

United Way of Pueblo County, Colorado, Inc.

Financial Statements and Independent Auditor's Report

June 30, 2015 and 2014

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, 2015 AND 2014:	
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	9-16
Supplemental Schedule of Gross Funds Awarded (unaudited)	18



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 statement of financial position as of June 30, 2015, 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.

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, 2015, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Prior Auditor

The June 30, 2014 financial statements of United Way of Pueblo County, Colorado, Inc. which comprise the statement of financial position as of June 30, 2014, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements are presented for comparative purposes and were audited by a predecessor auditor, Rebecca E. Farrells CPA Inc. The predecessor auditor expressed an unqualified opinion on those financial statements, dated October 28, 2014.

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, 2015 and 2014, 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.

/s/ Artesian CPA, LLC

Denver, Colorado
November 16, 2015

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Cash and cash equivalents (cash unrestricted)	\$ 454,221	\$ 405,641
Certificates of Deposit - Unrestricted	606,300	602,607
Cash - restricted for endowments	15,190	13,103
Investments restricted for endowments	602,609	603,876
Interest receivable	428	241
Pledges receivables - net	436,000	392,184
VITA Program Receivable	18,131	17,799
Receivable (2012 Campaign)	-	20,527
Prepaid expenses	8,861	7,398
Total Current Assets	<u>2,141,740</u>	<u>2,063,376</u>
Other Assets:		
Property and equipment - net	<u>6,402</u>	<u>8,359</u>
TOTAL ASSETS	<u>\$ 2,148,142</u>	<u>\$ 2,071,735</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 12,997	\$ 9,438
Allocations payable	502,125	501,262
Grant awards payable	16,000	16,000
Refundable Advances - LP	3,480	3,190
Donor designations payable	29,795	26,412
Funds Held For Others - EPIC Program	-	14,402
Accrued liabilities	<u>16,375</u>	<u>12,862</u>
TOTAL LIABILITIES	<u>580,772</u>	<u>583,566</u>
NET ASSETS		
Unrestricted:		
Board Designated for:		
Agency loans	12,277	12,277
Community Impact Funding	55,817	55,817
Mentoring Program	21,000	3,798
Undesignated	<u>795,185</u>	<u>757,655</u>
Total unrestricted	884,279	829,547
Temporarily restricted	83,091	58,622
Permanently restricted	<u>600,000</u>	<u>600,000</u>
TOTAL NET ASSETS	<u>1,567,370</u>	<u>1,488,169</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,148,142</u>	<u>\$ 2,071,735</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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals 2015</u>
REVENUES, GAINS AND OTHER SUPPORT				
Gross campaign results	\$ 1,109,515	\$ 15,000	\$ -	\$ 1,124,515
Donor designation	(72,909)			(72,909)
Uncollectible pledges	(65,314)			(65,314)
Net Campaign Revenue	971,292	15,000	-	986,292
Service fees	4,078			4,078
In-kind contributions	38,912			38,912
Investment income	4,560	4,478		9,038
Other contributions		181,915		181,915
Gil Padilla Memorial Fund	8,400			8,400
Waldo Canyon Fire	-			-
Other United Way Designations	658			658
Administration Fee	-			-
Official Functions Revenue	13,464			13,464
Special events revenue	37,008			37,008
Miscellaneous	352			352
Satisfaction of program restrictions	176,924	(176,924)		-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,255,648</u>	<u>24,469</u>	<u>-</u>	<u>1,280,117</u>
FUNCTIONAL EXPENSES				
Gross funds awarded	596,456			596,456
Donor designation	(68,831)			(68,831)
Net funds awarded	527,625	-	-	527,625
Program services	544,422			544,422
Management and general	31,037			31,037
Fundraising	86,961			86,961
United Way of America dues	10,872			10,872
TOTAL EXPENSES	<u>1,200,917</u>	<u>-</u>	<u>-</u>	<u>1,200,917</u>
CHANGE IN NET ASSETS	54,731	24,469	-	79,200
NET ASSETS AT BEGINNING OF YEAR	<u>829,548</u>	<u>58,622</u>	<u>600,000</u>	<u>1,488,170</u>
NET ASSETS AT END OF YEAR	<u>\$ 884,279</u>	<u>\$ 83,091</u>	<u>\$ 600,000</u>	<u>\$ 1,567,370</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, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2014
REVENUES, GAINS AND OTHER SUPPORT				
Gross campaign results	\$ 1,028,784	\$ -	\$ -	\$ 1,028,784
Donor designation	(55,331)			(55,331)
Uncollectible pledges	(82,992)			(82,992)
Net Campaign Revenue	890,461	-	-	890,461
Service fees	3,727			3,727
In-kind contributions	38,918			38,918
Investment income	2,340	4,876		7,216
Other Contributions	-	138,232		138,232
Gil Padilla Memorial Fund	1,750			1,750
Waldo Canyon Fire	-			-
Other United Way Designations	2,675			2,675
Administration Fee	1,641			1,641
Official Functions Revenue	12,480			12,480
Special events revenue	27,564			27,564
Miscellaneous	225			225
Satisfaction of program restrictions	198,696	(198,696)		-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,180,477	(55,588)	-	1,124,889
FUNCTIONAL EXPENSES				
Gross funds awarded	569,729			569,729
Donor designation	(51,604)			(51,604)
Net funds awarded	518,125	-	-	518,125
Program services	486,218			486,218
Management and general	30,254			30,254
Fundraising	85,751			85,751
United Way of America dues	10,454			10,454
TOTAL EXPENSES	1,130,802	-	-	1,130,802
CHANGE IN NET ASSETS	49,675	(55,588)	-	(5,913)
NET ASSETS AT BEGINNING OF YEAR	779,872	114,210	600,000	1,494,082
NET ASSETS AT END OF YEAR	\$ 829,547	\$ 58,622	\$ 600,000	\$ 1,488,169

