

**United Way of Pueblo County, Colorado, Inc.**

Financial Statements and Independent Auditor's Report

June 30, 2018 and 2017

# 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, 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 12, 2018

## Artesian CPA, LLC

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**UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and cash equivalents (cash unrestricted)	\$ 457,538	\$ 525,177
Cash - restricted for endowments	50,417	35,013
Certificates of deposit - unrestricted	202,508	402,046
Money market - unrestricted	2,926	202,909
Investments restricted for endowments:		
Certificates of deposit	-	101,372
Mutual funds	627,272	512,779
Investment for Reserve - unrestricted:		
Money market - unrestricted for reserve	250,785	-
Mutual Funds	398,197	-
Interest receivable	56	365
Pledges receivables - net	442,942	479,338
VITA Program Receivable	17,156	18,588
Accounts Receivable - Golden Corral	5,575	5,658
Accounts Receivable - D M Meminger withdrawal	-	445
Prepaid expenses	6,505	6,738
Total Current Assets	<u>2,461,877</u>	<u>2,290,428</u>
Other Assets:		
Property and equipment - net	<u>11,721</u>	<u>2,071</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,473,598</u></b>	<b><u>\$ 2,292,499</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 7,677	\$ 9,255
Allocations payable	460,924	410,669
Grant awards payable	13,413	12,325
Refundable Advances - LP	-	5,832
Donor designations payable	24,941	36,670
Accrued liabilities	15,522	12,675
Total Current Liabilities	<u>522,477</u>	<u>487,426</u>
Total Liabilities	<u>522,477</u>	<u>487,426</u>
Net Assets:		
Unrestricted:		
Board Designated for:		
Agency loans	12,277	12,277
Community Impact Funding	55,817	55,817
Mentoring Program	66,000	66,000
Undesignated	1,112,253	1,011,449
Total unrestricted	<u>1,246,347</u>	<u>1,145,543</u>
Temporarily restricted	104,774	59,530
Permanently restricted	600,000	600,000
Total Net Assets	<u>1,951,121</u>	<u>1,805,073</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,473,598</u></b>	<b><u>\$ 2,292,499</u></b>

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, 2018**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTALS 2018	TOTALS 2017
REVENUES, GAINS AND OTHER SUPPORT					
Gross campaign results	\$ 1,103,943	\$ -	\$ -	\$ 1,103,943	\$ 1,081,756
Donor designation	(47,089)	-	-	(47,089)	(70,999)
Uncollectible pledges	(59,020)	-	-	(59,020)	(51,099)
Net Campaign Revenue	997,834	-	-	997,834	959,658
Other Contributions	2,670	181,423	-	184,093	210,143
In-kind contributions	94,695	-	-	94,695	47,653
Special events revenue	33,861	-	-	33,861	41,634
Investment income	5,118	29,250	-	34,367	32,984
VITA program revenue	-	17,156	-	17,156	18,588
Other United Way Designations	14,537	-	-	14,537	14,513
New building donation	-	-	-	-	10,000
Yearly Luncheon - Annual/Kickoff	11,878	-	-	11,878	6,952
Wells Fargo grant	-	-	-	-	5,000
Service fees	4,149	-	-	4,149	3,860
Special Events Revenue - Other	900	-	-	900	3,220
Administration Fee	1,930	-	-	1,930	1,478
Returned Allocation Funds	2,500	-	-	2,500	1,478
Miscellaneous	1	-	-	1	212
Gil Padilla Memorial Fund	10,336	-	-	10,336	-
Satisfaction of program restrictions	182,585	(182,585)	-	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,362,994	45,244	-	1,408,238	1,355,895
FUNCTIONAL EXPENSES					
Gross funds awarded	480,651	-	-	480,651	504,649
Donor designation	(42,940)	-	-	(42,940)	(67,139)
Net funds awarded	437,711	-	-	437,711	437,510
Program services	671,844	-	-	671,844	548,910
Management and general	31,788	-	-	31,788	31,301
Fundraising/Campaign	107,175	-	-	107,175	91,090
United Way of America dues	13,671	-	-	13,671	12,615
TOTAL EXPENSES	1,262,190	-	-	1,262,190	1,121,426
CHANGE IN NET ASSETS	100,804	45,244	-	146,048	234,469
NET ASSETS AT BEGINNING OF YEAR	1,145,543	59,530	600,000	1,805,073	1,570,604
NET ASSETS AT END OF YEAR	\$ 1,246,347	\$ 104,774	\$ 600,000	\$ 1,951,121	\$ 1,805,073

