

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

Financial Statements and Independent Auditor's Report

June 30, 2019 and 2018

# 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 and 2018, 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 16, 2019

## Artesian CPA, LLC

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**UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and cash equivalents (cash unrestricted)	\$ 479,325	\$ 457,538
Cash - restricted for endowments	62,417	50,417
Certificates of deposit - unrestricted	-	202,508
Money market - unrestricted	198,150	2,926
Investments restricted for endowments	600,000	627,272
Investment for reserve - unrestricted	732,369	648,982
Interest receivable	6	56
Pledges receivables - net (see note - 2)	384,686	442,942
VITA Program Receivable	21,398	17,156
Accounts Receivable - Golden Corral	5,736	5,575
Prepaid expenses	7,098	6,505
Total Current Assets	<u>2,491,185</u>	<u>2,461,877</u>
Other Assets:		
Property and equipment - net (see note -3)	<u>12,759</u>	<u>11,721</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,503,944</u></b>	<b><u>\$ 2,473,598</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 21,404	\$ 7,677
Allocations payable	422,164	460,924
Grant awards payable	16,413	13,413
Donor designations payable	12,498	24,941
Accrued liabilities	14,901	15,522
Total Current Liabilities	<u>487,380</u>	<u>522,477</u>
Total Liabilities	<u>487,380</u>	<u>522,477</u>
Net Assets:		
Without donor restrictions	1,283,300	1,246,347
With donor restrictions	733,264	704,774
Total Net Assets	<u>2,016,564</u>	<u>1,951,121</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,503,944</u></b>	<b><u>\$ 2,473,598</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, 2019**

	Without Donor Restriction	With Donor Restriction	TOTALS 2019	TOTALS 2018
OPERATING ACTIVITIES:				
Revenues and Other Support:				
Gross campaign results	\$ 967,617	\$ -	\$ 967,617	\$ 1,103,943
Donor designation	(43,123)	-	(43,123)	(47,089)
Uncollectible pledges	(68,554)	-	(68,554)	(59,020)
Net Campaign Revenue	855,940	-	855,940	997,834
Other Contributions	8,600	180,785	189,385	184,093
In-kind contributions	90,319	-	90,319	94,695
Special events revenue	3,170	-	3,170	33,861
VITA program revenue	-	21,398	21,398	17,156
Other United Way designations	6,595	-	6,595	14,537
New building donation	-	-	-	-
Yearly Luncheon - Annual/Kickoff	12,710	-	12,710	11,878
Wells Fargo grant	-	-	-	-
Service fees	2,438	-	2,438	4,149
Special Events Revenue - Other	34,604	-	34,604	900
Administration Fee	597	-	597	1,930
Returned Allocation Funds	-	-	-	2,500
Miscellaneous	151	-	151	1
Gil Padilla Memorial Fund	-	-	-	10,335
Satisfaction of program restrictions	207,765	(207,765)	-	-
Total Revenues and Other Support	1,222,889	(5,582)	1,217,307	1,373,869
				10,876
Functional Expenses:				
Gross funds awarded	459,449	-	459,449	480,651
Donor designation	(40,686)	-	(40,686)	(42,940)
Net funds awarded	418,763	-	418,763	437,711
Program services	604,914	-	604,914	671,844
Management and general	53,548	-	53,548	30,856
Fundraising/Campaign	141,686	-	141,686	107,175
United Way of America dues	11,358	-	11,358	13,671
Total Functional Expenses	1,230,269	-	1,230,269	1,261,257
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(7,380)	(5,582)	(12,962)	112,612
NON-OPERATING ACTIVITIES:				
Investment income	56,045	34,072	90,117	34,368
Investment expenses	(11,712)	-	(11,712)	(932)
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	44,333	34,072	78,405	33,436
CHANGE IN NET ASSETS	36,953	28,490	65,443	146,048
NET ASSETS AT BEGINNING OF YEAR	1,246,347	704,774	1,951,121	1,805,073
NET ASSETS AT END OF YEAR	\$ 1,283,300	\$ 733,264	\$ 2,016,564	\$ 1,951,121

