

United Way of Pueblo County, Colorado, Inc.

Financial Statements and Independent Auditor's Report

June 30, 2017 and 2016

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

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To the Board of Directors of
United Way of Pueblo County, Colorado, Inc.
Pueblo, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Pueblo County, Colorado, Inc. (United Way Pueblo) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Pueblo County, Colorado, Inc. as of June 30, 2017 and 2016, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Supplemental Schedules

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, comprised of the supplemental schedule of gross funds awarded for the years ended June 30, 2017 and 2016, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Artesian CPA, LLC

Denver, Colorado
November 28, 2017

Artesian CPA, LLC

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UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash and cash equivalents (cash unrestricted)	\$ 525,177	\$ 467,960
Cash - restricted for endowments	35,013	274,836
Certificates of deposit - unrestricted	402,046	602,479
Money market - unrestricted	202,909	-
Investments restricted for endowments:		
Certificates of deposit	101,372	353,661
Mutual funds	512,779	-
Interest receivable	365	495
Pledges receivables - net	479,338	423,315
VITA program receivable	18,588	20,365
Accounts receivable - Golden Corral	5,658	4,753
Accounts receivable - D M Meminger withdrawal	445	-
Prepaid expenses	6,738	6,865
Total Current Assets	<u>2,290,428</u>	<u>2,154,729</u>
Other Assets:		
Property and equipment - net	<u>2,071</u>	<u>4,469</u>
TOTAL ASSETS	<u>\$ 2,292,499</u>	<u>\$ 2,159,198</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 9,255	\$ 38,633
Allocations payable	410,669	483,500
Grant awards payable	12,325	10,000
Refundable advances - LP	5,832	5,976
Donor designations payable	36,670	32,807
Accrued liabilities	12,675	17,678
Total Current Liabilities	<u>487,426</u>	<u>588,594</u>
Total Liabilities	<u>487,426</u>	<u>588,594</u>
Net Assets:		
Unrestricted:		
Board Designated for:		
Agency loans	12,277	12,277
Community Impact Funding	55,817	55,817
Mentoring Program	66,000	64,000
Undesignated	1,011,449	798,068
Total unrestricted	<u>1,145,543</u>	<u>930,162</u>
Temporarily restricted	59,530	40,442
Permanently restricted	600,000	600,000
Total Net Assets	<u>1,805,073</u>	<u>1,570,604</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,292,499</u>	<u>\$ 2,159,198</u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2017

UNITED WAY OF PUEBLO COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED June 30, 2017
with Summarized Financial Information for the Year Ended June 30, 2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTALS 2017	TOTALS 2016
REVENUES, GAINS AND OTHER SUPPORT					
Gross campaign results	\$ 1,081,756	\$ -	\$ -	\$ 1,081,756	\$ 1,041,579
Donor designation	(70,999)	-	-	(70,999)	(75,302)
Uncollectible pledges	(51,099)	-	-	(51,099)	(70,153)
Net Campaign Revenue	959,658	-	-	959,658	896,124
Other contributions	90,558	119,585	-	210,143	132,813
In-kind contributions	47,653	-	-	47,653	46,936
Special events revenue	41,634	-	-	41,634	37,053
Investment income	6,100	26,884	-	32,984	9,398
VITA program revenue receivable	-	18,588	-	18,588	20,365
Other United Way designations	14,513	-	-	14,513	1,294
New building donation	-	10,000	-	10,000	28,690
Yearly luncheon - Annual/Kickoff	6,952	-	-	6,952	15,155
Wells Fargo grant	5,000	-	-	5,000	-
Service fees	3,860	-	-	3,860	5,791
Special events revenue - other	3,220	-	-	3,220	2,740
Administration fee	1,478	-	-	1,478	1,845
Miscellaneous	212	-	-	212	3,021
Gil Padilla memorial fund	-	-	-	-	500
Satisfaction of program restrictions	155,969	(155,969)	-	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,336,807	19,088	-	1,355,895	1,201,725
FUNCTIONAL EXPENSES					
Gross funds awarded	504,649	-	-	504,649	563,676
Donor designation	(67,139)	-	-	(67,139)	(69,511)
Net funds awarded	437,510	-	-	437,510	494,165
Program services	548,910	-	-	548,910	567,463
Management and general	31,301	-	-	31,301	31,554
Fundraising/Campaign	91,090	-	-	91,090	93,559
United Way of America dues	12,615	-	-	12,615	11,750
TOTAL EXPENSES	1,121,426	-	-	1,121,426	1,198,491
CHANGE IN NET ASSETS	215,381	19,088	-	234,469	3,234

