

INDIANA UNITED WAYS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

**INDIANA UNITED WAYS, INC.
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Indiana United Ways, Inc.
Indianapolis, Indiana

We have audited the accompanying financial statements of Indiana United Ways, Inc. (the Association) which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

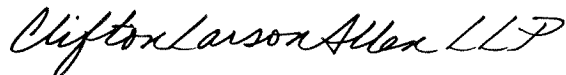
Board of Directors
Indiana Association of United Ways, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana United Ways, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Indiana United Ways, Inc. 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Indianapolis, Indiana
May 31, 2018

INDIANA UNITED WAYS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
(With Comparative Totals as of December 31, 2016)

ASSETS	Unrestricted	Temporarily Restricted	Total	
			2017	2016
CURRENT ASSETS				
Cash	\$ 225	\$ 1,200,641	\$ 1,200,866	\$ 147,411
SECC Cash (Note 2)	425,876	-	425,876	396,101
Short-Term Investments	2,776,473	1,855,831	4,632,304	9,824,126
Grants and Accounts Receivable, Net	203,749	6,223,867	6,427,616	169,127
Interest Receivable	11,740	-	11,740	7,972
Prepaid Expenses	42,488	-	42,488	61,271
Total Current Assets	3,460,551	9,280,339	12,740,890	10,606,008
PROPERTY AND EQUIPMENT				
Office Equipment	705,671	-	705,671	202,238
Leasehold Improvements	333,851	-	333,851	25,973
Less Accumulated Depreciation	(270,195)	-	(270,195)	(218,502)
Property and Equipment, Net	769,327	-	769,327	9,709
Total Assets	\$ 4,229,878	\$ 9,280,339	\$ 13,510,217	\$ 10,615,717
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 30,484	\$ -	\$ 30,484	\$ 97,264
Grants Payable	453,028	-	453,028	584,655
SECC Funds to be Distributed	425,876	-	425,876	396,101
Total Current Liabilities	909,388	-	909,388	1,078,020
NET ASSETS				
Undesignated	2,564,912	-	2,564,912	2,260,348
Board Designated	755,578	-	755,578	755,578
Total Unrestricted	3,320,490	-	3,320,490	3,015,926
Temporarily Restricted (Note 8)	-	9,280,339	9,280,339	6,521,771
Total Net Assets	3,320,490	9,280,339	12,600,829	9,537,697
Total Liabilities and Net Assets	\$ 4,229,878	\$ 9,280,339	\$ 13,510,217	\$ 10,615,717

See accompanying Notes to Financial Statements.

INDIANA UNITED WAYS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017
(With Summarized Comparative Totals
for the Year Ended December 31, 2016)

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
REVENUE				
Grants and Contributions	\$ 30,182	\$ 8,022,012	\$ 8,052,194	\$ 1,251,866
Membership Dues	148,014	-	148,014	155,827
UniFi Solutions	1,047,024	-	1,047,024	1,058,170
Bicentennial Project	-	-	-	177,281
Management Fees	106,674	-	106,674	99,600
Investment Income	59,733	-	59,733	48,199
Miscellaneous	3,216	-	3,216	207
Total Revenue	<u>1,394,843</u>	<u>8,022,012</u>	<u>9,416,855</u>	<u>2,791,150</u>
NET ASSETS RELEASED FROM RESTRICTION (NOTE 8)	<u>5,263,444</u>	<u>(5,263,444)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Grants to Members (Note 7)	3,245,626	-	3,245,626	1,309,981
Project Development and Organization Assistance	1,363,167	-	1,363,167	1,484,409
UniFi Solutions	1,326,313	-	1,326,313	1,085,051
Bicentennial Project	-	-	-	122,434
Total Program Expenses	<u>5,935,106</u>	<u>-</u>	<u>5,935,106</u>	<u>4,001,875</u>
Management and General	409,625	-	409,625	280,057
Fundraising	8,992	-	8,992	28,300
Total Expenses	<u>6,353,723</u>	<u>-</u>	<u>6,353,723</u>	<u>4,310,232</u>
CHANGE IN NET ASSETS	304,564	2,758,568	3,063,132	(1,519,082)
Net Assets - Beginning of Year	<u>3,015,926</u>	<u>6,521,771</u>	<u>9,537,697</u>	<u>11,056,779</u>
NET ASSETS - END OF YEAR	<u>\$ 3,320,490</u>	<u>\$ 9,280,339</u>	<u>\$ 12,600,829</u>	<u>\$ 9,537,697</u>