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

**UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2018**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTALS 2018	TOTALS 2017
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
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	-	34,368	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	-
Miscellaneous	1	-	-	1	212
Gil Padilla Memorial Fund	10,335	-	-	10,335	-
Satisfaction of program restrictions	182,585	(182,585)	-	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>1,362,993</b>	<b>45,244</b>	<b>-</b>	<b>1,408,237</b>	<b>1,355,895</b>
<b>FUNCTIONAL EXPENSES</b>					
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
<b>TOTAL EXPENSES</b>	<b>1,262,189</b>	<b>-</b>	<b>-</b>	<b>1,262,189</b>	<b>1,121,426</b>
<b>CHANGE IN NET ASSETS</b>	<b>100,804</b>	<b>45,244</b>	<b>-</b>	<b>146,048</b>	<b>234,469</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,145,543</b>	<b>59,530</b>	<b>600,000</b>	<b>1,805,073</b>	<b>1,570,604</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,246,347</b>	<b>\$ 104,774</b>	<b>\$ 600,000</b>	<b>\$ 1,951,121</b>	<b>\$ 1,805,073</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, 2019**

	PROGRAM SERVICES		SUPPORTING SERVICES			TOTAL	TOTAL
	Allocation to Agencies	Program Services	Management & General	Fund Raising	United Way of America Dues	2019	2018
<b>ALLOCATIONS AND AWARDS</b>							
Agency allocations	\$ 459,449	\$ -	\$ -	\$ -	\$ -	\$ 459,449	\$ 480,651
Donor designations	(40,686)	-	-	-	-	(40,686)	(42,940)
<b>TOTAL ALLOCATIONS AND AWARDS</b>	<b>418,763</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>418,763</b>	<b>437,711</b>
<b>COMPENSATION AND RELATED EXPENSES</b>							
Salaries	-	135,241	26,566	74,272	-	236,079	229,459
Payroll taxes	-	9,766	1,918	5,364	-	17,048	17,465
Benefits	-	18,483	3,631	10,150	-	32,264	32,368
<b>EXPENSES</b>	<b>-</b>	<b>163,490</b>	<b>32,115</b>	<b>89,786</b>	<b>-</b>	<b>285,391</b>	<b>279,292</b>
<b>OTHER EXPENSES</b>							
Grant distributions	-	269,555	-	-	-	269,555	240,890
Marketing	-	66,334	-	13,586	-	79,920	90,501
Paid Direct	-	47,877	-	-	-	47,877	66,270
Occupancy	-	8,249	1,620	4,530	-	14,399	14,400
Yearly Luncheon - Annual/Kickoff	-	6,669	-	6,669	-	13,338	18,662
Office supplies, Computer Supplies, Donation	-	-	-	-	-	-	-
Tracker Tech Support	-	5,901	1,159	4,723	-	11,783	10,088
Campaign supplies and printing/Copying	-	6,148	1,230	4,195	-	11,573	15,315
Miscellaneous expenses, subscriptions, and bank cha	-	6,381	2,047	3,059	-	11,487	5,080
Professional fees	-	-	9,750	-	-	9,750	10,768
Official Functions	-	4,508	394	3,603	-	8,505	4,560
Special events expense	-	3,892	-	3,892	-	7,784	8,612
Telephone	-	4,262	837	2,341	-	7,440	7,571
Equipment rental & maintenance	-	2,633	517	1,446	-	4,596	5,861
Insurance	-	2,614	513	1,436	-	4,563	4,854
Postage and shipping	-	2,096	412	1,151	-	3,659	6,619
Membership dues	-	-	2,500	-	-	2,500	2,392
Travel	-	1,146	225	629	-	2,000	3,449
Gil Padilla Memorial Fund	-	1,993	-	-	-	1,993	10,245
Payroll Processing	-	800	157	439	-	1,396	1,270
Depreciation expense	-	366	72	201	-	639	890
<b>TOTAL OTHER EXPENSES</b>	<b>-</b>	<b>441,424</b>	<b>21,433</b>	<b>51,900</b>	<b>-</b>	<b>514,757</b>	<b>528,297</b>
United Way of America dues	-	-	-	-	11,358	11,358	13,671
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 418,763</b>	<b>\$ 604,914</b>	<b>\$ 53,548</b>	<b>\$ 141,686</b>	<b>\$ 11,358</b>	<b>\$ 1,230,269</b>	<b>\$ 1,258,971</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, 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.**  
**STATEMENTS OF CASH FLOWS**  
**For the years ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 65,443	\$ 146,048
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	639	891
Unrealized (gain)/loss on investments	(15,231)	(3,767)
Changes in operating balances:		
(Increase) decrease in interest receivable	50	308
(Increase) decrease in pledges receivable	58,256	36,397
(Increase) decrease in VITA program receivable	(4,242)	1,432
(Increase) decrease in receivable	(161)	527
(Increase) decrease in prepaid expense	(593)	234
Increase (decrease) in accounts payable	13,727	(1,577)
Increase (decrease) in allocations payable	(38,760)	50,255
Increase (decrease) in grant awards payable	3,000	1,089
Increase (decrease) in refundable advances - LP	-	(5,832)
Increase (decrease) in donor designations payable	(12,443)	(11,729)
Increase (decrease) in accrued liabilities	(621)	2,847
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>69,064</u>	<u>217,123</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of equipments	<u>(1,677)</u>	<u>(10,541)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,677)</u>	<u>(10,541)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of CDs	202,508	503,417
Purchases of CDs	-	(202,508)
Purchase of mutual funds	30,502	(691,450)
Proceeds from sale of mutual funds	-	193,600
Reinvestment of dividends into mutual funds	(59,946)	(15,074)
Net transfers into/ (out of) money market funds	<u>(206,664)</u>	<u>(46,802)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(33,600)</u>	<u>(258,817)</u>
NET CHANGE IN CASH & EQUIVALENTS	33,787	(52,235)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>507,955</u>	<u>560,190</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 541,742</u>	<u>\$ 507,955</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
In-kind donations	\$ 90,319	\$ 46,936