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

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

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTALS 2017</u>
REVENUES, GAINS AND OTHER SUPPORT				
Gross campaign results	\$ 1,081,756	\$ -	\$ -	\$ 1,081,756
Donor designation	(70,999)	-	-	(70,999)
Uncollectible pledges	(51,099)	-	-	(51,099)
Net Campaign Revenue	959,658	-	-	959,658
Other Contributions	90,558	119,585	-	210,143
In-kind contributions	47,653	-	-	47,653
Special events revenue	41,634	-	-	41,634
Investment income	6,100	26,884	-	32,984
VITA Program Revenue Receivable	-	18,588	-	18,588
Other United Way Designations	14,513	-	-	14,513
New building donation	-	10,000	-	10,000
Yearly Luncheon - Annual/Kickoff	6,952	-	-	6,952
Wells Fargo grant	5,000	-	-	5,000
Service fees	3,860	-	-	3,860
Special Events Revenue - Other	3,220	-	-	3,220
Administration Fee	1,478	-	-	1,478
Miscellaneous	212	-	-	212
Gil Padilla Memorial Fund	-	-	-	-
Satisfaction of program restrictions	155,969	(155,969)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,336,807</u>	<u>19,088</u>	<u>-</u>	<u>1,355,895</u>
FUNCTIONAL EXPENSES				
Gross funds awarded	504,649	-	-	504,649
Donor designation	(67,139)	-	-	(67,139)
Net funds awarded	437,510	-	-	437,510
Program services	548,910	-	-	548,910
Management and general	31,301	-	-	31,301
Fundraising/Campaign	91,090	-	-	91,090
United Way of America dues	12,615	-	-	12,615
TOTAL EXPENSES	<u>1,121,426</u>	<u>-</u>	<u>-</u>	<u>1,121,426</u>
CHANGE IN NET ASSETS	215,381	19,088	-	234,469
NET ASSETS AT BEGINNING OF YEAR	<u>930,162</u>	<u>40,442</u>	<u>600,000</u>	<u>1,570,604</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,145,543</u>	<u>\$ 59,530</u>	<u>\$ 600,000</u>	<u>\$ 1,805,073</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, 2018**

	PROGRAM SERVICES		SUPPORTING SERVICES			TOTAL	TOTAL
	Allocation to Agencies	Program Services	Management & General	Fund Raising	United Way of America Dues	2018	2017
<b>ALLOCATIONS AND AWARDS</b>							
Agency allocations	\$ 480,651	\$ -	\$ -	\$ -	\$ -	\$ 480,651	\$ 504,649
Donor designations	(42,940)	-	-	-	-	(42,940)	(67,139)
<b>TOTAL ALLOCATIONS AND AWARDS</b>	<b>437,711</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>437,711</b>	<b>437,510</b>
<b>COMPENSATION AND RELATED EXPENSES</b>							
Salaries		170,493	11,930	47,036	-	229,459	224,526
Payroll taxes		12,924	1,048	3,493	-	17,465	17,165
Benefits		23,952	1,942	6,474	-	32,368	24,377
<b>EXPENSES</b>	<b>-</b>	<b>207,369</b>	<b>14,920</b>	<b>57,003</b>	<b>-</b>	<b>279,292</b>	<b>266,068</b>
<b>OTHER EXPENSES</b>							
Grant distributions	-	240,890	-	-	-	240,890	213,293
Marketing	-	75,116	-	15,385	-	90,501	45,647
Paid Direct	-	66,270	-	-	-	66,270	36,179
Yearly Luncheon - Annual/Kickoff	-	9,331	-	9,331	-	18,662	13,420
Campaign supplies and printing/Copying	-	8,688	1,342	5,285	-	15,315	12,440
Occupancy	-	10,656	864	2,880	-	14,400	14,400
Professional fees	-	-	10,768	-	-	10,768	9,200
Gil Padilla Memorial Fund	-	10,245	-	-	-	10,245	-
Office supplies, Computer Supplies, Donation							
Tracker Tech Support	-	7,465	605	2,018	-	10,088	5,702
Special events expense	-	4,306	-	4,306	-	8,612	7,326
Telephone	-	5,603	454	1,514	-	7,571	7,600
Postage and shipping	-	4,898	397	1,324	-	6,619	5,720
Equipment rental & maintenance	-	4,337	352	1,172	-	5,861	4,120
Miscellaneous expenses, subscriptions, and bank charges	-	3,014	1,251	815	-	5,080	1,636
Insurance	-	3,592	291	971	-	4,854	5,083
Official Functions	-	2,534	64	1,962	-	4,560	5,034
Travel	-	2,552	207	690	-	3,449	4,034
Special Events Expense - Other	-	1,609	-	1,609	-	3,218	7,520
Membership dues	-	1,770	144	478	-	2,392	3,124
Payroll Processing	-	940	76	254	-	1,270	1,356
Depreciation expense	-	659	53	178	-	890	2,399
<b>TOTAL OTHER EXPENSES</b>	<b>-</b>	<b>464,475</b>	<b>16,868</b>	<b>50,172</b>	<b>-</b>	<b>531,515</b>	<b>405,233</b>
United Way of America dues	-	-	-	-	13,671	13,671	12,615
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 437,711</b>	<b>\$ 671,844</b>	<b>\$ 31,788</b>	<b>\$ 107,175</b>	<b>\$ 13,671</b>	<b>\$ 1,262,189</b>	<b>\$ 1,121,426</b>