See accompanying Notes to Financial Statements.

INDIANA UNITED WAYS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017
(With Summarized Comparative Totals
for the Year Ended December 31, 2016)

	Program Services							Total
	Grants to Members	Project Development and Organization Assistance	UniFi Solutions	Bicentennial Project	Total Program	Management and General	Fundraising	
Salaries and Wages	\$ -	\$ 488,991	\$ 559,206	\$ -	\$ 1,048,197	\$ 181,798	\$ 4,799	\$ 1,234,794
Employee Benefits	-	61,489	181,365	-	242,854	25,304	2,146	270,304
Payroll Taxes	-	33,701	42,979	-	76,680	14,844	373	91,897
Temporary Clerical Labor	-	1,217	165,935	-	167,152	5,809	-	172,961
Supplies	-	3,056	8,909	-	11,965	10,870	21	22,856
Telephone	-	5,469	4,975	-	10,444	3,953	91	14,488
Postage and Shipping	-	3,080	16,432	-	19,512	406	1	19,919
Occupancy	-	24,503	82,389	-	106,892	34,077	734	141,703
Printing and Publications	-	6,487	6,983	-	13,470	7,763	36	21,269
Information Services	-	1,950	-	-	1,950	12,559	55	14,564
Travel	-	7,723	1,288	-	9,011	6,015	20	15,046
Meetings	-	72,838	9,508	-	82,346	13,939	180	96,465
Organized Dues and Registration Fees	-	378	175	-	553	4,661	1	5,215
Insurance	-	3,451	7,690	-	11,141	921	103	12,165
Professional Services	-	80,959	147,551	-	228,510	81,838	54	310,402
Miscellaneous	-	63	50	-	113	1,528	-	1,641
Depreciation	-	12,613	35,362	-	47,975	3,340	378	51,693
Bad Debt Expense	-	-	55,516	-	55,516	-	-	55,516
Bicentennial Project Expense	-	-	-	-	-	-	-	-
Grants (Note 7)	3,245,626	555,199	-	-	3,800,825	-	-	3,800,825
Total Expenses by Function - 2017	\$ 3,245,626	\$ 1,363,167	\$ 1,326,313	\$ -	\$ 5,935,106	\$ 409,625	\$ 8,992	\$ 6,353,723
Total Expenses by Function - 2016	\$ 1,309,981	\$ 1,484,409	\$ 1,085,051	\$ 122,434	\$ 4,001,875	\$ 280,057	\$ 28,300	\$ 4,310,232

See accompanying Notes to Financial Statements.

**INDIANA UNITED WAYS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members and Grantors	\$ 3,098,633	\$ 2,780,450
Cash Paid for Other Grants	(3,932,452)	(2,016,780)
Cash Paid to Suppliers and Employees	(2,549,202)	(1,913,654)
Investment Income	56,848	44,304
Net Cash Used in Operating Activities	(3,326,173)	(1,105,680)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Decrease in Investments	5,190,939	1,249,364
Purchase of Equipment & Leasehold Improvements	(811,311)	(4,082)
Net Cash Provided by (Used in) Investing Activities	4,379,628	1,245,282
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,053,455	139,602
Cash and Cash Equivalents - Beginning of Year	147,411	7,809
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,200,866	\$ 147,411
	2017	2016
CHANGE IN NET ASSETS	\$ 3,063,132	\$ (1,519,082)
RECONCILIATION OF CHANGE IN NET ASSET TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation Expense	\$ 51,693	\$ 11,630
Unrealized Gain on Investments	883	(1,147)
Changes in Operating Assets:		
Grants and Accounts Receivable	(6,258,489)	37,499
Interest Receivable	(3,768)	(2,748)
Prepaid Expenses and Other Assets	18,783	(15,245)
Changes in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	(66,780)	(20,622)
Grants Payable	(131,627)	420,432
Deferred Revenue	-	(16,397)
Total Adjustments	(6,389,305)	413,402
Net Cash Used in Operating Activities	\$ (3,326,173)	\$ (1,105,680)

