,460,151)	$ (324,874)

The fair value of United Way's defined benefit plan assets were $3,146,050 and $7,100,620 at June 30, 2020 and 2019, respectively. All of the assets for both years were held in money market funds (Level 1 fair value inputs).

(Continued)

6. RETIREMENT PLANS (Continued)

	2020	2019
Accumulated benefit obligation	$ 5,606,201	$ 7,425,494
Net pension liability recognized in statement of financial position	2,460,151	324,874
Service cost	25,922	253,482
Interest cost	256,637	280,337
Expected return on assets	(312,234)	(467,215)
Recognized actuarial loss	148,290	144,913
Prior service credit	-	(28,015)
Effect of settlement	1,911,968	-
Benefit cost	$ 2,030,583	$ 183,502
Unrecognized actuarial loss	$ 2,640,336	$ 2,479,571
Benefits paid	4,011,769	572,830
Measurement date	June 30, 2020	June 30, 2019
Assumptions used:		
Discount rate	2.20%	3.25%
Rate of compensation levels	0.00%	3.00%
Expected return on plan assets	5.00%	7.50%

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

The estimated future benefit payments in fiscal year 2021 are $5,606,201. There are no estimated future payments beyond fiscal year 2021.

There are no estimated contributions to the DB plan for the measurement year from July 1, 2020 through June 30, 2021. When the DB plan begins final distributions in November 2020, the DB plan will purchase an annuity to satisfy the retirement benefit and/or provide 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 $0 and $65,857 for the years ended June 30, 2020 and 2019, respectively.

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 $375,034 and $191,090 for the years ended June 30, 2020 and 2019, respectively.

(Continued)

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:

	2020	2019
Accredited CBO supports	$ 598,933	$ 525,025
Current year operations and grantmaking	22,315,795	24,539,825
United Way initiatives	1,840,456	2,378,726
Quasi endowed funds	2,179,401	2,127,438
Other	111,503	108,035
	$ 27,046,088	$ 29,679,049

Net assets with donor restrictions are comprised of the following:

	2020	2019
Purpose restrictions:		
CBO and childcare ministries capital projects	$ 21,458,975	$ 16,348,897
COVID-19 Community Economic Relief Fund	1,840,869	-
Education initiatives	730,781	1,716,557
Financial stability initiatives	126,871	268,302
Health initiatives	285,889	561,445
Basic Needs initiatives	615,047	799,321
Family Opportunity initiatives	783,986	1,192,766
Undistributed endowment earnings	11,899,553	13,783,569
Other purpose restrictions	554,241	963,589
Endowed funds with retention restrictions:		
Forever Operating Fund	81,814,774	80,289,278
Ellen K. Annala Fund	500,460	500,460
Memorial Fund	5,039,306	4,923,285
Other named funds	609,919	525,589
Time restrictions:		
Future years operating grants	4,460,000	4,410,000
Future years pledges	4,302,155	6,861,495
	$ 135,022,826	$ 133,144,553

8. ASSETS RELEASED FROM RESTRICTION

	2020	2019
Assets with donor restrictions released to assets without donor restrictions for:		
Purpose restrictions satisfied:		
Grants and other contributions	$ 45,819,943	$ 28,760,305
Timing restrictions satisfied:		
Community Engagement contributions, net	$ 3,377,313	$ 2,492,007

(Continued)

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 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, 2020 and 2019 are as follows:

- Employee group insurance totaling $1,258,125 and $1,180,839, respectively.
- Database management services for United Way's Social Asset Vulnerability Indicators (SAVI) program, various research projects, and mail services totaling $708,209 and $1,589,322, respectively.
- Purchases of annuities totaling $1,334,310 in the year ended June 30, 2020 from United Way's Defined Benefit Pension Plan assets as part of the plan termination process.

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 market funds, 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, 2020, are summarized below:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total 2020
Money market funds	$ 16,981,172	$ -	$ -	$ 16,981,172
Certificates of deposit	-	3,717,518	-	3,717,518
U.S. government agency obligations	-	4,960,807	-	4,960,807
U.S. treasury bills	12,055,425	-	-	12,055,425
Municipal bonds	-	1,283,875	-	1,283,875
Corporate bonds	-	17,754,852	-	17,754,852
Mutual funds:				
Fixed income	12,845,658	-	-	12,845,658
Equity	31,167,043	-	-	31,167,043
International bond	167,004	-	-	167,004
International equity	13,531,112	-	-	13,531,112
Bank loans	696,600	-	-	696,600
Domestic equity:				
Industrial	1,253,528	-	-	1,253,528
Consumer goods	747,999	-	-	747,999
Financial	1,472,462	-	-	1,472,462
Technology	1,356,126	-	-	1,356,126
Energy & utilities	254,752	-	-	254,752
Health care	1,848,830	-	-	1,848,830
Communications	278,512	-	-	278,512
International equity	5,340,285	-	-	5,340,285
Exchange traded funds	26,536,346	-	-	26,536,346
Total	$ 126,532,854	$ 27,717,052	$ -	$ 154,249,906