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

UNITED WAY OF PUEBLO COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED June 30, 2016
with Summarized Financial Information for the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2016
REVENUES, GAINS AND OTHER SUPPORT				
Gross campaign results	\$ 1,041,579	\$ -	\$ -	1,041,579
Donor designation	(75,302)	-	-	(75,302)
Uncollectible pledges	(70,153)	-	-	(70,153)
Net Campaign Revenue	896,124	-	-	896,124
Service fees	5,791	-	-	5,791
In-kind contributions	46,936	-	-	46,936
Investment income	5,662	3,736	-	9,398
Other Contributions		132,813	-	132,813
Gil Padilla memorial fund	500	-	-	500
Other United Way designations	1,294	-	-	1,294
Administration Fee	1,845	-	-	1,845
Special events revenue - other	2,740	-	-	2,740
Yearly luncheon - Annual/Kickoff	15,155	-	-	15,155
VITA program revenue receivable	-	20,365	-	20,365
Special events revenue	37,053	-	-	37,053
New building donation	23,690	5,000	-	28,690
Miscellaneous	3,021	-	-	3,021
Satisfaction of program restrictions	204,563	(204,563)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,244,374	(42,649)	-	1,201,725
FUNCTIONAL EXPENSES				
Gross funds awarded	563,676	-	-	563,676
Donor designation	(69,511)	-	-	(69,511)
Net funds awarded	494,165	-	-	494,165
Program serviced	567,463	-	-	567,463
Management and general	31,554	-	-	31,554
Fundraising/Campaign	93,559	-	-	93,559
United Way of America dues	11,750	-	-	11,750
TOTAL EXPENSES	1,198,491	-	-	1,198,491

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2017

	PROGRAM SERVICES		SUPPORTING SERVICES			TOTAL	TOTAL
	Allocation to Agencies	Program Services	Management & General	Fund Raising	United Way of America Dues	2017	2016
ALLOCATIONS AND AWARDS							
Agency allocations	\$ 504,649	\$ -	\$ -	\$ -	\$ -	\$ 504,649	\$ 563,676
Donor designations	(67,139)	-	-	-	-	(67,139)	(69,511)
TOTAL ALLOCATIONS AND AWARDS	437,510	-	-	-	-	437,510	494,165
COMPENSATION AND RELATED EXPENSES							
Salaries	-	165,541	15,175	43,810	-	224,526	228,238
Payroll taxes	-	12,702	1,030	3,433	-	17,165	17,461
Benefits	-	18,039	1,463	4,875	-	24,377	27,939
TOTAL COMPENSATION AND RELATED EXPENSES	-	196,282	17,668	52,118	-	266,068	273,638
OTHER EXPENSES							
Grant distributions	-	213,293	-	-	-	213,293	220,351
Marketing	-	37,887	-	7,760	-	45,647	40,709
Paid direct	-	36,179	-	-	-	36,179	44,459
Occupancy	-	10,656	864	2,880	-	14,400	12,369
Yearly luncheon - Annual/Kickoff	-	6,710	-	6,710	-	13,420	13,962
Campaign supplies and printing/Copying	-	7,421	1,032	3,987	-	12,440	13,037
Professional fees	-	-	9,200	-	-	9,200	10,656
Telephone	-	5,624	456	1,520	-	7,600	3,081
Special events expense	-	3,663	-	3,663	-	7,326	8,826
Special events expense - other	-	3,760	-	3,760	-	7,520	7,022
Postage and shipping	-	4,233	343	1,144	-	5,720	7,504
Office supplies, computer supplies, donation tracker tech support	-	4,220	342	1,140	-	5,702	8,599
Insurance	-	3,761	305	1,017	-	5,083	4,290
Official functions	-	2,885	92	2,057	-	5,034	889
Equipment rental & maintenance	-	3,049	247	824	-	4,120	1,717
Travel	-	2,985	242	807	-	4,034	4,160
Membership dues	-	2,312	187	625	-	3,124	1,470
Depreciation expense	-	1,775	144	480	-	2,399	2,679
Miscellaneous expenses, subscriptions, and bank charges	-	1,211	98	327	-	1,636	5,390
Payroll Processing	-	1,004	81	271	-	1,356	956
Career training	-	-	-	-	-	-	116
Gil Padilla memorial fund	-	-	-	-	-	-	-
Moving expenses	-	-	-	-	-	-	6,696
TOTAL OTHER EXPENSES	-	352,628	13,633	38,972	-	405,233	418,938
United Way of America dues	-	-	-	-	12,615	12,615	11,750
TOTAL FUNCTIONAL EXPENSES	\$ 437,510	\$ 548,910	\$ 31,301	\$ 91,090	\$ 12,615	\$ 1,121,426	\$ 1,198,491

