

United Way of Pueblo County, Colorado, Inc.

Financial Statements and Independent Auditor's Report

June 30, 2020 and 2019

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019:	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-20
Supplemental Schedule of Gross Funds Awarded (unaudited)	22



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, 2020 and 2019, 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.

Artesian CPA, LLC

1624 Market Street, Suite 202 | Denver, CO 80202
p: 877.968.3330 f: 720.634.0905
info@ArtesianCPA.com | www.ArtesianCPA.com

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, 2020 and 2019, 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, 2020 and 2019, 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
January 26, 2021

Artesian CPA, LLC

1624 Market Street, Suite 202 | Denver, CO 80202
p: 877.968.3330 f: 720.634.0905
info@ArtesianCPA.com | www.ArtesianCPA.com

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and cash equivalents (cash unrestricted)	\$ 199,237	\$ 479,325
Cash - restricted for endowments	-	62,417
Certificate of deposits - restricted for endowments	201,596	-
Money market - unrestricted	13,362	198,150
Investments restricted for endowments	584,977	600,000
Investment for reserve - unrestricted	973,703	732,369
Interest receivable	-	6
Pledges receivables - net (see note - 2)	397,091	384,686
VITA Program Receivable	21,291	21,398
Accounts Receivable - Golden Corral	-	5,736
Other receivable	2,414	-
Prepaid expenses	7,056	7,098
Total Current Assets	<u>2,400,727</u>	<u>2,491,185</u>
Other Assets:		
Property and equipment - net (see note - 3)	<u>12,120</u>	<u>12,759</u>
TOTAL ASSETS	<u><u>\$ 2,412,847</u></u>	<u><u>\$ 2,503,944</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 6,866	\$ 21,404
Allocations payable	296,215	422,164
PPP loan payable	66,850	-
Grant awards payable	16,413	16,413
Donor designations payable	16,477	12,498
Accrued liabilities	24,061	14,901
Total Current Liabilities	<u>426,882</u>	<u>487,380</u>
Total Liabilities	<u>426,882</u>	<u>487,380</u>
Net Assets:		
Without donor restrictions	1,264,079	1,283,300
With donor restrictions	721,886	733,264
Total Net Assets	<u>1,985,965</u>	<u>2,016,564</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,412,847</u></u>	<u><u>\$ 2,503,944</u></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, 2020 with summarized financial information for the year ended June 30, 2019

	Without Donor Restriction	With Donor Restriction	TOTALS 2020	TOTALS 2019
OPERATING ACTIVITIES:				
Revenues and Other Support:				
Gross campaign results	\$ 1,137,327	\$ -	\$ 1,137,327	\$ 967,617
Donor designation	(33,325)	-	(33,325)	(43,123)
Uncollectible pledges	(63,934)	-	(63,934)	(68,554)
Net Campaign Revenue	1,040,068	-	1,040,068	855,940
Other Contributions	54,561	145,000	199,561	189,385
In-kind contributions	55,004	-	55,004	90,319
Special events revenue	860	-	860	3,170
VITA program revenue	-	21,291	21,291	21,398
Other United Way designations	982	-	982	6,595
Yearly Luncheon - Annual/Kickoff	7,100	-	7,100	12,710
Service fees	-	-	-	2,438
Special Events Revenue - Other	22,676	-	22,676	34,604
Administration Fee	2,574	-	2,574	597
Miscellaneous	148	-	148	151
Satisfaction of program restrictions	181,401	(181,401)	-	-
Total Revenues and Other Support	1,365,374	(15,110)	1,350,264	1,217,307
Functional Expenses:				
Gross funds awarded	380,033	-	380,033	459,449
Donor designation	(33,325)	-	(33,325)	(40,686)
Net funds awarded	346,708	-	346,708	418,763
Program services	887,999	-	887,999	604,914
Management and general	46,393	-	46,393	53,548
Fundraising/Campaign	76,868	-	76,868	141,686
United Way of America dues	11,765	-	11,765	11,358
Total Functional Expenses	1,369,733	-	1,369,733	1,230,269
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(4,359)	(15,110)	(19,469)	(12,962)
NON-OPERATING ACTIVITIES:				
Investment income (loss)	(330)	3,732	3,402	90,117
Investment expenses	(14,532)	-	(14,532)	(11,712)
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	(14,862)	3,732	(11,130)	78,405
CHANGE IN NET ASSETS	(19,221)	(11,378)	(30,599)	65,443
NET ASSETS AT BEGINNING OF YEAR	1,283,300	733,264	2,016,564	1,951,121
NET ASSETS AT END OF YEAR	\$ 1,264,079	\$ 721,886	\$ 1,985,965	\$ 2,016,564