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, 2019 and 2018 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.

The Organization’s primary programs are:

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

#### Basis of Presentation

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

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

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

See accompanying Independent Auditor’s Report

# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019 and 2018 and for the years then ended

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The Organization has net assets with donor restrictions amounting to \$733,264 and \$704,774 as of June 30, 2019 and 2018, respectively.

### Use of Estimates

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

### Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investment with an initial maturity of three months or less, except those designated for long-term purposes, to be cash equivalents. The Organization maintains its cash accounts in commercial banks located in Pueblo, Colorado. From time to time, the Organization has cash in bank in excess of federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization's cash and certificates of deposit in total exceed the federally insured limits by \$240,006 and \$185,766 as of June 30, 2019 and 2018, respectively.

### Investment Income and Expenses

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

### Contributions

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

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

### Contributed Services and Other In-Kind Contributions

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

### Measure of Operations

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

See accompanying Independent Auditor's Report

# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019 and 2018 and for the years then ended

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

### Functional Allocation of Expenses

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

The expenses that are allocated include the following:

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

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

### Promises to Give

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

### Income Tax

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

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# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019 and 2018 and for the years then ended

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### Joint Cost Allocation

The Organization sponsors special events for campaign awareness which are allocated 50% to each program and fundraising. The total amount of special event expenses allocated was \$7,784 and \$8,612 for the years ended June 30, 2019 and 2018, respectively.

### Marketing Costs

The Organization's policy is to expense marketing costs as incurred. The marketing expenses were \$79,920 and \$90,501 for the years ended June 30, 2019 and 2018 respectively.

### Pledges Receivable

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

### VITA Program Receivable

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

### Property and Equipment

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

### Accrued Compensated Absences

United Way Pueblo provides vacation leave to its full-time and part-time employees. These are earned based on years of service and subject to limitations on accumulation. Upon separation from service, employees are paid for unused vacation leave. Accrued compensated absences at June 30, 2019 and 2018 were \$5,590 and \$6,136, respectively.

### New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Non-Profit Organization, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to the periods presented.

# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019 and 2018 and for the years then ended

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### NOTE 2: PLEDGES RECEIVABLE

Pledges receivable at June 30, 2019 and 2018 consisted of:

	<u>2019</u>	<u>2018</u>
Pledges receivable - current campaign	\$ 460,326	\$ 518,192
Less: Estimated uncollectible pledges	<u>(75,640)</u>	<u>(75,250)</u>
	<u>\$ 384,686</u>	<u>\$ 442,942</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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 51,952	\$ 50,275
Accumulated Depreciation	<u>(39,193)</u>	<u>(38,554)</u>
Net Property and Equipment	<u>\$ 12,759</u>	<u>\$ 11,721</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$639 and \$891, respectively.

### NOTE 4: ALLOCATIONS PAYABLE

Allocations awarded to specific organizations but unpaid at year-end are reported as liabilities. Allocations awarded to specific organizations are payable within one year. Total allocations payable as of June 30, 2019 and 2018 are \$422,164 and \$460,924, 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 relieved 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 \$16,413 and \$13,413 as of June 30, 2019 and 2018, respectively.

# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019 and 2018 and for the years then ended

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### 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 \$12,498 and \$24,941 as of June 30, 2019 and 2018, 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, 2019 and 2018, the Organization contributed 7% of participants' compensation to the plan for a cost of \$13,018 and \$12,210 respectively. The expense is included in employee benefits in the statement of functional expenses.

### NOTE 8: RESTRICTIONS ON NET ASSETS

#### Board Designations

As of June 30, 2019, the Organization's board of directors has designated a portion of its net assets without restriction for the following purposes:

<u>Board Designated for:</u>	<u>Amount Designated</u>	<u>Purpose of Designation</u>
Wittels	\$ 11,910	For use as appropriated by management to satisfy program
Reserves	1,001,804	Six-month operating reserve
New Building	23,690	Set aside for purchase of a building
Community Impact Grant	55,817	Reserved for community impact program in following year
Mentoring	33,000	Reserved for mentoring program in following year
VITA Program	25,000	Reserved for VITA program in following year
Allocation Dollars (used by 6.30.20)	81,000	Reserved for organization allocations in following year
Board Designations of Net Assets Without Restriction	<u>\$ 1,232,221</u>	

As of June 30, 2019, \$51,079 of the Organization's net assets without donor restriction were undesignated.

#### Net Assets with Donor Restrictions Subject to Time and Usage Restrictions

As of June 30, 2019 and 2018, net assets with restrictions consisted of the following restricted balances expected to be satisfied in the next year through the passage of time and expenditure for the program purposes:

	<u>2019</u>	<u>2018</u>
CPS Program	\$ 44,378	\$ 31,843
Wittels	18,039	12,090
Electrical Repair Recipients	10,154	11,468
Pueblo Water/City of Pueblo Cares Program	17,500	22,500
VITA Program	4,693	4,373
Mentoring Program Grants	13,500	7,500
Packard Foundation/The Denver Foundation	25,000	15,000
	<u>\$ 133,264</u>	<u>\$ 104,774</u>

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# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019 and 2018 and for the years then ended

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Net assets released from restriction during the year ended June 30, 2019 totaled \$207,765 and resulted from expenditure for the specified purpose of the grants within the allowable time periods.

### Net Assets with Donor Restrictions Subject to Permanent Endowments

As of June 30, 2019 and 2018, net assets with donor restrictions consisted of the following restricted balances for endowments that are expected to be held in perpetuity as endowments and are not subject to appropriate or expenditure:

	<u>2019</u>	<u>2018</u>
El Pomar Foundation Endowment	\$ 500,000	\$ 500,000
Wittels	100,000	100,000
	<u>\$ 600,000</u>	<u>\$ 600,000</u>

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

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

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those 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, 2019 and 2018 is as follows:

# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019 and 2018 and for the years then ended

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

	<b>Short-Term Donor Restrictions</b>	<b>Permanent Endowments</b>	<b>Total</b>
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	(13,412)	-	(13,412)
Wittels	(223)	-	(223)
Total	<u>\$ 43,933</u>	<u>\$ 600,000</u>	<u>\$ 643,933</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, 2019 and 2018 are as follows:

See accompanying Independent Auditor's Report

# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019 and 2018 and for the years then ended

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	<u>2019</u>	<u>2018</u>
Contributions	<u>\$ 90,319</u>	<u>\$ 94,695</u>
Expenses:		
Marketing	\$ 78,359	\$ 84,295
Rent	4,800	4,800
Special Events	5,000	3,500
Miscellaneous	2,160	2,100
	<u>\$ 90,319</u>	<u>\$ 94,695</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 \$2,438 and \$4,149 for the years ended June 30, 2019 and 2018, 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.