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2016

UNITED WAY OF PUEBLO COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
with Summarized Financial Information for the Year Ended June 30, 2015

	Program Services	Supporting Services		Total 2016
		Management & General	Fund Raising	
ALLOCATIONS AND AWARDS				
Agency allocations	\$ 563,676	\$ -	\$ -	\$ 563,676
Donor designations	(69,511)	-	-	(69,511)
TOTAL ALLOCATIONS AND AWARDS	494,165	-	-	494,165
COMPENSATION AND RELATED EXPENSES				
Salaries	167,659	13,498	47,081	228,238
Payroll taxes	12,921	1,048	3,492	17,461
Benefits	20,675	1,676	5,588	27,939
TOTAL COMPENSATION AND RELATED EXPENSES	201,255	16,222	56,161	273,638
OTHER EXPENSES				
Grant distributions	220,351	-	-	220,351
Paid direct	44,459	-	-	44,459
Marketing	33,789	-	6,920	40,709
Yearly luncheon - Annual/Kickoff	6,981	-	6,981	13,962
Campaign supplies and printing/Copying	8,453	973	3,611	13,037
Occupancy	9,153	742	2,474	12,369
Professional fees	-	10,656	-	10,656
Special events expense	4,413	-	4,413	8,826
Office supplies, computer supplies, donation tracker, tech support	6,363	516	1,720	8,599
Postage and shipping	5,553	450	1,501	7,504
Special events expense - other	3,511	-	3,511	7,022
2016 Moving expenses	4,955	402	1,339	6,696
Miscellaneous expenses, subscriptions, bank charges	3,987	323	1,080	5,390
Insurance	3,175	257	858	4,290
Travel	3,078	250	832	4,160
Telephone	2,280	185	616	3,081
Depreciation expense	1,982	161	536	2,679
Equipment rental & maintenance	1,271	103	343	1,717
Membership dues	1,088	88	294	1,470
Payroll processing	708	57	191	956
Official functions	658	53	178	889
Career training	-	116	-	116
Gil Padilla memorial fund	-	-	-	-

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2017 and 2016

UNITED WAY OF PUEBLO COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
with Summarized Financial Information for the Year Ended June 30, 2015

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 234,469	\$ 3,234
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,398	2,679
Unrealized gain/(loss) on investments	9,944	-
Changes in operating balances:		
(Increase) decrease in interest receivable	130	(67)
(Increase) decrease in pledges receivable	(56,023)	12,684
(Increase) decrease in VITA program receivable	1,777	(2,234)
(Increase) decrease in receivable	(1,350)	(4,753)
(Increase) decrease in prepaid expense	127	1,999
Increase (decrease) in accounts payable	(29,377)	25,633
Increase (decrease) in allocations payable	(72,831)	(18,625)
Increase (decrease) in grant awards payable	2,325	(6,000)
Increase (decrease) in refundable advances - LP	(144)	2,496
Increase (decrease) in donor designations payable	3,863	3,012
Increase (decrease) in funds held for others	-	-
Increase (decrease) in accrued liabilities	(5,003)	1,303
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>90,305</u>	<u>21,361</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(745)
Purchase of money market fund	(202,787)	-
Purchase of mutual funds	500,000	(249,340)
Reinvestment of realized gains to mutual funds	2,836	-
Redemption of CDs and money markets	(572,960)	502,109
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(272,911)</u>	<u>252,024</u>
NET CHANGE IN CASH & EQUIVALENTS	(182,606)	273,385
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>742,796</u>	<u>469,411</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 560,190</u>	<u>\$ 742,796</u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2017 and 2016 and for the years then ended

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Pueblo County, Colorado, Inc. (“United Way Pueblo” or the “Organization”) is a nonprofit organization incorporated in March 1969 that raises funds to be distributed to various charitable organizations to benefit the community. The Organization’s mission is to develop donor resources to enhance the quality of life for the people of Pueblo County. A volunteer board of directors governs the Organization.