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, 2019 with summarized financial information for the year ended June 30, 2018

	Without Donor Restriction	With Donor Restriction	TOTALS 2019	TOTALS 2018
OPERATING ACTIVITIES:				
Revenues and Other Support:				
Gross campaign results	\$ 967,617	\$ -	\$ 967,617	\$ 1,103,943
Donor designation	(43,123)	-	(43,123)	(47,089)
Uncollectible pledges	(68,554)	-	(68,554)	(59,020)
Net Campaign Revenue	855,940	-	855,940	997,834
Other Contributions	8,600	180,785	189,385	184,093
In-kind contributions	90,319	-	90,319	94,695
Special events revenue	3,170	-	3,170	33,861
VITA program revenue	-	21,398	21,398	17,156
Other United Way designations	6,595	-	6,595	14,537
Yearly Luncheon - Annual/Kickoff	12,710	-	12,710	11,878
Service fees	2,438	-	2,438	4,149
Special Events Revenue - Other	34,604	-	34,604	900
Administration Fee	597	-	597	1,930
Returned Allocation Funds	-	-	-	2,500
Miscellaneous	151	-	151	1
Gil Padilla Memorial Fund	-	-	-	10,335
Satisfaction of program restrictions	207,765	(207,765)	-	-
Total Revenues and Other Support	1,222,889	(5,582)	1,217,307	1,373,869
Functional Expenses:				
Gross funds awarded	459,449	-	459,449	480,651
Donor designation	(40,686)	-	(40,686)	(42,940)
Net funds awarded	418,763	-	418,763	437,711
Program services	604,914	-	604,914	671,844
Management and general	53,548	-	53,548	30,856
Fundraising/Campaign	141,686	-	141,686	107,175
United Way of America dues	11,358	-	11,358	13,671
Total Functional Expenses	1,230,269	-	1,230,269	1,261,257
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(7,380)	(5,582)	(12,962)	112,612
NON-OPERATING ACTIVITIES:				
Investment income	56,045	34,072	90,117	34,368
Investment expenses	(11,712)	-	(11,712)	(932)
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	44,333	34,072	78,405	33,436
CHANGE IN NET ASSETS	36,953	28,490	65,443	146,048
NET ASSETS AT BEGINNING OF YEAR	1,246,347	704,774	1,951,121	1,805,073
NET ASSETS AT END OF YEAR	\$ 1,283,300	\$ 733,264	\$ 2,016,564	\$ 1,951,121

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, 2020 with summarized financial information for the year ended June 30, 2019

