INDIANA UNITED WAYS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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CliftonLarsonAllen LLP
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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, 2018, 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 these 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 from 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 accounting 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 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, 2018, 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. 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
June 3, 2019

INDIANA UNITED WAYS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 59,753	$ 3,358,936	$ 3,418,689	$ 1,200,866
SECC Cash	-	631,797	631,797	425,876
Short-Term Investments	2,435,876	6,649,155	9,085,031	4,632,304
Grants and Accounts Receivable, Net	183,157	-	183,157	6,427,616
Interest Receivable	10,942	-	10,942	11,740
Prepaid Expenses	110,832	-	110,832	42,488
Total Current Assets	2,800,560	10,639,888	13,440,448	12,740,890
PROPERTY AND EQUIPMENT				
Office Equipment	683,510	-	683,510	705,671
Leasehold Improvements	339,862	-	339,862	333,851
Less: Accumulated Depreciation	(261,799)	-	(261,799)	(270,195)
Property and Equipment, Net	761,573	-	761,573	769,327
Total Assets	$ 3,562,133	$ 10,639,888	$ 14,202,021	$ 13,510,217
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 115,882	$ -	$ 115,882	$ 30,484
Grants Payable	51,544	-	51,544	453,028
SECC Funds to be Distributed	-	631,797	631,797	425,876
Total Current Liabilities	167,426	631,797	799,223	909,388
NET ASSETS				
Without Donor Restrictions				
Undesignated	2,228,557	-	2,228,557	2,564,912
Board Designated	1,166,150	-	1,166,150	755,578
Total Without Donor Restrictions	3,394,707	-	3,394,707	3,320,490
With Donor Restrictions	-	10,008,091	10,008,091	9,280,339
Total Net Assets	3,394,707	10,008,091	13,402,798	12,600,829
Total Liabilities and Net Assets	$ 3,562,133	$ 10,639,888	$ 14,202,021	$ 13,510,217

See accompanying Notes to Financial Statements.

INDIANA UNITED WAYS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
REVENUE				
Grants and Contributions	$ 159,142	$ 4,390,869	$ 4,550,011	$ 8,052,194
Membership Dues	272,958	-	272,958	148,014
UniFi Solutions	1,238,564	-	1,238,564	1,041,324
Management Fees	170,217	-	170,217	106,674
Sponsorships	50,000	-	50,000	5,700
Investment Income	114,820	-	114,820	59,733
Miscellaneous	4,248	-	4,248	3,216
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	3,663,117	(3,663,117)	-	-
Total Revenue	5,673,066	727,752	6,400,818	9,416,855
EXPENSES				
Program Services Expense:				
Grants to Members	1,691,387	-	1,691,387	3,245,626
Project Development and Organization Assistance	2,236,022	-	2,236,022	1,363,167
UniFi Solutions	1,257,376	-	1,257,376	1,326,313
Total Program Expenses	5,184,785	-	5,184,785	5,935,106
Supporting Services Expense:				
Management and General	414,064	-	414,064	409,625
Fundraising	-	-	-	8,992
Total Supporting Services Expenses	414,064	-	414,064	418,617
Total Expenses	5,598,849	-	5,598,849	6,353,723
CHANGE IN NET ASSETS	74,217	727,752	801,969	3,063,132
Net Assets - Beginning of Year	3,320,490	9,280,339	12,600,829	9,537,697
NET ASSETS - END OF YEAR	$ 3,394,707	$ 10,008,091	$ 13,402,798	$ 12,600,829

See accompanying Notes to Financial Statements.

