

**United Way of Larimer County**  
**Consolidated Financial Statements and**  
**Independent Auditor's Report**  
**June 30, 2018 and 2017**

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## **Independent Auditor's Report**

To the Board of Directors  
United Way of Larimer County  
Fort Collins, CO

We have audited the accompanying consolidated financial statements of United Way of Larimer County (a 501(c)(3) nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

To the Board of Directors  
United Way of Larimer County  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of Larimer County as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Sowkup, Bush & Associates P.C.*

Fort Collins, Colorado  
October 17, 2018

**United Way of Larimer County**  
**Consolidated Statements of Financial Position**  
**June 30, 2018 and 2017**

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Assets	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 2,503,846	\$ 1,776,641
Certificates of deposit	994,195	1,085,068
Beneficial interest in investments held by the Community Foundation of Northern Colorado	1,050,914	958,683
Grants receivable	52,723	53,553
Pledges receivable- net allowance of \$45,185 and \$106,431	859,531	974,103
Prepaid expenses	19,771	17,088
Other current assets	25,573	21,127
Property and equipment - net accumulated depreciation of \$412,977 and \$385,215	<u>292,788</u>	<u>277,340</u>
 Total assets	 <u>\$ 5,799,341</u>	 <u>\$ 5,163,603</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 27,428	\$ 54,957
Designations and distributions payable	1,531,572	1,573,910
Accrued payroll and paid time off	72,768	92,285
Deferred income	<u>57,824</u>	<u>12,137</u>
 Total liabilities	 <u>1,689,592</u>	 <u>1,733,289</u>
 Net Assets		
Unrestricted		
Designated	2,650,729	2,530,292
Invested in property and equipment	292,788	277,340
Temporarily restricted	<u>1,166,232</u>	<u>622,682</u>
 Total net assets	 <u>4,109,749</u>	 <u>3,430,314</u>
 Total liabilities and net assets	 <u>\$ 5,799,341</u>	 <u>\$ 5,163,603</u>

See Accompanying Notes to the Financial Statements.

**United Way of Larimer County**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2018**

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	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Public support and revenue			
Gross public support	\$ 3,869,050	\$ 590,286	\$ 4,459,336
Less amounts designated by donors for specific organizations	(2,169,234)	-	(2,169,234)
Adjustment of provision for uncollectible pledges	<u>(16,497)</u>	<u>-</u>	<u>(16,497)</u>
Net campaign revenue	<u>1,683,319</u>	<u>590,286</u>	<u>2,273,605</u>
Special events revenue	77,453	-	77,453
Special events (costs)	<u>(91,537)</u>	<u>-</u>	<u>(91,537)</u>
Net special events (loss)	<u>(14,084)</u>	<u>-</u>	<u>(14,084)</u>
Investment income	90,597	-	90,597
Grants, initiatives and service fees	641,427	907,249	1,548,676
Rental income	118,910	8,828	127,738
Other revenue	23,642	-	23,642
Net assets released from restrictions	<u>962,813</u>	<u>(962,813)</u>	<u>-</u>
Total other revenue	<u>1,837,389</u>	<u>(46,736)</u>	<u>1,790,653</u>
Total public support and revenue	<u>3,506,624</u>	<u>543,550</u>	<u>4,050,174</u>
Expenses			
Program services	2,529,563	-	2,529,563
Funds development	314,234	-	314,234
Management and general	377,565	-	377,565
Marketing	100,390	-	100,390
UW Worldwide dues	<u>48,987</u>	<u>-</u>	<u>48,987</u>
Total expenses	<u>3,370,739</u>	<u>-</u>	<u>3,370,739</u>
Changes in net assets	135,885	543,550	679,435
Net assets, beginning of year	<u>2,807,632</u>	<u>622,682</u>	<u>3,430,314</u>
Net assets, end of year	<u>\$ 2,943,517</u>	<u>\$ 1,166,232</u>	<u>\$ 4,109,749</u>

See Accompanying Notes to the Financial Statements.