	PROGRAM SERVICES		SUPPORTING SERVICES			TOTAL	TOTAL
	Allocation to Agencies	Program Services	Management & General	Fund Raising	United Way of America Dues	2020	2019
ALLOCATIONS AND AWARDS							
Agency allocations	\$ 380,033	\$ -	\$ -	\$ -	\$ -	\$ 380,033	\$ 459,449
Donor designations	(33,325)	-	-	-	-	(33,325)	(40,686)
TOTAL ALLOCATIONS AND AWARDS	346,708	-	-	-	-	346,708	418,763
COMPENSATION AND RELATED EXPENSES							
Salaries	-	193,994	27,198	27,209	-	248,401	236,079
Payroll taxes	-	13,149	1,066	3,554	-	17,768	17,048
Benefits	-	31,173	2,528	8,425	-	42,126	32,264
EXPENSES	-	238,316	30,792	39,188	-	308,296	285,391
OTHER EXPENSES							
Grant distributions	-	278,109	-	-	-	278,109	269,555
ERR expense	-	212,500	-	-	-	212,500	-
Marketing	-	41,916	-	8,585	-	50,501	79,920
Paid direct	-	45,837	-	-	-	45,837	47,877
Occupancy	-	10,656	864	2,880	-	14,400	14,399
Yearly luncheon - annual/kickoff	-	6,508	-	6,508	-	13,015	13,338
Office supplies, Computer supplies, Donation tracker tech support	-	12,137	984	3,280	-	16,401	11,783
Campaign supplies and printing/copying	-	3,960	566	2,200	-	6,726	11,573
Miscellaneous expenses, subscriptions, bank charges	-	7,070	573	1,910	-	9,553	11,487
Professional fees	-	-	10,540	-	-	10,540	9,750
Official Functions	-	1,206	98	326	-	1,630	8,505
Special events expense	-	5,401	-	5,401	-	10,802	7,784
Telephone	-	7,063	573	1,909	-	9,544	7,440
Equipment rental & maintenance	-	4,242	344	1,147	-	5,733	4,596
Insurance	-	2,135	173	577	-	2,885	4,563
Postage and shipping	-	3,941	320	1,065	-	5,326	3,659
Membership dues	-	3,093	251	836	-	4,180	2,500
Travel	-	2,190	178	592	-	2,960	2,000
Gil Padilla Memorial Fund	-	-	-	-	-	-	1,993
Payroll Processing	-	1,246	101	337	-	1,683	1,396
Depreciation expense	-	473	38	128	-	639	639
TOTAL OTHER EXPENSES	-	649,683	15,601	37,680	-	702,963	514,757
United Way of America dues	-	-	-	-	11,765	11,765	11,358
TOTAL FUNCTIONAL EXPENSES	\$ 346,708	\$ 887,999	\$ 46,393	\$ 76,868	\$ 11,765	\$ 1,369,733	\$ 1,230,269

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, 2019 with summarized financial information for the year ended June 30, 2018

	PROGRAM SERVICES		SUPPORTING SERVICES			TOTAL	TOTAL
	Allocation to Agencies	Program Services	Management & General	Fund Raising	United Way of America Dues	2019	2018
ALLOCATIONS AND AWARDS							
Agency allocations	\$ 459,449	\$ -	\$ -	\$ -	\$ -	\$ 459,449	\$ 480,651
Donor designations	(40,686)	-	-	-	-	(40,686)	(42,940)
TOTAL ALLOCATIONS AND AWARDS	418,763	-	-	-	-	418,763	437,711
COMPENSATION AND RELATED EXPENSES							
Salaries	-	135,241	26,566	74,272	-	236,079	229,459
Payroll taxes	-	9,766	1,918	5,364	-	17,048	17,465
Benefits	-	18,483	3,631	10,150	-	32,264	32,368
EXPENSES	-	163,490	32,115	89,786	-	285,391	279,292
OTHER EXPENSES							
Grant distributions	-	269,555	-	-	-	269,555	240,890
Marketing	-	66,334	-	13,586	-	79,920	90,501
Paid Direct	-	47,877	-	-	-	47,877	66,270
Occupancy	-	8,249	1,620	4,530	-	14,399	14,400
Yearly Luncheon - Annual/Kickoff	-	6,669	-	6,669	-	13,338	18,662
Office supplies, Computer Supplies, Donation	-	-	-	-	-	-	-
Tracker Tech Support	-	5,901	1,159	4,723	-	11,783	10,088
Campaign supplies and printing/Copying	-	6,148	1,230	4,195	-	11,573	15,315
Miscellaneous expenses, subscriptions, and bank cha	-	6,381	2,047	3,059	-	11,487	5,080
Professional fees	-	-	9,750	-	-	9,750	10,768
Official Functions	-	4,508	394	3,603	-	8,505	4,560
Special events expense	-	3,892	-	3,892	-	7,784	11,830
Telephone	-	4,262	837	2,341	-	7,440	7,571
Equipment rental & maintenance	-	2,633	517	1,446	-	4,596	5,861
Insurance	-	2,614	513	1,436	-	4,563	4,854
Postage and shipping	-	2,096	412	1,151	-	3,659	6,619
Membership dues	-	-	2,500	-	-	2,500	2,392
Travel	-	1,146	225	629	-	2,000	3,449
Gil Padilla Memorial Fund	-	1,993	-	-	-	1,993	10,245
Payroll Processing	-	800	157	439	-	1,396	1,270
Depreciation expense	-	366	72	201	-	639	890
TOTAL OTHER EXPENSES	-	441,424	21,433	51,900	-	514,757	531,515
United Way of America dues	-	-	-	-	11,358	11,358	13,671
TOTAL FUNCTIONAL EXPENSES	\$ 418,763	\$ 604,914	\$ 53,548	\$ 141,686	\$ 11,358	\$ 1,230,269	\$ 1,262,189