Financial Statement Presentation

The financial statements of United Way Pueblo have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investment with an initial maturity of three months or less, except those designated for long-term purposes, to be cash equivalents. The Organization maintains its cash accounts in commercial banks located in Pueblo, Colorado. From time to time, the Organization has cash in bank in excess of federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization’s cash and certificates of deposit in total exceed the federally insured limits by \$289,262 and \$242,845 as of June 30, 2017 and 2016, respectively.

Contributions

The Organization accounts for contributions in accordance with GAAP, and then contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfaction of program restrictions. Contributions with restrictions met in the same reporting period received are as classified as unrestricted.

Annual campaigns are conducted to raise support for allocations to participating agencies. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Pledges for contributions are recorded as received and allowances are provided for pledges estimated to be uncollectible.

See accompanying Independent Auditor’s Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2017 and 2016 and for the years then ended

Functional Allocation of Expenses

The costs of providing the various programs and services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and services available.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received. Donor-restricted promises to give are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the restriction expires or has been met, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Income Tax

The Organization is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an Organization that is not a private foundation. The Organization has no unrelated business taxable income. Accordingly, no provision for income taxes is made in the financial statements.

Investments

Investments in certificates of deposit are reported at their fair values in the statement of financial position.

Joint Cost Allocation

The Organization sponsors special events for campaign awareness which are allocated 50% to each program and fundraising. The total amount of special event expenses allocated was \$7,326 and \$8,826 for the years ended June 30, 2017 and 2016, respectively.

Marketing Costs

The Organization's policy is to expense marketing costs as incurred. The marketing expenses were \$45,647 and \$40,709 for the periods ended June 30, 2017 and 2016, respectively.

Pledges Receivable

Pledges receivable are expected to be collected within one year and are recorded at net realizable value.

VITA Program Receivable

United Way Pueblo administers a program providing tax preparation assistance to individuals meeting certain income requirements.

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2017 and 2016 and for the years then ended

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment must be reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Acquisitions of assets in excess of \$500 are capitalized at cost. Property and equipment is depreciated using the straight-line method over the assets estimated useful life. The estimated useful lives of equipment range from 5 to 10 years.

Accrued Compensated Absences

United Way Pueblo provides vacation leave to its full-time and part-time employees. These are earned based on years of service and subject to limitations on accumulation. Upon separation from service, employees are paid for unused vacation leave. Accrued compensated absences at June 30, 2017 and 2016 were \$4,436 and \$9,111, respectively.

NOTE 2: PLEDGES RECEIVABLE

Pledges receivable at June 30, 2017 and 2016 consisted of:

	<u>2017</u>	<u>2016</u>
Pledges receivable - current campaign	\$ 553,888	\$ 497,165
Less: Estimated uncollectible pledges	<u>(74,550)</u>	<u>(73,850)</u>
	<u>\$ 479,338</u>	<u>\$ 423,315</u>

Provision for uncollectible is computed based upon management estimates of current economic factors applied to gross campaign revenue, including donor designations.

NOTE 3: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 39,734	\$ 39,734
Accumulated Depreciation	<u>(37,663)</u>	<u>(35,265)</u>
Net Property and Equipment	<u>\$ 2,071</u>	<u>\$ 4,469</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$2,398 and \$2,679.

See accompanying Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2017 and 2016 and for the years then ended

NOTE 4: ALLOCATIONS PAYABLE

Allocations awarded to specific organizations but unpaid at year-end are reported as liabilities. Allocations awarded to specific organizations are payable within one year. Total allocations payable as of June 30, 2017 and 2016 are \$410,669 and \$483,500, respectively.