(Continued)

10. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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 market funds	$ 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

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, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted	$ -	$ 99,993,398	$ 99,993,398
Board designated	2,179,401	-	2,179,401
Total funds	$ 2,179,401	$ 99,993,398	$ 102,172,799

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

Changes in endowment net assets for year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ 2,127,438	$ 100,199,539	$ 102,326,977
Investment return:			
Interest income, net of fees	38,727	1,823,910	1,862,637
Realized gains	39,183	1,844,611	1,883,794
Unrealized losses	(25,947)	(1,252,827)	(1,278,774)
Change in CSV	-	21,062	21,062
New gifts	-	200,349	200,349
Appropriation for expenditure	-	(2,843,246)	(2,843,246)
End of year	$ 2,179,401	$ 99,993,398	$ 102,172,799

(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

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, deficiencies of this nature that are reported in net assets with donor restrictions were $18,005 and $0 as of June 30, 2020 and 2019, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred during the fiscal year.

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 quasi-endowed funds.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to grow the real purchasing power of the principal while providing a growing stream of revenue available for spending. Additionally, there is a donor restriction on the Forever 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 Forever Operating Fund's calendar year end fair market value to fund operations in the fiscal year beginning the following July 1. Distributions cannot cause the average fair market value of the fund over the prior 12 quarters to fall below inflation adjusted (compounded annually) original principal. 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.

(Continued)

11. ENDOWMENT COMPOSITION (Continued)

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 be maintained by adjusting the principal balance (compounded annually) for inflation or deflation. Should the average fair market value of the fund over the prior 12 quarters be less than inflation adjusted principal, the annual allocation amount cannot exceed 2% of the calendar year end fair market value. If the average fair market value over the prior 12 quarters is less than 80% of the inflation adjusted principal, annual allocations must be reduced to $0 (within three years) until inflation adjusted principal is restored.

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:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	$ 12,904,906	$ 5,990,066
Investments	154,249,906	149,585,147
Pledges receivable, net	12,355,428	16,974,224
Grants and other amounts receivable	4,069,744	3,545,769
Total financial assets	183,579,984	176,095,206
Less amounts not available to be used within one year:		
Financial assets designated for board-designated endowments	2,179,401	2,127,438
Financial assets restricted for donor-restricted endowments	99,993,398	100,199,539
Funds held to pay donor designations	2,014,067	3,589,312
Financial assets subject to donor restrictions	27,942,373	23,422,015
Financial assets, future years' fundraising	4,302,155	6,861,495
Financial assets for future years' operating grants	4,460,000	4,410,000
Grants and other amounts receivable, non-current	300,000	400,000
Financial assets not available to be used within one year	141,191,394	141,009,799
Add back funds to be allocated for operations per endowment spending policy within one year	3,555,476	2,517,252
Financial assets available to meet general expenditures within one year	$ 45,944,066	$ 37,602,659

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 $2,179,401 and $2,127,438 as of June 30, 2020 and 2019, 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 $99,993,398 and $100,199,539 as of June 30, 2020 and 2019, 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 AWARDS
Year ended June 30, 2020

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	$ 66,451	$ -
Total U.S. Department of Treasury			66,451	-
U.S. Department of Veteran Affairs				
VA Supportive Services for Veteran Families Program	12-IN-035	64.033	381,294	349,668
Total U.S. Veteran Affairs			381,294	349,668
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	241,237	146,447
	LI-020-027	93.568	682,999	578,635
			924,236	725,082
Pass-through program: Indiana Family and Social Services Administration				
Child Care and Development Block Grant	26489	93.575	195,544	115,988
Total U.S. Department of Health and Human Services			1,119,780	841,070
Corporation for National and Community Service				
Social Innovation Fund	16SIHIN001	94.019	2,614,326	1,970,734
Total Corporation for National and Community Service			2,614,326	1,970,734
Grand Total			$ 4,181,851	$ 3,161,472

See note to schedule of expenditures of federal awards.

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of United Way of Central Indiana, Inc., for the year ended June 30, 2020, 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 financial statements of United Way of Central Indiana, Inc. (United Way), which comprise the consolidated statement of financial position as of June 30, 2020, 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 November 6, 2020.

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) as a basis for designing 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 financial statements. 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
November 6, 2020

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, 2020. 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 the 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, 2020.

(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
November 6, 2020

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
93.568	Low-Income Home Energy Assistance 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