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**

As of June 30, 2020 and 2019 and for the years then ended

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (30,599)	\$ 65,443
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	639	639
Unrealized (gain)/loss on investments	70,498	(15,231)
Changes in operating balances:		
(Increase) decrease in interest receivable	6	50
(Increase) decrease in pledges receivable	(12,405)	58,256
(Increase) decrease in VITA program receivable	107	(4,242)
(Increase) decrease in accounts receivable	5,736	(161)
(Increase) decrease in other receivable	(2,414)	-
(Increase) decrease in prepaid expense	43	(593)
Increase (decrease) in accounts payable	(14,538)	13,727
Increase (decrease) in allocations payable	(125,949)	(38,760)
Increase (decrease) in grant awards payable	-	3,000
Increase (decrease) in donor designations payable	3,979	(12,443)
Increase (decrease) in accrued liabilities	9,160	(621)
Net cash provided by (used in) operating activities	<u>(95,737)</u>	<u>69,064</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(1,677)
Redemption of CDs	205,070	202,508
Purchase of CDs	(201,596)	-
Purchase of mutual funds	(314,988)	30,502
Proceeds from sale of mutual funds	79,181	-
Reinvestment of dividends into mutual funds	(44,078)	(59,946)
Net transfers into/(out of) money market funds	(37,207)	(206,664)
Net cash used in investing activities	<u>(313,618)</u>	<u>(35,277)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	66,850	-
Net cash provided by financing activities	<u>66,850</u>	<u>-</u>
NET CHANGE IN CASH & EQUIVALENTS	(342,505)	33,787
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	541,742	507,955
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 199,237</u>	<u>\$ 541,742</u>
 SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
In-kind donations	\$ 55,004	\$ 90,319

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, 2020 and 2019 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.

The Organization’s primary programs are:

- Family Strengthening: Supporting scouting programs, after school services, daycare assistance, home assistance, disease management, wellness clinics, hygiene products, and mentoring.
- Crisis Services: Disaster assistance, services to armed forces, mental health counseling, assistance to victims of domestic violence and child abuse.
- Poverty: Housing, homelessness prevention, medical assistance, food assistance, water assistance, and other services.
- VITA: IRS program to provide free tax preparation for the community.
- Mentoring Program: Mentoring program for local middle schools.
- Emergency & Special Funding: School assistance program, rescue mission support, meals, housing assistance, and other emergencies.
- Community Impact Funding: Grants to help solve new and emerging needs in the community.
- Non-Profit Training and Advocacy: Assist area non-profits in the areas of governance, finance, and donor stewardship.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

See Independent Auditor’s Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2020 and 2019 and for the years then ended

The Organization has net assets with donor restrictions amounting to \$721,886 and \$733,264 as of June 30, 2020 and 2019, respectively.

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 \$0 and \$240,006 as of June 30, 2020 and 2019, respectively.

Investment Income and Expenses

Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

Contributions

The Organization accounts for its contributions in accordance with GAAP whereby contributions received are recorded as with or without donor restriction depending on existence and/or nature of any donor restrictions. Net assets with restrictions are reclassified to net assets without restrictions upon satisfaction of the time or purpose restriction.