See accompanying Notes to Financial Statements.

**INDIANA UNITED WAYS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Indiana United Ways, Inc., Inc. (IUW, the Association) is a member association for United Ways in Indiana, including United Funds (United Ways). The mission is bringing United Ways together to help them create a successful future. This is delivered through:

Public Policy

IUW had another successful year of issue education and advocacy in 2017 with our members and coalition partners. In addition to record attendance at IUW's Statehouse Day, highlighted accomplishments include: an expansion of the On My Way Pre-K pilot program from \$10 million to \$22 million, with United Ways serving as the applicants and eventual fiscal agents in several counties; protecting Hoosier families by stopping legislation that would have expanded new products in the predatory lending industry.

Grants for Impact

IUW awarded its highest ever number and dollar amount of Matching Grants in the UnitedIN16 cycle. With outreach from staff and the Grants Committee, 51 members applied by the end of this two-year cycle and were awarded grants for impact and capacity—many for the first time! Sixteen members applied for IUW's final round of Kindergarten Camp grants in 2017—making it possible for nearly 1500 rising kindergarteners in 77 classrooms to receive a 3-6 week camp in summer to help them learn school readiness skills and behaviors. IUW launched a three-year AmeriCorps project funded by the Corporation for National and Community Service's Healthy Futures: Reducing and/or Preventing Prescription Drug and Opioid Abuse grant. United Against Opioid Abuse kicked off with six AmeriCorps members in 2017, who are conducting Harwood Community Conversations and completing local reports and asset maps on this urgent issue. Finally, IUW received a grant from United Way Worldwide to help mobilize local United Ways' Public Policy Committees to advocate at the Federal level to ensure Hoosiers have access to affordable and accessible health care.

Harwood Phase 2 Cohorts Wrap Up

Ten members completed 18 months of training and intensive coaching on Turning Outward to engage the community through deep listening using The Harwood Institute's signature tool, community conversations. IUW moved their impact forward substantially, set new issue targets, made progress in aligning their work. Phase 2 concludes a 4-year investment in this key success factor creating a critical mass statewide.

State Leaders Conference and 2017 Award Honorees

The Annual state-wide conference was held on April 13, 2017 with more than 120 attendees from more than 40 of the 60 members. Following the day-long conference, the awards ceremony featured four awards: Community Impact Bright Star; GEM (Communications); Volunteer/Company of the Year; and Castaldi.

INDIANA UNITED WAYS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

Membership Services

IUW members receive a variety of services to enhance their organizational strength. These include but are not limited to: Onboarding and Coaching for New UW Executives, Quarterly Roundtable Events, Training and Technical Services, Newsletters and Updates, Board Presentations, etc.

Training Team (Formerly INRN)

Training Team services have traditionally been public workshops and capacity building engagements (such as strategic planning) with local nonprofit organizations, partially underwritten by IUW. Client organizations paid on a sliding scale. Training Team Directors were hosted by a local United Ways, but the United Ways may or may not have received services. This model began to change during 2017 with the Directors becoming trained in ways to build the skills of local United Ways as their primary customer.

UniFi Solutions (Formerly Nonprofit Processing & Accounting Services)

UniFi is a fee-for-service offering for United Ways to outsource their pledge processing, accounting, and/or cloud hosting to IUW. United Ways enter into a contract with IUW to provide those services on an ongoing basis.