INDIANA UNITED WAYS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	Program Services						Total	
	Grants to Members	Project Development and Organization Assistance	UniFi Solutions	Total Program	Management and General	Fundraising	2018	2017
Salaries and Wages	$ -	$ 928,848	$ 590,811	$ 1,519,659	$ 149,713	$ -	$ 1,669,372	$ 1,234,794
Employee Benefits	-	166,128	170,510	336,638	48,384	-	385,022	270,304
Payroll Taxes	-	62,845	34,211	97,056	9,332	-	106,388	91,897
Temporary Clerical Labor	-	2,283	37,898	40,181	-	-	40,181	172,961
Supplies	-	5,375	9,467	14,842	12,662	-	27,504	22,856
Telephone	-	6,821	6,396	13,217	2,505	-	15,722	14,488
Postage and Shipping	-	2,501	9,045	11,546	(134)	-	11,412	19,919
Occupancy	-	133,629	38,180	171,809	19,090	-	190,899	141,703
Printing and Publications	-	6,818	3,002	9,820	13,466	-	23,286	21,269
Information Services	-	16,279	247,124	263,403	20,270	-	283,673	14,564
Travel	-	66,154	604	66,758	3,364	-	70,122	15,046
Meetings	-	63,698	18,199	81,897	15,119	-	97,016	96,465
Organized Dues and Registration Fees	-	3,946	36	3,982	2,191	-	6,173	5,215
Insurance	-	7,535	2,152	9,687	1,076	-	10,763	12,165
Professional Services	-	379,691	22,775	402,466	93,992	-	496,458	310,402
Miscellaneous	-	1,911	-	1,911	11,946	-	13,857	1,641
Depreciation	-	45,560	13,017	58,577	6,509	-	65,086	51,693
Bad Debt Expense	-	-	53,949	53,949	4,579	-	58,528	55,516
Grants	1,691,387	336,000	-	2,027,387	-	-	2,027,387	3,800,825
Total Expenses by Function - 2018	$ 1,691,387	$ 2,236,022	$ 1,257,376	$ 5,184,785	$ 414,064	$ -	$ 5,598,849	
Total Expenses by Function - 2017	$ 3,245,626	$ 1,363,167	$ 1,326,313	$ 5,935,106	$ 409,625	$ 8,992		$ 6,353,723

See accompanying Notes to Financial Statements.

INDIANA UNITED WAYS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members and Grantors	$ 12,530,457	$ 3,098,633
Cash Paid for Other Grants	(2,428,871)	(3,932,452)
Cash Paid to Suppliers and Employees	(3,446,254)	(2,549,202)
Investment Income	218,401	56,848
Net Cash Provided (Used) by Operating Activities	6,873,733	(3,326,173)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(5,952,030)	-
Sale of Investments	1,396,520	5,190,939
Purchase of Equipment and Leasehold Improvements	(100,400)	(811,311)
Net Cash Provided (Used) by Investing Activities	(4,655,910)	4,379,628
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,217,823	1,053,455
Cash and Cash Equivalents - Beginning of Year	1,200,866	147,411
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,418,689	$ 1,200,866

See accompanying Notes to Financial Statements.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Indiana United Ways, 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:

Grants

Grants for Impact

IUW closed the claims process for the United IN 16 grant cycle and began accepting grant applications for the United IN 18 cycle. By the end of 2018, 15 members had fully approved United IN 18 plans and were either claiming dollars or were ready to claim. An additional 24 members had an approved plan to match funds, with plans to expend funds on community impact and capacity building still in development. Nearly $1M additional dollars were approved as compared to the same period in the United IN 16 grant cycle. IUW also put in place a Rapid Response grant system to lead United Way disaster recovery from flooding in Indiana.

United Against Opioid Abuse

2018 was the first full year for Indiana United Way's United Against Opioid Abuse program. 10 AmeriCorps members served at eight local United Ways and one United Fund, comprehensively looking at the impact of opioid and substance abuse use on their communities, listening to community members about how they experience the substance abuse problem, look at and convene community resources systematically, and engage the community as part of the solution. Many community stakeholders have identified significant positive impacts on people's daily lives as a result of United Against Opioid Abuse.