Investments in certificates of deposit and money markets are reported at their fair values in the statement of financial position based on their current balance, which approximates fair value due to

# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019 and 2018 and for the years then ended

the short-term nature of the holdings. Marketable securities fair values are based on quoted market prices for those or similar instruments on active exchanges.

The following tables set forth, by level within the fair value hierarchy, United Way Pueblo's financial instrument assets at fair value on a recurring basis as of June 30, 2019 and 2018:

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

	<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>

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

Investment income for the years ended June 30, 2019 and 2018 was as follows:

See accompanying Independent Auditor's Report

# UNITED WAY OF PUEBLO COUNTY, COLORADO, INC.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019 and 2018 and for the years then ended

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Interest	\$ 2,855	\$ 8,552
Dividends	72,031	29,363
Realized gains/(loss)	-	(7,314)
Net Unrealized Gain	<u>15,231</u>	<u>3,767</u>
Total	<u>\$ 90,117</u>	<u>\$ 34,368</u>

### NOTE 12: LIQUIDITY

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

Cash and cash equivalents (cash unrestricted)	\$ 479,325
Money market - unrestricted	198,150
Investment for reserve - unrestricted	732,369
Interest receivable	6
Pledges receivables - net (see note - 2)	384,686
VITA Program Receivable	21,398
Accounts Receivable - Golden Corral	5,736
Prepaid expenses	<u>7,098</u>
Assets available for expenditure	<u>\$ 1,828,768</u>

The Organization's financial assets have been reduced by amounts not available for general use because of donor and board designations. In addition to the \$525,700 of funds available for future use, as discussed in Note 8 the board has designated \$1,001,804 of its net assets without donor restrictions as an operating reserve, which could be used in times of liquidity challenges. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has historically operated at or near break-even operating results and believes it can continue to fund its operations with its various revenue streams. Should there be a decline in revenues, the Organization may have difficulty in reducing expenses, but has budgetary discretion to reduce costs as needed to ensure ongoing operations and with its existing reserves it believes it has sufficient resources to continue operations in all foreseeable scenarios.

### NOTE 13: SUBSEQUENT EVENTS

The Organization is subject to the provisions of FASB ASC 855-10-50, *Subsequent Events*, which establishes a requirement for disclosing the date through which subsequent events have been evaluated, as well as whether that date is the date of the financial statements, were issued or the date the financial statements were available to be issued. The Organization has evaluated subsequent events through December 16, 2019, 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, 2019 and 2018**

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	<u>2019</u>	<u>2018</u>
<b><u>MEMBER AGENCIES</u></b>		
American Red Cross	\$ 14,553	\$ 15,800
Boy Scouts, Rocky Mountain Council	-	-
Boys and Girls Club of Pueblo	56,118	59,533
Catholic Charities of the Diocese of Pueblo	22,729	27,151
Cooperative Care Center	29,803	31,045
Eastside Child Care Center	45,456	47,600
Pueblo Child Advocacy Center	24,480	25,500
SRDA	39,160	40,792
Salvation Army	5,973	7,800
Southside Children's Center	34,560	36,000
Young Womens Christian Assoc. (YWCA)	-	-
Community Impact Grant	90,482	90,490
Mental & Senior	53,000	58,500
Adjustments	2,449	(2,500)
TOTAL MEMBER ALLOCATIONS	<u>418,763</u>	<u>437,711</u>
Designations to Other Agencies – CCC	5,033	17,240
Designations to Non Member Agencies	35,653	25,700
TOTAL AGENCY FUNDING	<u>40,686</u>	<u>42,940</u>
TOTAL AGENCY FUNDING AND MEMBER ALLOCATIONS	<u>\$ 459,449</u>	<u>\$ 480,651</u>

See accompanying Independent Auditor's Report