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



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

	SUPPORTING SERVICES			TOTAL
	Program Services	Management & General	Fund Raising	2017
ALLOCATIONS AND AWARDS				
Agency allocations	\$ 504,649	\$ -	\$ -	\$ 504,649
Donor designations	(67,139)	-	-	(67,139)
<b>TOTAL ALLOCATIONS AND AWARDS</b>	<b>437,510</b>	<b>-</b>	<b>-</b>	<b>437,510</b>
COMPENSATION AND RELATED EXPENSES				
Salaries	165,541	15,175	43,810	224,526
Payroll taxes	12,702	1,030	3,433	17,165
Benefits	18,039	1,463	4,875	24,377
<b>TOTAL COMPENSATION AND RELATED EXPENSES</b>	<b>196,282</b>	<b>17,668</b>	<b>52,118</b>	<b>266,068</b>
OTHER EXPENSES				
Grant distributions	213,293	-	-	213,293
Marketing	37,887	-	7,760	45,647
Paid Direct	36,179	-	-	36,179
Occupancy	10,656	864	2,880	14,400
Yearly Luncheon - Annual/Kickoff	6,710	-	6,710	13,420
Campaign supplies and printing/Copying	7,421	1,032	3,987	12,440
Professional fees	-	9,200	-	9,200
Telephone	5,624	456	1,520	7,600
Special events expense	3,663	-	3,663	7,326
Special Events Expense - Other	3,760	-	3,760	7,520
Postage and shipping	4,233	343	1,144	5,720
Office supplies, Computer Supplies, Donation Tracker Tech Support	4,220	342	1,140	5,702
Insurance	3,761	305	1,017	5,083
Official Functions	2,885	92	2,057	5,034
Equipment rental & maintenance	3,049	247	824	4,120
Travel	2,985	242	807	4,034
Membership dues	2,312	187	625	3,124
Depreciation expense	1,775	144	480	2,399
Miscellaneous expenses, subscriptions, and bank charges	1,211	98	327	1,636
Payroll Processing	1,004	81	271	1,356
Career training	-	-	-	-
Gil Padilla Memorial Fund	-	-	-	-
Moving expenses	-	-	-	-
<b>TOTAL OTHER EXPENSES</b>	<b>352,628</b>	<b>13,633</b>	<b>38,972</b>	<b>405,233</b>
United Way of America dues	-	12,615	-	12,615
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 986,420</b>	<b>\$ 43,916</b>	<b>\$ 91,090</b>	<b>\$ 1,121,426</b>