Public Policy

IUW and its members continued to provide leadership and policymaker engagement on issues of education, health, and financial stability. Among the year's achievements include: anchoring the latest ALICE (Asset-Limited, Income-Constraint, and Employed) Report data at the center of our public policy efforts, successfully securing a United Way Worldwide grant to complete a year of health advocacy work, helping to protect federal SNAP benefits, collaborating with members, state legislators, and officials to strengthen the state's On My Way Pre-K program, and partnering to successfully stop the expansion of predatory lending in Indiana.

Project Development and Organization Assistance

Membership Services

For the first time, IUW offered two tiers of membership services. The services included with IUW's enhanced membership tier included Collective Impact or Community Impact Tailored Board Presentations, coaching around performance targets, competencies or Bold Plays, and New Board Orientation Regional Trainings. In 2018, over 320 Board Members were trained by IUW staff. The standard membership tier included access to the matching grant dollars, legislative updates and public policy briefings, updated ALICE Data, attendance for executive roundtables, large cities forum, small cities forum and new executive onboarding. 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 Services, Newsletters and Updates, and Board Presentations.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

Project Development and Organization Assistance (Continued)

Digital Services

Except for United Way of Central Indiana, an original Digital Services Operating Group (DSOG) member, other United Ways in Indiana do not necessarily have the resources to participate in Digital Services. Late in 2017, IUW was approved by United Way World Wide (UWW) to pilot a “State Organization” model to administer Digital Services on behalf of our members. UWW provided pricing so that approximately 20 of Indiana’s larger United Ways could participate. Simultaneously, IUW approached the Lilly Endowment, Inc. for additional support for the effort. Lilly Endowment, Inc. graciously provided $200,000 for scholarships over a two-year period to reduce participant fees and offset costs incurred by IUW. IUW hired an IT & Data Director and a Marketing Director to execute the project, and eight brave United Ways launched the work with us in Spring 2018.

By summer of 2018, UWW’s Digital Services team was taking notice of the early success and promising future of IUW’s cohort model. UWW invited IUW to help develop an “Anchor” model by which a state association or a larger United Way could act as an intermediary for a group of “Participant” United Ways whose operating budgets are too small ($500k or less) to bear the direct participation staffing costs. UWW anticipates having six to seven Anchors within the next two years, and IUW is being lifted up as a replicable model. UWW continues to refer mid to smaller United Ways markets outside Indiana to IUW to explore whether they are ready to participate in Digital Services with us. In December, the IUW Board approved for IUW to become a UWW Digital Services Anchor when the revenue model is met. Over 639,000 e-mails were sent on behalf of the eight local United Ways participating, with 116,904 of those being opened.

UniFi Solutions

“Growing out of our comfort zone” became our unofficial motto for Unifi Solutions in 2018. To lay the foundation of an urgently-needed growth-focused UniFi business model, the IUW Board of Directors and UniFi Solutions staff began to focus on long-term business strategies.

Philanthropy and the ways people want to give are changing quickly. While change drives radical growth and innovation, it also creates unique challenges. Prior to 2018, UniFi’s operational model had changed very little since its inception as NP&AS in 2004. To meet the increasing needs of our United Way network and our clients, UniFi has made several significant investments in “Customer Success” by investing in staff development and in business-wide customer service initiatives to respond to these ever-evolving customer needs. 16 of our Indiana customers participated in “Discovery” meetings to better understand the seven-step process, explore opportunities for improvement, and enhance customer satisfaction. A customer service survey administered early 2018 and again late 2018 revealed significant customer relations improvement and confidence in all aspects of UniFi’s services.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

UniFi Solutions (Continued)

Equally as important to this evolution has been UniFi's commitment to efficiency and effective use of technology. Konica Minolta became IUW's partner of choice for both technology upgrades and cloud hosting. These key improvements provided new business efficiencies expanding our capacity which in turn launched active customer recruitment efforts. These changes produced direct financial benefits to include a 50% reduction in postage costs.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for- Profit Entities (Topic 958) – Presentation of Financial statements of Not-for-Profit Entities.* The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

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, 2017, from which the summarized information was derived.