Basis of Accounting and Use of Estimates

The accompanying financial statements were prepared on the accrual basis of accounting. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Reclassifications

Certain amounts have been reclassified for the consistency with the current year presentation.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Association considers cash on hand and other high liquidity assets at financial institutions with an original maturity of three months or less when purchased to be cash equivalents.

INDIANA UNITED WAYS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

Contributions are recognized when a donor makes an unconditional promise to give and are recorded at their fair values as revenues and assets in the period received.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Grants and Accounts Receivable

Accounts receivable are uncollateralized obligations due under normal trade terms requiring payment within 30 days from the invoice date. Accounts receivable are stated at the amount billed to customers. Account balances with invoices dated over 90 days old are considered delinquent. Payments of accounts receivable are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management determines the net collectability of accounts receivable by establishing an allowance for doubtful accounts. As of December 31, 2017, the allowance for doubtful accounts was \$55,516. No allowance was recorded as of December 31, 2016.

Grants receivable represent the uncollected portion of grants awarded to the Organization. Grants receivable at December 31, 2017 were \$6,223,867. There were no outstanding amounts related to awarded grants at December 31, 2016.

Property and Equipment

Property and equipment are stated at cost. Donated property and equipment is recorded at fair value. The Association's capitalization policy is \$1,000 for assets purchased with an estimated useful life of three years or more. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 3 to 10 years. The estimated useful live of leasehold improvements are based on the terms of the lease of 10 years.

Net Assets

The financial statements have been prepared in accordance with Accounting Standards for the Presentation of Financial Statements of Not-For-Profit Organizations. These standards require the Association to report information regarding its net assets, revenue, and other changes in net assets according to net asset class.

INDIANA UNITED WAYS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Association utilizes the following classes of net assets:

Unrestricted - These include revenue and expenses from the regular operations of the Association, which are at the discretion of management and the Board of Directors. The Board has a reserve policy that sets 25% of the Association's annual operational expense budget aside for unanticipated needs or changes in the economic environment. Board designated reserve was \$755,578 at December 31, 2017 and 2016.

Temporarily Restricted - These include contributions used to meet expenses of current operations in accordance with restrictions specified by the contributor. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets were \$9,280,339 and \$6,581,549, respectively, at December 31, 2017 and 2016 (see Note 8).

Functional Expense Allocation

Expenses have been classified as program, management and general, and fundraising based on the actual direct expenditures and cost allocation based on estimates of time and usage by Association personnel and programs.

Concentration of Revenue

The Association's total support and revenue including temporarily restricted monies was 84% and 68% derived from a single grantor in the years ending 2017 and 2016, respectively. The current level of the Association's activities and program services may be impacted or segments discontinued if funding is not renewed.

Tax Status

The Association is a not-for-profit corporation, exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. The Association files income tax returns in the United States. Filings in the United States are with the federal jurisdiction and one state jurisdiction. The Association is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization is not considered to be a private foundation. The Association is subject to unrelated business income tax on any activities unrelated to its tax exempt purpose.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The U.S. federal and state income tax returns of the Association are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

INDIANA UNITED WAYS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards

Presentation of Financial Statements of Not-For-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued amended guidance regarding the presentation of financial statements of not-for-profit entities to improve the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The guidance requires information regarding liquidity and the financial assets available to satisfy near-term demands for cash, requires inclusion of a statement of functional expenses, and alters net asset classifications. The guidance also requires both qualitative and quantitative disclosures regarding the types of costs that can be allocated and management and general activities. The guidance will initially be applied using a retrospective approach. The standard will be effective for the entity for annual periods beginning after December 15, 2018, and early adoption is permitted and encouraged. Management is evaluating the impact of the amended financial statement presentation guidance on the entity's financial statements.