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, 2015

	Program Services	SUPPORTING SERVICES			Total 2015
		Management & General	Fund Raising	United Way of America Dues	
ALLOCATIONS AND AWARDS					
Agency allocations	\$ 596,456	\$ -	\$ -	\$ -	\$ 596,456
Donor designations	(68,831)	-	-	-	(68,831)
Total Allocations and Awards	527,625	-	-	-	527,625
COMPENSATION AND RELATED EXPENSES					
Salaries	164,364	13,232	46,154	-	223,751
Payroll taxes	12,660	1,026	3,422	-	17,108
Benefits	21,595	1,751	5,836	-	29,182
Total Compensation and Related Expenses	198,619	16,010	55,412	-	270,041
OTHER EXPENSES					
Grant distributions	201,407	-	-	-	201,407
Career training	-	-	-	-	-
Professional fees	-	10,429	-	-	10,429
Office supplies, Computer Supplies, Donation Tracker Tech Support	6,955	564	1,880	-	9,399
Campaign supplies and printing/Copying	8,377	1,025	3,858	-	13,261
Postage and shipping	5,582	453	1,509	-	7,544
Payroll Processing	833	68	225	-	1,126
Paid Direct	44,905	-	-	-	44,905
Marketing	27,732	-	5,680	-	33,412
Gil Padilla Memorial Fund	9,210	-	-	-	9,210
Insurance	2,609	212	705	-	3,525
Occupancy	7,104	576	1,920	-	9,600
Equipment rental & maintenance	1,603	130	433	-	2,166
Travel	3,240	263	876	-	4,378
Membership dues	1,018	83	275	-	1,376
Special events expense	8,348	-	8,348	-	16,696
Official Functions	12,123	841	4,554	-	17,518
Miscellaneous expenses	2,583	209	698	-	3,490
Depreciation expense	2,175	176	588	-	2,939
TOTAL OTHER EXPENSES	345,803	15,028	31,548	-	392,379
United Way of America dues	-	-	-	10,872	10,872
TOTAL FUNCTIONAL EXPENSES	\$ 1,072,047	\$ 31,037	\$ 86,961	\$ 10,872	\$ 1,200,917