Liquidity

IUW has $2,689,728 of financial assets available within one year of the statement of financial position date consisting of cash of $59,753, accounts and interest receivable of $194,099, and short-term investments of $2,435,876. Cash of $3,990,733 and short-term investments of $6,649,155 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The accounts receivable are subject to time restrictions, but will be collected within one year. The Association has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet three months of normal operating expenses, which are, on average, approximately $916,000. As part of its liquidity management, the Association invests cash in excess of daily requirements in various short-term investments including certificates of deposits and short-term treasury instruments.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 net assets without donor restriction 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, 2018 and 2017, the allowance for doubtful accounts was $22,840 and $55,516, respectively.

Grants receivable represent the uncollected portion of grants awarded to the Organization. There were no grants receivable at December 31, 2018. Grants receivable at December 31, 2017 were $6,223,867.

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.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature such as those that will be met by the passage of time or other events specified by the donor.

The Association reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are both allocated on a proportional basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Concentration of Revenue

The Association’s total support and revenue including temporarily restricted monies was 69% and 84% derived from a single grantor in the years ending 2018 and 2017, 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 exempt from federal income taxes under Section 501(c)(3) of the 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. Currently, the Association has no obligation for any unrelated business income tax.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards

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 and 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 entitles 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 judgements, and changes in judgements 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. 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 June 3, 2019, the date the financial statements were available to be issued.

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 $631,797 and $425,876 at December 31, 2018 and 2017, respectively.

NOTE 2 STATE EMPLOYEES COMMUNITY CAMPAIGN (CONTINUED)

The following is a summary of cash activity during the calendar year for the State Employees Community Campaign, relative to the campaign years 2018 and 2017.

	2018	2017
SECC Cash Balance January 1	$ 425,876	$ 396,101
Cash Received:		
SECC Pledges	1,338,417	1,421,811
Interest Income	1,800	1,163
Total Cash Received	1,340,217	1,422,974
Cash Disbursed:		
Charitable Associations	(1,034,634)	(1,290,125)
Management Fees	(99,662)	(103,074)
Total Cash Disbursed	(1,134,296)	(1,393,199)
SECC Cash Balance December 31	$ 631,797	$ 425,876

2017 Campaign Activity Occurring in 2018	Total
Pledges Received in 2017 and Contributions Received in 2018	$ 1,294,259
Interest Income in 2018	1,800
Management Fee Paid in 2018	(99,662)
Provision for Uncollectible	(144,178)
Distributions - Accrual Basis	(1,003,095)
Net 2017 Campaign Activity	$ 49,124

*Activity reported is for the 2017 campaign year July 1, 2017 – June 30, 2018

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).

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 quoted prices for similar assets and liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets. Level 3 inputs are valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Fair values measured on a recurring basis at December 31, 2018 and 2017 are as follows:

	Total	Significant Other Observable Inputs (Level 2)
2018		
Fixed Income Securities	$ 5,993,377	$ 5,993,377
Short-Term Certificates of Deposit	499,204	499,204
Government and Agency Securities	2,551,440	2,551,440
Other	41,010	41,010
Total	$ 9,085,031	$ 9,085,031
2017		
Money Market	$ 4,632,304	$ 4,632,304
Total	$ 4,632,304	$ 4,632,304

IUW invests in various financial instruments traded in the financial markets. Those instruments 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 2018.

NOTE 4 INVESTMENTS

As of December 31, 2018, investments consisted of fixed income securities, short-term certificates of deposit, government and agency securities, and cash and other deposits. As of December 31, 2017, investments consisted of money market funds. The fair value of investments was $9,085,031 and $4,632,304 at December 31, 2018 and 2017, respectively. Investment income consisted of the following for the years ended December 31:

	2018	2017
Interest and Dividend Income	$ 196,168	$ 60,616
Change in Unrealized Loss	(81,348)	(883)
Total	$ 114,820	$ 59,733

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 2018 and 2017 totaled $116,214 and $100,638, 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 contains terms which allowed for a portion of free rent and allowed the Association 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, 2018 and 2017 were $173,312 and $141,704, respectively.