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.

Contributed Services and Other In-Kind Contributions

Contributed services are recorded if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the

See Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2020 and 2019 and for the years then ended

Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Functional Allocation of Expenses

The costs of providing the various programs and services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, payroll taxes, and benefits	Time and effort based on time studies
Official functions, insurance, printing & copying, computer supplies, office supplies, telephone, postage & shipping, occupancy costs, equipment rental, travel, subscriptions, depreciation	Allocated using the rate determined on payroll based on time studies on the basis that these categories reflect shared costs amongst employees and are estimated to approximate the related personnel costs
Special events and related	Estimated as 50% program and 50% fundraising based on the nature of the events

All other expenses were allocated based on the specific identification method.

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.

See Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2020 and 2019 and for the years then ended

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 \$10,801 and \$7,784 for the years ended June 30, 2020 and 2019, respectively.

Marketing Costs

The Organization's policy is to expense marketing costs as incurred. The marketing expenses were \$50,501 and \$79,920 for the years ended June 30, 2020 and 2019 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.

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, 2020 and 2019 were \$10,352 and \$5,590, respectively.

New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. The ASU is effective for annual and interim periods beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted. We are continuing to evaluate the impact of this new standard on our financial reporting and disclosures.

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2020 and 2019 and for the years then ended

NOTE 2: PLEDGES RECEIVABLE

Pledges receivable at June 30, 2020 and 2019 consisted of:

	<u>2020</u>	<u>2019</u>
Pledges receivable - current campaign	\$ 473,741	\$ 460,326
Less: Estimated uncollectible pledges	<u>(76,650)</u>	<u>(75,640)</u>
	<u>\$ 397,091</u>	<u>\$ 384,686</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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 31,087	\$ 51,952
Accumulated depreciation	<u>(18,967)</u>	<u>(39,193)</u>
Net property and equipment	<u>\$ 12,120</u>	<u>\$ 12,759</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$639 and \$639, respectively.

In 2020, fully depreciated assets amounting to \$20,865 were retired from use. As of June 30, 2020 and 2019, the cost of fully depreciated assets still being used by the Organization amounted to \$18,293 and \$17,145, respectively.

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, 2020 and 2019 are \$296,215 and \$422,164, respectively.

NOTE 5: PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On April 23, 2020, the Organization received loan proceeds in the amount of \$66,850 under the Paycheck Protection Program (“PPP”). The loan bears interest at a rate 1% per annum. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The Organization expects to meet forgiveness terms in fiscal year 2021 and will recognize the loan to income upon receiving forgiveness. The loan is classified as a current liability as of June 30, 2020.

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2020 and 2019 and for the years then ended

NOTE 6: 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 \$16,413 and \$16,413 as of June 30, 2020 and 2019, respectively.

NOTE 7: 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 \$16,477 and \$12,498 as of June 30, 2020 and 2019, respectively.

NOTE 8: 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, 2020 and 2019, the Organization contributed 7% of participants' compensation to the plan for a cost of \$11,173 and \$13,018 respectively. The expense is included in employee benefits in the statement of functional expenses.

NOTE 9: RESTRICTIONS ON NET ASSETS

Board Designations

As of June 30, 2020, the Organization's board of directors has designated a portion of its net assets without restriction for the following purposes:

<u>Board Designated for:</u>	<u>Amount Designated</u>	<u>Purpose of Designation</u>
Reserves	1,001,804	Six-month operating reserve
New Building	23,690	Set aside for purchase of a building
Community Impact Grant	55,817	Reserved for community impact program in following year
Mentoring	33,000	Reserved for mentoring program in following year
VITA Program	25,000	Reserved for VITA program in following year
Allocation Dollars	81,000	Reserved for organization allocations in following year
Board Designations of Net Assets Without Restriction	<u>\$ 1,220,311</u>	

As of June 30, 2020, \$43,768 of the Organization's net assets without donor restriction were undesignated.