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, 2014

	Program Services	SUPPORTING SERVICES			Total 2014
		Management & General	Fund Raising	United Way of America Dues	
ALLOCATIONS AND AWARDS					
Agency allocations	\$ 569,729	\$ -	\$ -	\$ -	\$ 569,729
Donor designations	(51,604)	-	-	-	(51,604)
Total Allocations and Awards	518,125	-	-	-	518,125
COMPENSATION AND RELATED EXPENSES					
Salaries	161,096	12,965	45,227	-	219,288
Payroll taxes	12,404	1,006	3,353	-	16,763
Benefits	17,386	1,410	4,699	-	23,495
Total Compensation and Related Expenses	190,886	15,381	53,279	-	259,546
OTHER EXPENSES					
Grant distributions	181,446	-	-	-	181,446
Professional fees	-	9,903	-	-	9,903
Office supplies, Computer Supplies, Donation Tracker Tech Support	7,113	577	1,922	-	9,612
Campaign supplies and printing/Copying	10,389	1,450	5,604	-	17,443
Postage and shipping	4,038	327	1,091	-	5,456
Payroll Processing	739	60	200	-	999
Paid Direct	20,764	-	-	-	20,764
Marketing	27,261	-	5,584	-	32,845
Gil Padilla Memorial Fund	2,500	-	-	-	2,500
Insurance	2,510	203	678	-	3,391
Occupancy	6,808	552	1,840	-	9,200
Equipment rental & maintenance	1,100	89	297	-	1,486
Travel	3,340	271	903	-	4,514
Membership dues	1,099	89	297	-	1,485
Special events expense	7,149	-	7,149	-	14,298
Official Functions	13,765	921	5,472	-	20,158
Miscellaneous expenses	2,701	219	730	-	3,650
Depreciation expense	2,610	212	705	-	3,527
TOTAL OTHER EXPENSES	295,332	14,873	32,472	-	342,677
United Way of America dues	-	-	-	10,454	10,454
TOTAL FUNCTIONAL EXPENSES	\$ 1,004,343	\$ 30,254	\$ 85,751	\$ 10,454	\$ 1,130,802

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 79,201	\$ (5,912)
Adjustments to reconcile change in net assets to net provided by (used in) operating activities:		
Depreciation	2,939	3,527
(Increase) decrease in interest receivable	(187)	98
(Increase) decrease in pledges receivable	(43,816)	(1,225)
(Increase) decrease in VITA Program Receivable	(332)	(17,799)
(Increase) decrease in Receivable	20,527	(20,527)
(Increase) decrease in prepaid expense	(1,464)	540
Increase (decrease) in accounts payable	3,559	5,022
Increase (decrease) in allocations payable	863	(19,748)
Increase (decrease) in grant awards payable		
Increase (decrease) in Refundable Advances - LP	290	3,190
Increase (decrease) in donor designations payable	3,383	(12,479)
Increase (decrease) in funds held for others	(14,402)	5,172
Increase (decrease) in accrued liabilities	3,513	(272)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>54,074</u>	<u>(60,413)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(982)	(1,907)
Purchase of Investments	(457,414)	(463,766)
Proceeds From Investments Redeemed	454,989	434,721
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(3,407)</u>	<u>(30,952)</u>
NET CHANGE IN CASH & CASH EQUIVALENTS	50,667	(91,365)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>418,744</u>	<u>510,109</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 469,411</u>	<u>\$ 418,744</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
In-kind donations	38,912	38,918

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 and for the years ended June 30, 2015 and 2014

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Pueblo County, Colorado, Inc. (United Way Pueblo) 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 the 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. 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 accounting principles generally accepted in the United States of America 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 cash in bank for cash and investments in total exceeds the federally insured limits by approximately \$467,899 and \$4,406 as of June 30, 2015 and 2014, respectively.

Contributions

The Organization accounts for contributions in accordance with generally accepted accounting principles (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 and for the years ended June 30, 2015 and 2014

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 and assets, decrease in liabilities or expenses depending on the form of benefits 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 \$16,696 and \$14,299 for the years ended June 30, 2015 and 2014, respectively.

Marketing Costs

The Organization's policy is to expense marketing costs as incurred. The marketing expenses were \$32,845 and \$32,844 for the periods ended June 30, 2015 and 2014, 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.

See accompanying Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2015 and 2014

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, 2015 and 2014 were \$9,134 and \$6,586, respectively.

NOTE 2: PLEDGES RECEIVABLE

Pledges receivable at June 30, 2015 and 2014 consisted of:

	<u>2015</u>	<u>2014</u>
Pledges receivable - current campaign	\$509,150	\$464,844
Less: Estimated uncollectible pledges	<u>(73,150)</u>	<u>(72,660)</u>
	<u>\$436,000</u>	<u>\$392,184</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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 38,989	\$ 38,007
Accumulated Depreciation	<u>(32,587)</u>	<u>(29,648)</u>
Net Property and Equipment	<u>\$ 6,402</u>	<u>\$ 8,359</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$2,939 and \$3,527.

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, 2015 and 2014 are \$502,125 and \$501,262 respectively.

See accompanying Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2015 and 2014

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 \$16,000 and \$16,000 as of June 30, 2015 and 2014, 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 \$29,795 and \$26,412 as of June 30, 2015 and at June 30, 2014.