Revenue from Contracts with Customers

In May 2014, the FASB issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfers of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, the qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the entity for annual periods beginning after December 15, 2018, and early adoption is permitted and encouraged. Management is evaluating the impact of the amended revenue recognition guidance on the entity's financial statements.

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the entity.

Subsequent Events

We have evaluated subsequent events through May 31, 2018, the date the financial statements were available to be issued.

**INDIANA UNITED WAYS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 STATE EMPLOYEES COMMUNITY CAMPAIGN

The Association has an agreement with the State of Indiana to act as fiscal agent and campaign manager for the proceeds of the State Employees Community Campaign (SECC). The Association is to distribute these funds to recipient charitable associations based on an approved distribution system. Cash held by the Association, to be distributed on behalf of the SECC, was \$425,876 and \$396,101 at December 31, 2017 and 2016, respectively.

The following is a summary of cash activity during the calendar year for the State Employees Community Campaign, relative to the campaign years 2017 and 2016.

	2017	2016
SECC Cash Balance January 1	<u>\$ 396,101</u>	<u>\$ 412,498</u>
Cash Received:		
SECC Pledges	1,421,811	1,295,388
Interest Income	1,163	797
Total Cash Received	<u>1,422,974</u>	<u>1,296,185</u>
Cash Disbursed:		
Charitable Associations	(1,290,125)	(1,211,670)
Management Fees	(103,074)	(100,912)
Total Cash Disbursed	<u>(1,393,199)</u>	<u>(1,312,582)</u>
SECC Cash Balance December 31	<u>\$ 425,876</u>	<u>\$ 396,101</u>
		2017 Campaign Activity*
Pledges Received in 2016 and Contributions Received in 2017		\$ 1,215,393
Interest Income in 2017		1,163
Management Fee Paid in 2017		(103,074)
Provision for Uncollectible		(144,207)
Distributions - Accrual Basis		(969,275)
Net 2016 Campaign Activity		<u>\$ -</u>

*Activity reported is for the 2016 campaign year July 1, 2016 - June 30, 2017

NOTE 3 FAIR VALUE MEASUREMENTS

Accounting Standards for Fair Value Measurement define fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Those standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

INDIANA UNITED WAYS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Fair values measured on a recurring basis at December 31, 2017 and 2016 are as follows:

	Total	Significant Other Observable Inputs (Level 2)
2017		
Money Market	\$ 4,632,304	\$ 4,632,304
	<u>\$ 4,632,304</u>	<u>\$ 4,632,304</u>
2016		
Short-term Certificates of Deposit	\$ 2,750,190	\$ 2,750,190
Money Market	7,073,936	7,073,936
	<u>\$ 9,824,126</u>	<u>\$ 9,824,126</u>

IUW invests in certificates of deposit traded in the financial markets. Those certificates of deposit and U.S. Government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2. The method for determining fair value has not changed in 2017.

NOTE 4 INVESTMENTS

Consistent with Accounting Standards for Investments Held by Not-for-Profits, investments in equity securities with readily determinable fair values and all Investments in debt securities are measured at fair value in the statements of financial position. Unrealized gains and losses are based on the differences between cost and fair value of each classification of security and are reported in the statement of activities.

As of December 31, 2017, investments consisted of money market funds. As of December 31, 2016, investments consisted of short-term certificates of deposit and money market funds. The cost of investments was \$4,632,304 and \$9,824,126 at December 31, 2017 and 2016, respectively. Investment income consisted of the following for the years ended December 31:

	2017	2016
Interest and Dividend Income	\$ 60,616	\$ 47,052
Change in Unrealized Gain (Loss)	(883)	1,147
	<u>\$ 59,733</u>	<u>\$ 48,199</u>

**INDIANA UNITED WAYS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 5 RETIREMENT PLAN

The Association has a defined contribution plan covering all employees. The purpose of the Plan is to provide retirement benefits and provide employees with an incentive to make their own contribution to the retirement plan.

