

United Way of Pueblo County, Colorado, Inc.

Financial Statements and Independent Auditor's Report

June 30, 2016 and 2015

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, 2016 and 2015, 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, 2016 and 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 – 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, 2016 and 2015, 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
December 5, 2016

Artesian CPA, LLC

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UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Cash and cash equivalents (cash unrestricted)	\$ 467,960	\$ 454,221
Certificates of Deposit - unrestricted	602,479	606,300
Cash - restricted for endowments	274,836	15,190
Investments restricted for endowments	353,661	602,609
Interest receivable	495	428
Pledges receivables, net	423,315	436,000
VITA program receivable	20,365	18,131
Accounts receivable - Golden Corral	4,753	-
Prepaid expenses	6,865	8,861
Total Current Assets	<u>2,154,729</u>	<u>2,141,740</u>
Other Assets:		
Property and equipment, net	4,469	6,402
TOTAL ASSETS	<u><u>\$ 2,159,198</u></u>	<u><u>\$ 2,148,142</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 38,633	\$ 12,997
Allocations payable	483,500	502,125
Grant awards payable	10,000	16,000
Refundable advances - LP	5,976	3,480
Donor designations payable	32,807	29,795
Accrued liabilities	17,678	16,375
Total Current Liabilities	<u>588,594</u>	<u>580,772</u>
Total Liabilities	<u>588,594</u>	<u>580,772</u>
Net Assets		
Unrestricted:		
Board Designated for:		
Agency loans	12,277	12,277
Community Impact Funding	55,817	55,817
Mentoring Program	64,000	21,000
Undesignated	798,068	795,185
Total unrestricted	<u>930,162</u>	<u>884,279</u>
Temporarily restricted	40,442	83,091
Permanently restricted	600,000	600,000
Total Net Assets	<u>1,570,604</u>	<u>1,567,370</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,159,198</u></u>	<u><u>\$ 2,148,142</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, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2016	Totals 2015
REVENUES, GAINS AND OTHER SUPPORT					
Gross campaign results	\$ 1,041,579	\$ -	\$ -	1,041,579	1,124,515
Donor designation	(75,302)	-	-	(75,302)	(72,909)
Uncollectible pledges	(70,153)	-	-	(70,153)	(65,314)
Net Campaign Revenue	896,124	-	-	896,124	986,292
Service fees	5,791	-	-	5,791	4,078
In-kind contributions	46,936	-	-	46,936	38,912
Investment income	5,662	3,736	-	9,398	9,038
Other Contributions		132,813	-	132,813	181,915
Gil Padilla Memorial Fund	500	-	-	500	8,400
Other United Way Designations	1,294	-	-	1,294	658
Administration Fee	1,845	-	-	1,845	-
Special Events Revenue - Other	2,740	-	-	2,740	13,464
Yearly Luncheon - Annual/Kickoff	15,155	-	-	15,155	-
VITA Program Revenue Receivable	-	20,365	-	20,365	-
Special events revenue	37,053	-	-	37,053	37,008
New Building Donation	23,690	5,000	-	28,690	-
Miscellaneous	3,021	-	-	3,021	352
Satisfaction of program restrictions	204,563	(204,563)	-	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,244,374	(42,649)	-	1,201,724	1,280,117
FUNCTIONAL EXPENSES					
Gross funds awarded	563,676	-	-	563,676	596,456
Donor designation	(69,511)	-	-	(69,511)	(68,831)
Net funds awarded	494,165	-	-	494,165	527,625
Program serviced	567,463	-	-	567,463	544,422
Management and general	31,554	-	-	31,554	31,037
Fundraising/Campaign	93,559	-	-	93,559	86,961
United Way of America dues	11,750	-	-	11,750	10,872
TOTAL EXPENSES	1,198,491	-	-	1,198,491	1,200,917
CHANGE IN NET ASSETS	45,883	(42,649)	-	3,234	79,200
NET ASSETS AT BEGINNING OF YEAR	884,279	83,091	600,000	1,567,370	1,488,170
NET ASSETS AT END OF YEAR	\$ 930,162	\$ 40,442	\$ 600,000	\$1,570,604	\$1,567,370