NOTE 5: GRANT AWARDS PAYABLE

Grant awards payable represent funds earned from the El Pomar Foundation Endowment to be disbursed for the Community Problem Solving program. These awards amounted to \$12,325 and \$10,000 as of June 30, 2017 and 2016, respectively.

NOTE 6: DONOR DESIGNATIONS PAYABLE

Donor designations payable include amounts contributed during the Campaign which are designated to specific agencies which are scheduled to be paid in the following year. These amounts payable were \$36,670 and \$32,807 as of June 30, 2017 and 2016, respectively.

NOTE 7: RETIREMENT PLAN

The Organization contributes to a tax deferred annuity pension plan (TDA) for employees who have completed one year of service. Contributions are determined as a percent of gross compensation paid each year to eligible participants. During the years ended June 30, 2017 and 2016, the Organization contributed 7% of participants' compensation to the plan for a cost of \$14,795 and \$15,533 respectively. The expense is included in employee benefits in the statement of functional expenses.

NOTE 8: RESTRICTIONS ON NET ASSETS

As of June 30, 2017 and 2016, temporarily restricted net assets consisted of the following:

	<u>2017</u>	<u>2016</u>
CPS Program	\$ 16,407	\$ -
Wittels	11,910	11,278
Electrical Repair Recipients	9,103	9,816
Pueblo Water/City of Pueblo Cares Program	12,500	-
Temple Hoyne Buell Foundation building grant	-	5,000
El Pomar/ Mentor Program - Summer 2016	-	3,000
VITA Program	9,610	11,348
	<u>\$ 59,530</u>	<u>\$ 40,442</u>

See accompanying Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2017 and 2016 and for the years then ended

As of June 30, 2017 and 2016, permanently restricted net assets consisted of the following:

	<u>2017</u>	<u>2016</u>
El Pomar Foundation Endowment	\$ 500,000	\$ 500,000
Wittels	100,000	100,000
	<u>\$ 600,000</u>	<u>\$ 600,000</u>

Permanently restricted net assets represent donor-restricted donations. The El Pomar Foundation Endowment designates that the donated assets be invested in a conservative program to minimize loss of principal with the income to be restricted to direct assistance to the homeless, indigent, and mentally indigent populations of Pueblo.

The principal amount of the Wittels trusts is to remain intact as a living trust fund. The investment income from the 1986 trust may only be distributed to a select list of agencies. The investment income from the 1994 trust may be distributed as the Agency decides through its volunteer review process, based on an understanding of community needs.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts to the permanent endowment, and (3) 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies. The Organization has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk.

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2017 and 2016 and for the years then ended

The composition of endowment net assets for these funds and the changes in endowment net assets as of June 30, 2017 and 2016 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets June 30, 2017			
El Pomar Endowment - Beginning Balance	\$ -	\$ 500,000	\$ 500,000
Wittels Trust - Beginning Balance	11,278	100,000	111,278
Investment income:			
El Pomar	25,782	-	25,782
Wittels	1,102	-	1,102
Amounts appropriated for expenditure:			
El Pomar	(9,375)	-	(9,375)
Wittels	(470)	-	(470)
Total	<u>\$ 28,317</u>	<u>\$ 600,000</u>	<u>\$ 628,317</u>

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets June 30, 2016			
El Pomar Endowment - Beginning Balance	\$ -	\$ 500,000	\$ 500,000
Wittels Trust - Beginning Balance	10,948	100,000	110,948
Investment income:			
El Pomar	3,168	-	3,168
Wittels	567	-	567
Amounts appropriated for expenditure:			
El Pomar	(3,168)	-	(3,168)
Wittels	(237)	-	(237)
Total	<u>\$ 11,278</u>	<u>\$ 600,000</u>	<u>\$ 611,278</u>

NOTE 9: CONTRIBUTED SERVICES AND FACILITIES

Members and volunteers have contributed significant amounts of time and perform a variety of tasks that assist the Organization with program services and fundraising events. The financial statements do not reflect the value of those contributed services because they do not meet the recognition criteria under generally accepted accounting principles.