Net Assets with Donor Restrictions Subject to Time and Usage Restrictions

As of June 30, 2020 and 2019, net assets with restrictions consisted of the following restricted balances expected to be satisfied in the next year through the passage of time and expenditure for the program purposes:

See Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2020 and 2019 and for the years then ended

	<u>2020</u>	<u>2019</u>
CPS Program	\$ 31,488	\$ 44,378
Wittels	18,661	18,039
Electrical Repair Recipients	8,237	10,153
Pueblo Water/City of Pueblo Cares Program	10,000	17,500
VITA Program	-	4,693
Mentoring Program Grants	13,500	13,500
Bechtel	5,000	-
30 Club	10,000	-
Packard Foundation/The Denver Foundation	25,000	25,000
	<u>\$ 121,886</u>	<u>\$ 133,264</u>

Net assets released from restriction during the year ended June 30, 2020 totaled \$181,401 and resulted from expenditure for the specified purpose of the grants within the allowable time periods.

Net Assets with Donor Restrictions Subject to Permanent Endowments

As of June 30, 2020 and 2019, net assets with donor restrictions consisted of the following restricted balances for endowments that are expected to be held in perpetuity as endowments and are not subject to appropriate or expenditure:

	<u>2020</u>	<u>2019</u>
El Pomar Foundation Endowment	\$ 500,000	\$ 500,000
Wittels	100,000	100,000
	<u>\$ 600,000</u>	<u>\$ 600,000</u>

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

See Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2020 and 2019 and for the years then ended

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.

The composition of endowment net assets for these funds and the changes in endowment net assets as of June 30, 2020 and 2019 is as follows:

	Short-Term Donor Restrictions	Permanent Endowments	Total
El Pomar Endowment - Beginning Balance	\$ 44,378	\$ 500,000	\$ 544,378
Wittels Trust - Beginning Balance	18,039	100,000	118,039
Investment income:			
El Pomar	3,110	-	3,110
Wittels	622	-	622
Amounts appropriated for expenditure:			
El Pomar	(16,000)	-	(16,000)
Total	<u>\$ 50,149</u>	<u>\$ 600,000</u>	<u>\$ 650,149</u>

	Short-Term Donor Restrictions	Permanent Endowments	Total
Endowment net assets June 30, 2019:			
El Pomar Endowment - Beginning Balance	\$ 31,843	\$ 500,000	\$ 531,843
Wittels Trust - Beginning Balance	12,090	100,000	112,090
Investment income:			
El Pomar	28,123	-	28,123
Wittels	5,949	-	5,949
Amounts appropriated for expenditure:			-
El Pomar	(15,588)	-	(15,588)
Wittels	-	-	-
Total	<u>\$ 62,417</u>	<u>\$ 600,000</u>	<u>\$ 662,417</u>

NOTE 10: 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.

See Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2020 and 2019 and for the years then ended

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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Contributions	<u>\$ 55,004</u>	<u>\$ 90,319</u>
Expenses:		
Marketing	\$ 46,184	\$ 78,359
Rent	4,800	4,800
Special Events	-	5,000
Miscellaneous	4,020	2,160
	<u>\$ 55,004</u>	<u>\$ 90,319</u>

NOTE 11: 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 \$0 and \$2,438 for the years ended June 30, 2020 and 2019, respectively.

NOTE 12: 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.

See Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2020 and 2019 and for the years then ended

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.

Investments in certificates of deposit and money markets are reported at their fair values in the statement of financial position based on their current balance, which approximates fair value due to the short-term nature of the holdings. Marketable securities fair values are based on quoted market prices for those or similar instruments on active exchanges.