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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 146,048	\$ 234,469
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	891	2,398
Unrealized gain on investments	(3,767)	9,944
Changes in operating balances:		
(Increase) decrease in interest receivable	308	130
(Increase) decrease in pledges receivable	36,397	(56,022)
(Increase) decrease in VITA program receivable	1,432	1,777
(Increase) decrease in receivable	527	(1,350)
(Increase) decrease in prepaid expense	234	125
Increase (decrease) in accounts payable	(1,577)	(29,375)
Increase (decrease) in allocations payable	50,255	(72,831)
Increase (decrease) in grant awards payable	1,089	2,325
Increase (decrease) in refundable advances - LP	(5,832)	(145)
Increase (decrease) in donor designations payable	(11,729)	3,863
Increase (decrease) in accrued liabilities	2,847	(5,003)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>217,123</u>	<u>90,305</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of equipment	<u>(10,541)</u>	<u>-</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(10,541)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of CDs	503,417	-
Purchase of CDs	(202,508)	(572,960)
Purchase of mutual funds	(691,450)	500,000
Proceeds from sale of mutual funds	193,600	-
Reinvestment of dividends into mutual funds	(15,074)	2,836
Net transfers into/(out of) money market funds	<u>(46,802)</u>	<u>(202,787)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(258,817)</u>	<u>(272,911)</u>
NET CHANGE IN CASH & EQUIVALENTS	(52,235)	(182,606)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>560,190</u>	<u>742,796</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 507,955</u>	<u>\$ 560,190</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
In-kind donations	\$ 94,695	\$ 47,653

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, 2018 and 2017 and for the years then ended

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### NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

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

#### Financial Statement Presentation

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

#### Use of Estimates

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

#### Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investment with an initial maturity of three months or less, except those designated for long-term purposes, to be cash equivalents. The Organization maintains its cash accounts in commercial banks located in Pueblo, Colorado. From time to time, the Organization has cash in bank in excess of federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization’s cash and certificates of deposit in total exceed the federally insured limits by \$185,766 and \$289,262 as of June 30, 2018 and 2017, respectively.

#### Contributions

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

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

See accompanying Independent Auditor’s Report

# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2018 and 2017 and for the years then ended

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### 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 \$8,612 and \$7,326 for the years ended June 30, 2018 and 2017, respectively.

### Marketing Costs

The Organization's policy is to expense marketing costs as incurred. The marketing expenses were \$90,501 and \$45,647 for the periods ended June 30, 2018 and 2017, 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, 2018 and 2017 and for the years then ended

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### 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, 2018 and 2017 were \$6,136 and \$4,436, respectively.

### **NOTE 2: PLEDGES RECEIVABLE**

Pledges receivable at June 30, 2018 and 2017 consisted of:

	<u>2018</u>	<u>2017</u>
Pledges receivable - current campaign	\$ 518,192	\$ 553,888
Less: Estimated uncollectible pledges	<u>(75,250)</u>	<u>(74,550)</u>
	<u>\$ 442,942</u>	<u>\$ 479,338</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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 50,275	\$ 39,734
Accumulated Depreciation	<u>(38,554)</u>	<u>(37,663)</u>
Net Property and Equipment	<u>\$ 11,721</u>	<u>\$ 2,071</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$891 and \$2,398, respectively.

See accompanying Independent Auditor's Report

# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2018 and 2017 and for the years then ended

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### 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, 2018 and 2017 are \$460,924 and \$410,669, respectively. The June 30, 2018 balance includes \$21,463 of funds designated for disbursement during the year ended June 30, 2018, but where United Way Pueblo determined there was non-compliance and therefore withheld these disbursements until compliance could be demonstrated or the board elected to withdraw the approved funding. Subsequent to year-end, the board elected to withdraw this funding and will relieve this liability against revenues for the year ending June 30, 2019.

### 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 \$13,413 and \$12,325 as of June 30, 2018 and 2017, 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 \$24,941 and \$36,670 as of June 30, 2018 and 2017, 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, 2018 and 2017, the Organization contributed 7% of participants' compensation to the plan for a cost of \$12,210 and \$14,795 respectively. The expense is included in employee benefits in the statement of functional expenses.

### NOTE 8: RESTRICTIONS ON NET ASSETS

As of June 30, 2018 and 2017, temporarily restricted net assets consisted of the following:

	<u>2018</u>	<u>2017</u>
CPS Program	\$ 31,843	\$ 16,407
Wittels	12,090	11,910
Electrical Repair Recipients	11,468	9,103
Pueblo Water/City of Pueblo Cares Program	22,500	12,500
VITA Program	4,373	9,610
Anschutz Family Foundation/Mentoring	7,500	-
Packard Foundation/The Denver Foundation	15,000	-
	<u>\$ 104,774</u>	<u>\$ 59,530</u>

See accompanying Independent Auditor's Report

# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2018 and 2017 and for the years then ended

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As of June 30, 2018 and 2017, permanently restricted net assets consisted of the following:

	<u>2018</u>	<u>2017</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, 2018 and 2017 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, 2018 and 2017 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets June 30, 2018:			
El Pomar Endowment - Beginning Balance	\$ 16,407	\$ 500,000	\$ 516,407
Wittels Trust - Beginning Balance	11,910	100,000	111,910
Investment income:			
El Pomar	28,848	-	28,848
Wittels	403	-	403
Amounts appropriated for expenditure:			
El Pomar	(13,413)	-	(13,413)
Wittels	(222)	-	(222)
Total	<u>\$ 43,933</u>	<u>\$ 600,000</u>	<u>\$ 643,933</u>

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

### 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, 2018 and 2017 are as follows:

See accompanying Independent Auditor's Report



# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2018 and 2017 and for the years then ended

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	<u>2018</u>	<u>2017</u>
Contributions	\$ 94,695	\$ 47,653
Expenses:		
Marketing	\$ 84,295	\$ 37,253
Rent	4,800	4,800
Special Events	3,500	3,500
Miscellaneous	2,100	2,100
	<u>\$ 94,695</u>	<u>\$ 47,653</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 \$4,149 and \$3,860 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017:

See accompanying Independent Auditor's Report

# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2018 and 2017 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, 2018</u>		
Certificates of deposit	\$ 202,508	\$ 202,508
Money market funds	253,711	253,711
Mutual funds:		
Blended equity/bond, domestic	334,006	334,006
Blended equity/bond, international	217,564	217,564
Domestic bond	170,600	170,600
International bond	9,757	9,757
Bank loan	94,194	94,194
Large cap growth (equity)	37,901	37,901
Large cap value (equity)	134,942	134,942
International equity	26,505	26,505
	<u>\$ 1,481,688</u>	<u>\$ 1,481,688</u>
<u>June 30, 2017</u>		
Certificates of deposit	\$ 503,418	\$ 503,418
Money market funds	202,909	202,909
Mutual funds	512,779	512,779
	<u>\$ 1,219,106</u>	<u>\$ 1,219,106</u>

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

Investment income for the year ended June 30, 2018 was as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Interest	\$ 8,552	\$ 8,245
Dividends	29,363	11,959
Realized gains/(loss)	(7,313)	2,836
Net Unrealized Gain	3,767	9,944
Total	<u>\$ 34,368</u>	<u>\$ 32,984</u>

### NOTE 12: SUBSEQUENT EVENTS

United Way Pueblo is subject to the provisions of FASB ASC 855-10-50, *Subsequent Events*, which establishes a requirement for disclosing the date through which subsequent events have been evaluated, as well as whether that date is the date of the financial statements, were issued or the date the financial statements were available to be issued. United Way Pueblo has evaluated subsequent events through December 12, 2018, the date that the financial statements were available to be issued.

See accompanying Independent Auditor's Report

## **SUPPLEMENTAL SCHEDULE**

**UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.**  
**SUPPLEMENTAL SCHEDULE OF GROSS FUNDS AWARDED (UNAUDITED)**  
**For the years ended June 30, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b><u>MEMBER AGENCIES</u></b>		
American Red Cross	\$ 15,800	\$ 14,796
Boy Scouts, Rocky Mountain Council	-	37,495
Boys and Girls Club of Pueblo	59,533	59,583
Catholic Charities of the Diocese of Pueblo	27,151	22,077
Cooperative Care Center	31,045	31,077
Eastside Child Care Center	47,600	46,900
Pueblo Child Advocacy Center	25,500	24,492
Pueblo Community Health Center	-	4,890
SRDA	40,792	40,678
Salvation Army	7,800	7,000
Southside Children's Center	36,000	36,000
Young Womens Christian Assoc. (YWCA)	-	50,522
Community Impact Grant	90,490	35,000
Mental & Senior	58,500	27,000
Return Previous Allocation - Hearing Project	(2,500)	-
TOTAL MEMBER ALLOCATIONS	<u>437,711</u>	<u>437,510</u>
Designations to Other Agencies – CCC	17,240	17,348
Designations to Non Member Agencies	25,700	49,791
TOTAL AGENCY FUNDING	<u>42,940</u>	<u>67,139</u>
TOTAL AGENCY FUNDING AND MEMBER ALLOCATIONS	<u>\$ 480,651</u>	<u>\$ 504,649</u>

See accompanying Independent Auditor's Report