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 FUNCTIONAL EXPENSES
For the year ended June 30, 2016

	Supporting Services			Total 2016	Total 2015
	Program Services	Management & General	Fund Raising		
ALLOCATIONS AND AWARDS					
Agency allocations	\$ 563,676	\$ -	\$ -	\$ 563,676	\$ 596,456
Donor designations	(69,511)	-	-	(69,511)	(68,831)
TOTAL ALLOCATIONS AND AWARDS	494,165	-	-	494,165	527,625
COMPENSATION AND RELATED EXPENSES					
Salaries	167,659	13,498	47,081	228,238	223,751
Payroll taxes	12,921	1,048	3,492	17,461	17,108
Benefits	20,675	1,676	5,588	27,939	23,495
TOTAL COMPENSATION AND RELATED EXPENSES	201,255	16,222	56,161	273,638	264,354
OTHER EXPENSES					
Grant distributions	220,351	-	-	220,351	201,407
Paid Direct	44,459	-	-	44,459	44,905
Marketing	33,789	-	6,920	40,709	33,412
Yearly Luncheon - Annual/Kickoff	6,981	-	6,981	13,962	-
Campaign supplies and printing/Copying	8,453	973	3,611	13,037	13,261
Occupancy	9,153	742	2,474	12,369	9,600
Professional fees	-	10,656	-	10,656	10,429
Special events expense	4,413	-	4,413	8,826	16,696
Office supplies, Computer Supplies, Donation					
Tracker, Tech Support	6,363	516	1,720	8,599	9,399
Postage and shipping	5,553	450	1,501	7,504	7,544
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	3,490
Insurance	3,175	257	858	4,290	3,525
Travel	3,078	250	832	4,160	4,378
Telephone	2,280	185	616	3,081	-
Depreciation expense	1,982	161	536	2,679	2,939
Equipment rental & maintenance	1,271	103	343	1,717	2,166
Membership dues	1,088	88	294	1,470	1,376
Payroll Processing	708	57	191	956	1,126
Official Functions	658	53	178	889	17,518
Career training	-	116	-	116	-
Gil Padilla Memorial Fund	-	-	-	-	9,210
TOTAL OTHER EXPENSES	366,208	15,332	37,398	418,938	392,379
United Way of America dues	-	11,750	-	11,750	10,872
TOTAL FUNCTIONAL EXPENSES	\$1,061,628	\$ 43,304	\$ 93,559	\$1,198,491	\$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, 2015

	SUPPORTING SERVICES				Total 2015
	Program Services	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.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,234	\$ 79,200
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,679	2,939
Changes in operating balances:		
(Increase) decrease in interest receivable	(67)	(186)
(Increase) decrease in pledges receivable	12,684	(43,816)
(Increase) decrease in VITA program receivable	(2,234)	(332)
(Increase) decrease in receivable	(4,753)	20,527
(Increase) decrease in prepaid expense	1,999	(1,464)
Increase (decrease) in accounts payable	25,633	3,559
Increase (decrease) in allocations payable	(18,625)	863
Increase (decrease) in grant awards payable	(6,000)	-
Increase (decrease) in refundable advances - LP	2,496	290
Increase (decrease) in donor designations payable	3,012	3,383
Increase (decrease) in funds held for others	-	(14,402)
Increase (decrease) in accrued liabilities	1,303	3,513
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,361	54,074
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(745)	(982)
Purchase of investments	(249,340)	(457,414)
Proceeds from investments redeemed	502,109	454,989
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	252,024	(3,407)
NET INCREASE (DECREASE) IN CASH & EQUIVALENTS	273,385	50,667
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	469,411	418,744
CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 742,796	\$ 469,411
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
In-kind donations	\$ 46,936	\$ 38,912

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, 2016 and 2015 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 cash in bank for cash and investments in total exceeds the federally insured limits by approximately \$242,845 and \$467,899 as of June 30, 2016 and 2015, 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.

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
NOTES TO FINANCIAL STATEMENTS
As of June 30, 2016 and 2015 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 \$8,826 and \$16,696 for the years ended June 30, 2016 and 2015, respectively.