Certain contributed services and use of facilities are recorded as support and expenses at fair value. The Organization received the use of facilities for the main office building. The Organization also received marketing, program supplies, and other miscellaneous items for the campaign. The value of the donated services, facilities, and items and the corresponding expenditures included in the financial statements for the years ended June 30, 2017 and 2016 are as follows:

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2017 and 2016 and for the years then ended

	<u>2017</u>	<u>2016</u>
Contributions	<u>\$ 47,653</u>	<u>\$ 46,936</u>
Expenses:		
Marketing	\$ 37,253	\$ 35,253
Rent	4,800	6,083
Special Events	3,500	3,500
Miscellaneous	<u>2,100</u>	<u>2,100</u>
	<u>\$ 47,653</u>	<u>\$ 46,936</u>

NOTE 10: SERVICE FEE REVENUE

Donor designated pledges are assessed both a fundraising and a management and general fee based on actual historical costs in accordance with United Way of America Membership Standards as outlined in their publication titled *United Way of America Cost Deduction Requirements for Membership Standard M*. Total service fees are \$3,860 and \$5,791 for the years ended June 30, 2017 and 2016, respectively.

NOTE 11: FAIR VALUE MEASUREMENTS

United Way Pueblo is subject to the provisions of FASB ASC 820-10, which establishes a framework for measuring fair value of financial instruments. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are described below:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that United Way Pueblo has the ability to access.
- Level 2: Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability.
- Level 3: Prices determined using significant unobservable inputs.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth, by level within the fair value hierarchy, United Way Pueblo's financial instrument assets at fair value on a recurring basis as of June 30, 2017 and 2016:

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2017 and 2016 and for the years then ended

	<u>Fair Value</u>	<u>Quote Prices in Active Markets for Identical Assets (Level 1)</u>
<u>June 30, 2017</u>		
Certificates of deposit	\$ 503,418	\$ 503,418
Money market funds	202,909	202,909
Mutual funds	512,779	512,779
	<u>\$ 1,219,106</u>	<u>\$ 1,219,106</u>
<u>June 30, 2016</u>		
Money Market and Certificates of Deposit	<u>\$ 956,140</u>	<u>\$ 956,140</u>

Fair values for cash and cash equivalents along with pledges receivable are determined by reference to other relevant information generated by market transitions.

Investment income for the year ended June 30, 2017 was as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Interest	\$ 8,245	\$ 20,203
Dividends	11,959	-
Realized gains	2,836	-
Net Unrealized Gain	9,944	-
Total	<u>\$ 32,984</u>	<u>\$ 20,203</u>

NOTE 12: SUBSEQUENT EVENTS

United Way Pueblo is subject to the provisions of FASB ASC 855-10-50, *Subsequent Events*, which establishes a requirement for disclosing the date through which subsequent events have been evaluated, as well as whether that date is the date of the financial statements, were issued or the date the financial statements were available to be issued. United Way Pueblo has evaluated subsequent events through November 28, 2017, the date that the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULE

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
SUPPLEMENTAL SCHEDULE OF GROSS FUNDS AWARDED (UNAUDITED)
For the years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>MEMBER AGENCIES</u>		
American Red Cross	\$ 14,796	\$ 15,800
Boy Scouts, Rocky Mountain Council	37,495	39,500
Boys and Girls Club of Pueblo	59,583	60,000
Catholic Charities of the Diocese of Pueblo	22,077	29,000
Cooperative Care Center	31,077	34,000
Eastside Child Care Center	46,900	47,600
Pueblo Child Advocacy Center	24,492	26,000
Pueblo Community Health Center	4,890	3,461
SRDA	40,678	41,000
Salvation Army	7,000	32,639
Southside Children's Center	36,000	36,000
Young Womens Christian Assoc. (YWCA)	50,522	51,000
Community Impact Grant	35,000	32,000
Mental & Senior	27,000	53,000
Return Previous Allocation - Hearing Project	-	(6,835)
TOTAL MEMBER ALLOCATIONS	<u>437,510</u>	<u>494,165</u>
Designations to Other Agencies – CCC	17,348	19,187
Designations to Non Member Agencies	49,791	50,324
TOTAL AGENCY FUNDING	<u>67,139</u>	<u>69,511</u>
TOTAL AGENCY FUNDING AND MEMBER ALLOCATIONS	<u>\$ 504,649</u>	<u>\$ 563,676</u>

See accompanying Independent Auditor's Report