The future minimum lease payments are as follows:

Year Ending December 31,	Amount
2019	$ 173,242
2020	175,930
2021	148,512
2022	180,858
2023	183,546
Thereafter	707,691
Total	$ 1,569,779

NOTE 7 GRANTS

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

	2018	2017
Matching Grant Program	$ 1,541,387	$ 3,245,626
Other Grants to Members	150,000	-
Total	$ 1,691,387	$ 3,245,626

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

	2018	2017
Harwood Initiative	$ -	$ 65,353
Kindergarten Countdown	-	100,886
UWW Advocacy Grant	-	16,202
AmeriCorps Opioid Grant	-	4,767
Storytelling Grant	-	750
NRN	-	317,241
IN-211	-	50,000
Indiana Natural Disaster Grants	336,000	-
Total	$ 336,000	$ 555,199

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

	2018	2017
Grants to Members	$ 1,691,387	$ 3,245,626
Specialized Programs and Services	336,000	555,199
Total	$ 2,027,387	$ 3,800,825

NOTE 8 NET ASSETS WITHOUT DONOR RESTRICTIONS

The Association's governing board has designated net assets without donor restrictions for the following purposes as of December 31:

	2018	2017
Liquidity Reserve	$ 916,150	$ 755,578
Member Association Merger Funds	250,000	-
	$ 1,166,150	$ 755,578

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED

Net assets with donor restrictions consisted of the following as of December 31:

	2018	2017
Subject to Expenditure for Specific Purpose:		
Matching Grant Program	$ 5,443,632	$ 7,105,739
Disaster Relief Activities		
Indiana Disaster Relief	3,206,244	541,375
Indiana Disaster Relief - Administration	100,000	-
Andar User Group	6,417	6,417
2017 Operating Support	-	422,722
2018 Operating Support	-	1,097,365
2019 Operating Support	1,176,875	-
Harwood Initiative	1,392	1,392
Kindergarten Countdown	73,531	73,531
UWW Advocacy Grant	-	31,798
Total Net Assets With Donor Restrictions	$ 10,008,091	$ 9,280,339

Net assets with donor restriction released from restriction for the years ended December 31 were as follows:

	2018	2017
Purpose Restrictions Accomplished:		
Disaster Relief Activities		
Indiana Disaster Relief	$ 336,000	$ -
Indiana Disaster Relief - Administration	50,000	-
Grants Awarded through NRN	-	373,799
Grants Awarded for Matching Grant Program	1,541,388	3,343,895
Grants Awarded to IN 211	-	100,000
UWW Advocacy Grant	31,798	16,202
Harwood Initiative	-	63,608
Kindergarten Countdown	-	100,000
Operating Support	1,703,931	1,265,940
Total Restrictions Released	$ 3,663,117	$ 5,263,444

NOTE 10 RELATED PARTY TRANSACTIONS

A member of the board of directors is also a board member of a member association. IUW received approximately $64,500 and $7,000 of UniFi Solutions revenue during the years ended December 31, 2018 and 2017, respectively. IUW also incurred grant expenses of $170,000 to the member association during the year ended December 31, 2017. Accounts receivable of approximately $404 and $580 was due to IUW at December 31, 2018 and 2017, respectively.

Two members of the board of directors are executive directors of member associations. IUW received approximately $37,000 and $11,000 of UniFi Solutions and Membership revenue during the year ended December 31, 2018. IUW incurred grant expenses of $52,400 to the member association during the year ended December 31, 2018. Additionally, the Association incurred miscellaneous expenses to each member association of $450 during the year. Accounts receivable and grants payable to these member associations of approximately $30 and $52,000, respectively, were outstanding at December 31, 2018.