Marketing Costs

The Organization's policy is to expense marketing costs as incurred. The marketing expenses were \$40,709 and \$33,412 for the periods ended June 30, 2016 and 2015, 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, 2016 and 2015 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, 2016 and 2015 are \$483,500 and \$502,125, 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 \$10,000 and \$16,000 as of June 30, 2016 and 2015, 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 \$32,807 and \$29,795 as of June 30, 2016 and 2015, 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, 2016 and 2015, the Organization contributed 7% of participants' compensation to the plan for a cost of \$15,533 and \$15,232 respectively. The expense is included in employee benefits in the statement of functional expenses.

NOTE 8: RESTRICTIONS ON NET ASSETS

As of June 30, 2016 and 2015, temporarily restricted net assets consisted of the following:

	<u>2016</u>	<u>2015</u>
CPS Program	\$ -	\$ 10,000
Wittels	11,278	10,948
Electrical repair recipients	9,816	10,192
Temple Hoyne Buell Foundation building grant	5,000	-
Mentoring program	3,000	28,581
Packard Foundation	-	15,000
VITA Program	11,348	8,370
	<u>\$ 40,442</u>	<u>\$ 83,091</u>

See accompanying Independent Auditor's Report

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
NOTES TO FINANCIAL STATEMENTS
As of June 30, 2016 and 2015 and for the years then ended

As of June 30, 2016 and 2015, permanently restricted net assets consisted of the following:

	<u>2016</u>	<u>2015</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, 2016 and 2015 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, 2016 and 2015 is as follows:

	<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>

	<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	375	-	375
Amounts appropriated for expenditure:			
El Pomar	(9,059)	-	(9,059)
Wittels	(467)	-	(467)
Total	<u>\$ 10,948</u>	<u>\$ 600,000</u>	<u>\$ 610,948</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, 2016 and 2015 are as follows:

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
NOTES TO FINANCIAL STATEMENTS
As of June 30, 2016 and 2015 and for the years then ended

	<u>2016</u>	<u>2015</u>
Contributions	<u>\$ 46,936</u>	<u>\$ 38,912</u>
Expenses:		
Marketing	\$ 35,253	\$ 26,372
Rent	6,083	7,000
Special Events	3,500	3,500
Miscellaneous	2,100	2,040
	<u>\$ 46,936</u>	<u>\$ 38,912</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 \$5,791 and \$4,078 for the years ended June 30, 2016 and 2015, 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, 2016, and 2015:

UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.
NOTES TO FINANCIAL STATEMENTS
As of June 30, 2016 and 2015 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, 2016</u>		
Money Market and Certificates of Deposit	<u>\$ 956,140</u>	<u>\$ 956,140</u>
<u>June 30, 2015</u>		
Money Market and Certificates of Deposit	<u>\$1,208,909</u>	<u>\$ 1,208,909</u>

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

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 December 5, 2016, 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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>MEMBER AGENCIES</u>		
American Red Cross	\$ 15,800	\$ 14,125
Boy Scouts, Rocky Mountain Council	39,500	39,000
Boys and Girls Club of Pueblo	60,000	60,000
Catholic Charities of the Diocese of Pueblo	29,000	28,000
Cooperative Care Center	34,000	29,659
Eastside Child Care Center	47,600	45,000
Return of previous allocations - Hearing Project	(6,835)	-
Pueblo Child Advocacy Center	26,000	25,000
Pueblo Community Health Center	3,461	3,341
Suicide Prevention Center	-	46,000
SRDA	41,000	39,500
Salvation Army	32,639	29,000
Southside Children's Center	36,000	34,000
Young Womens Christian Assoc. (YWCA)	51,000	51,000
Community Impact Grant	32,000	32,000
Mental & Senior	53,000	52,000
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TOTAL MEMBER ALLOCATIONS	494,165	527,625
Designations to Other Agencies – CCC	19,187	19,349
Designations to Non Member Agencies	50,324	49,482
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TOTAL AGENCY FUNDING	<u>\$ 563,676</u>	<u>\$ 596,456</u>

See accompanying Independent Auditor's Report