The employer matching contribution is equal to 50% of the first 4% of employee contributions, plus an additional contribution equal to 2% of all participants' compensation. The employer's contributions vest 100% at the completion of three years of service. Additional contributions over 4% may be made by a participant but will not be eligible for the matching employer contributions.

The Association has a second defined contribution plan covering all employees who have completed one year of service. The Association contributes 10% of employee's monthly compensation to the plan. These contributions vest 100% at the completion of three years of service. Employees do not contribute to this plan.

Employer contributions for both plans in 2017 and 2016 totaled \$100,638 and \$136,504, respectively.

NOTE 6 COMMITMENTS

The Association leased office space pursuant to an operating lease agreement that expired in June 2017. On March 17, 2017, the Association entered into an operating lease for 10 years for office space that commenced on July 1, 2017, and terminates December 31, 2027. The lease contained terms which allowed for a portion of free rent and allowed the associate to make leasehold improvements to the space. The Association has recorded the effects of the free rent in the accrued liabilities portion of the statement of financial position. This liability will be amortized over the life of the lease, as appropriate. Rental expenses for the years ended December 31, 2017 and 2016 were \$141,704 and \$95,644, respectively.

The future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 170,554
2019	173,242
2020	175,930
2021	148,512
2022	180,858
Thereafter	928,211
Total	<u>\$ 1,777,307</u>

**INDIANA UNITED WAYS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 7 GRANTS

Grants to members for the years ended December 31 are as follows:

	2017	2016
Matching Grant Program	<u>\$ 3,245,626</u>	<u>\$ 1,309,981</u>

Grants for specialized programs and services for the years ended December 31 are as follows:

	2017	2016
Harwood Initiative	\$ 65,353	\$ 146,022
Kindergarten Countdown	100,886	100,239
UWW Advocacy Grant	16,202	-
Americorp Opioid Grant	4,767	-
ALICE data Update	-	25,581
Storytelling Grant	750	3,000
NRN	317,241	329,683
IN-211	50,000	100,000
VITA/MyFreeTaxes	-	2,274
	<u>\$ 555,199</u>	<u>\$ 706,799</u>

Total grants for the years ended December 31 are as follows:

	2017	2016
Grants to Members	\$ 3,245,626	\$ 1,309,981
Specialized Programs and Services	555,199	706,799
	<u>\$ 3,800,825</u>	<u>\$ 2,016,780</u>

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED

Temporarily restricted net assets consisted of the following as of December 31:

	2017	2016
Andar User Group	\$ 6,417	\$ 6,417
2016 Operating Support	-	113,965
2017 Operating Support	422,722	1,180,222
2018 Operating Support	1,097,365	-
Matching Grant Program	7,105,739	4,441,261
Indiana Disaster Relief	541,375	541,375
Harwood Initiative	1,392	65,000
Kindergarten Countdown	73,531	173,531
UWW Advocacy Grant	31,798	-
	<u>\$ 9,280,339</u>	<u>\$ 6,521,771</u>

**INDIANA UNITED WAYS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED (CONTINUED)

Temporarily restricted net assets released from restriction for the years ended December 31 were as follows:

	2017	2016
Grants Awarded through NRN	\$ 373,799	\$ 328,535
Grants Awarded for Matching Grant Program	3,343,895	1,309,981
Grants Awarded to IN 211	100,000	40,000
UWW Advocacy	16,202	-
Harwood Initiative	63,608	148,000
Kindergarten Countdown	100,000	100,000
VITA/MyFreeTaxes	-	16,004
Operating Support	1,265,940	842,278
Total Released Temporarily Restricted Net Assets	<u>\$ 5,263,444</u>	<u>\$ 2,784,798</u>

NOTE 9 RELATED PARTY TRANSACTIONS

A member of the Board of Directors is also a board member of a member association. The Association received \$6,980 of UniFi Solutions revenue and incurred grant expenses of \$170,000 during the year ended December 31, 2017. Accounts receivable of \$580 was due to the Association at December 31, 2017.