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, 2020 and 2019:

	<u>Fair Value</u>	<u>Quote Prices in Active Markets for Identical Assets (Level 1)</u>
<u>June 30, 2020</u>		
Certificates of deposit	\$ 201,596	\$ 201,596
Money market funds	65,131	65,131
Mutual funds:		
Blended equity/bond, domestic	417,645	417,645
Blended equity/bond, international	214,168	214,168
Domestic bond	338,390	338,390
Real estate	52,885	52,885
Bank loan	-	-
Large cap growth (equity)	155,562	155,562
Large cap value (equity)	261,416	261,416
International equity	66,845	66,845
	<u>\$ 1,773,638</u>	<u>\$ 1,773,638</u>

	<u>Fair Value</u>	<u>Quote Prices in Active Markets for Identical Assets (Level 1)</u>
<u>June 30, 2019</u>		
Money market funds	\$ 252,251	\$ 252,251
Mutual funds:		
Blended equity/bond, domestic	421,714	421,714
Blended equity/bond, international	222,058	222,058
Domestic bond	192,666	192,666
Real estate	33,382	33,382
Bank loan	69,373	69,373
Large cap growth (equity)	101,027	101,027
Large cap value (equity)	239,243	239,243
International equity	52,906	52,906
	<u>\$ 1,584,620</u>	<u>\$ 1,584,620</u>

See Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2020 and 2019 and for the years then ended

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 years ended June 30, 2020 and 2019 was as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Interest	\$ 1,799	\$ 2,855
Dividends	72,101	72,031
Distributions	-	-
Realized gains/(loss)	-	-
Net unrealized gain	(70,498)	15,231
Total	<u>\$ 3,402</u>	<u>\$ 90,117</u>

NOTE 13: LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date or general expenditure are as follows:

Cash and cash equivalents (cash unrestricted)	\$ 199,237
Money market - unrestricted	13,362
Investment for reserve - unrestricted	973,703
Pledges receivables - net (see note - 2)	397,091
VITA program receivable	21,291
Other receivable	2,414
Prepaid expenses	7,055
Total assets available for expenditure	<u>1,614,153</u>
Add: Restricted investments above endowment	136,424
Less: Current liabilities	(426,882)
Less: Other net asset restrictions	(71,736)
Net assets available for expenditure	<u>\$ 1,251,959</u>

The Organization's financial assets have been reduced by amounts not available for general use because of donor and board designations. As discussed in Note 9, the board has designated its net assets without donor restrictions, which could be used in times of liquidity challenges. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has historically operated at or near break-even operating results and believes it can continue to fund its operations with its various revenue streams. Should there be a decline in revenues, the Organization may have difficulty in reducing expenses, but has budgetary discretion to reduce costs as needed to ensure ongoing operations and with its existing reserves it believes it has sufficient resources to continue

See Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2020 and 2019 and for the years then ended

operations in foreseeable scenarios. The continued impact of the COVID-19 pandemic raises some uncertainties to the overall economy and the Organization's finances that cannot be reliably predicted at this time.

NOTE 14: SUBSEQUENT EVENTS

Paycheck Protection Program Loan Payable Forgiveness

In December 2020, the full amount of the PPP loan discussed in Note 5 was forgiven.

Management's Evaluation

The Organization 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. The Organization has evaluated subsequent events through January 26, 2021, 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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>MEMBER AGENCIES</u>		
American Red Cross	\$ 11,000	\$ 14,553
Boys and Girls Club of Pueblo	45,585	56,118
Catholic Charities of the Diocese of Pueblo	18,105	22,729
Cooperative Care Center	29,000	29,803
Eastside Child Care Center	38,800	45,456
Pueblo Child Advocacy Center	22,600	24,480
SRDA	32,500	39,160
Salvation Army	10,357	5,973
Southside Children's Center	30,150	34,560
Community Problem Solving	53,881	90,482
Mental & Senior	60,580	53,000
Adjustments	<u>(5,850)</u>	<u>2,449</u>
TOTAL MEMBER ALLOCATIONS	346,708	418,763
Designations to Other Agencies – CCC	13,898	5,033
Designations to Non Member Agencies	<u>19,427</u>	<u>35,653</u>
TOTAL AGENCY FUNDING	33,325	40,686
TOTAL AGENCY FUNDING AND MEMBER ALLOCATIONS	<u>\$ 380,033</u>	<u>\$ 459,449</u>

See Independent Auditor's Report