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, 2015 and 2014, the Organization contributed 7% of participants' compensation to the plan for a cost of \$15,232 and \$14,402 respectively. The expense is included in employee benefits in the statement of functional expenses.

NOTE 8: RESTRICTIONS ON NET ASSETS

As of June 30, 2015 and 2014, temporarily restricted net assets consisted of the following:

	<u>2015</u>	<u>2014</u>
CPS Program	\$ 10,000	\$ -
El Pomar Foundation Endowment	-	5,522
Wittels	10,948	11,040
Electrical repair recipients	10,192	11,079
Utility needs program	-	5,000
Mentoring program	28,581	16,051
Packard Foundation	15,000	-
VITA Program	8,370	9,930
	<u>\$ 83,091</u>	<u>\$ 58,622</u>

As of June 30, 2015 and 2014, permanently restricted net assets consisted of the following:

	<u>2015</u>	<u>2014</u>
El Pomar Foundation Endowment	\$ 500,000	\$ 500,000
Wittels	100,000	100,000
	<u>\$ 600,000</u>	<u>\$ 600,000</u>

See accompanying Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2015 and 2014

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.

The composition of endowment net assets for these funds and the changes in endowment net assets as of June 30, 2015 and 2014 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets June 30, 2015			
El Pomar Endowment - Beginning Balance	\$ 5,522	\$ 500,000	\$505,522
Wittels Trust - Beginning Balance	11,040	100,000	111,040
Investment income:			
El Pomar	3,537	-	3,537
Wittels	374	-	374
Amounts appropriated for expenditure:			-
El Pomar	(9,059)	-	(9,059)
Wittels	(467)	-	(467)
Total	<u>\$ 10,947</u>	<u>\$ 600,000</u>	<u>\$610,947</u>

See accompanying Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2015 and 2014

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets June 30, 2014			
El Pomar Endowment - Beginning Balance	\$ 17,230	\$ 500,000	\$517,230
Wittels Trust - Beginning Balance	10,872	100,000	110,872
Investment income:			
El Pomar	4,292	-	4,292
Wittels	584	-	584
Amounts appropriated for expenditure:			
El Pomar	(16,000)	-	(16,000)
Wittels	(417)	-	(417)
Total	<u>\$ 16,561</u>	<u>\$ 600,000</u>	<u>\$616,561</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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Contributions	<u>\$ 38,912</u>	<u>\$ 38,918</u>
Expenses:		
Marketing	\$ 26,372	\$ 25,078
Rent	7,000	7,000
Special Events	3,500	4,800
Miscellaneous	2,040	2,040
	<u>\$ 38,912</u>	<u>\$ 38,918</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

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2015 and 2014

Membership Standard M. Total Service fees are \$4,078 and \$3,727 for the periods June 30, 2015 and 2014, 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, 2015, and 2014:

	<u>Fair Value</u>	<u>Quote Prices in Active Markets for Identical Assets (Level 1)</u>
<u>June 30, 2015</u>		
Money Market and Certificates of Deposit	<u>\$1,208,909</u>	<u>\$ 1,208,909</u>
<u>June 30, 2014</u>		
Money Market and Certificates of Deposit	<u>\$1,206,483</u>	<u>\$ 1,206,483</u>

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

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2015 and 2014

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 16, 2015, 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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>MEMBER AGENCIES</u>		
American Red Cross	\$ 14,125	\$ 14,125
Boy Scouts, Rocky Mountain Council	39,000	39,000
Boys and Girls Club of Pueblo	60,000	57,300
Catholic Charities of the Diocese of Pueblo	28,000	28,000
Cooperative Care Center	29,659	27,350
Eastside Child Care Center	45,000	44,000
Hearing Project ESA	-	3,500
Pueblo Child Advocacy Center	25,000	23,400
Pueblo Community Health Center	3,341	8,000
Suicide Prevention Center	46,000	45,250
SRDA	39,500	39,150
Salvation Army	29,000	26,000
Southside Children's Center	34,000	36,000
Young Womens Christian Assoc. (YWCA)	51,000	55,050
Community Impact Grant	32,000	23,500
Mental & Senior	52,000	48,500
	<hr/>	<hr/>
TOTAL MEMBER ALLOCATIONS	527,625	518,125
Designations to Other Agencies – CCC	19,349	20,081
Designations to Non Member Agencies	49,482	31,523
	<hr/>	<hr/>
TOTAL AGENCY FUNDING	<u>\$ 596,456</u>	<u>\$ 569,729</u>

See accompanying Independent Auditor's Report