**United Way of Larimer County**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2017**

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue			
Gross public support	\$ 4,390,024	\$ 358,655	\$ 4,748,679
Less amounts designated by donors for specific organizations	(2,055,789)	-	(2,055,789)
Adjustment of provision for uncollectible pledges	<u>(46,093)</u>	<u>-</u>	<u>(46,093)</u>
Net campaign revenue	<u>2,288,142</u>	<u>358,655</u>	<u>2,646,797</u>
Special events revenue	71,243	-	71,243
Special events (costs)	<u>(63,091)</u>	<u>-</u>	<u>(63,091)</u>
Net special events income	<u>8,152</u>	<u>-</u>	<u>8,152</u>
Investment income	96,006	-	96,006
Grants, initiatives and service fees	172,766	640,491	813,257
Rental income	131,716	15,978	147,694
Loss on disposal of assets	193,435	-	193,435
Other revenue	18,529	-	18,529
Net assets released from restrictions	<u>1,312,385</u>	<u>(1,312,385)</u>	<u>-</u>
Total other revenue	<u>1,924,837</u>	<u>(655,916)</u>	<u>1,268,921</u>
Total public support and revenue	<u>4,221,131</u>	<u>(297,261)</u>	<u>3,923,870</u>
Expenses			
Program services	3,072,809	-	3,072,809
Funds development	464,321	-	464,321
Management and general	242,248	-	242,248
Marketing	133,221	-	133,221
UW Worldwide dues	<u>53,572</u>	<u>-</u>	<u>53,572</u>
Total expenses	<u>3,966,171</u>	<u>-</u>	<u>3,966,171</u>
Changes in net assets	254,960	(297,261)	(42,301)
Net assets, beginning of year	<u>2,552,672</u>	<u>919,943</u>	<u>3,472,615</u>
Net assets, end of year	<u>\$ 2,807,632</u>	<u>\$ 622,682</u>	<u>\$ 3,430,314</u>

See Accompanying Notes to the Financial Statements.

**United Way of Larimer County**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2018**

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	Resources Allocated to the <u>Community</u>	Cost of Building Facilities Provided to the <u>Community</u>	Community <u>Services</u>	Community <u>Investment</u>	Total Program <u>Services</u>
Resources allocated to the community:					
Gross funds awarded	\$ 2,851,951	\$ -	\$ -	\$ -	\$ 2,851,951
Less amounts designated by donors for specific organizations	<u>(2,169,234)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,169,234)</u>
Resources allocated to the community	<u>682,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>682,717</u>
Salaries	-	11,061	704,000	276,034	991,095
Employee benefits	-	1,205	97,844	33,901	132,950
Payroll taxes and related items	<u>-</u>	<u>917</u>	<u>51,580</u>	<u>21,807</u>	<u>74,304</u>
Total salaries and related expenses	<u>-</u>	<u>13,183</u>	<u>853,424</u>	<u>331,742</u>	<u>1,198,349</u>
Professional fees	-	908	145,799	20,935	167,642
Direct client assistance	-	-	117,068	-	117,068
Occupancy	-	106,956	11,153	12,138	130,247
Awards and grants	-	-	113,054	587	113,641
Technology	-	733	9,356	16,381	26,470
Membership dues	-	27	10,025	280	10,332
Printing and publications	-	146	11,128	2,258	13,532
Depreciation	-	16,730	2,314	5,597	24,641
Supplies	-	121	4,113	11,368	15,602
Meetings	-	20	7,630	1,256	8,906
Rental and maintenance	-	185	2,102	1,831	4,118
Insurance	-	174	1,811	2,259	4,244
Travel and transportation	-	82	5,778	719	6,579
Other expense	-	116	1,489	1,867	3,472
Postage and shipping	-	104	1,520	379	2,003
Cash in lieu of health benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other operating expenses	<u>-</u>	<u>126,302</u>	<u>444,340</u>	<u>77,855</u>	<u>648,497</u>
Total functional expenses	<u>\$ 682,717</u>	<u>\$ 139,485</u>	<u>\$ 1,297,764</u>	<u>\$ 409,597</u>	<u>\$ 2,529,563</u>

See Accompanying Notes to the Financial Statements.



<u>Fund Development</u>	<u>Management and General</u>	<u>Marketing</u>	<u>UW Worldwide Dues</u>	<u>Total Supporting Services</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,851,951
-	-	-	-	-	<u>(2,169,234)</u>
-	-	-	-	-	<u>682,717</u>
196,981	243,732	47,120	-	487,833	1,478,928
25,828	25,186	4,145	-	55,159	188,109
<u>16,504</u>	<u>20,846</u>	<u>5,926</u>	<u>-</u>	<u>43,276</u>	<u>117,580</u>
<u>239,313</u>	<u>289,764</u>	<u>57,191</u>	<u>-</u>	<u>586,268</u>	<u>1,784,617</u>
10,744	25,931	11,524	-	48,199	215,841
-	-	-	-	-	117,068
16,422	28,203	7,217	-	51,842	182,089
-	-	-	-	-	113,641
16,607	19,805	9,356	-	45,768	72,238
332	284	77	48,987	49,680	60,012
4,210	1,202	10,023	-	15,435	28,967
1,706	1,068	347	-	3,121	27,762
3,901	785	1,556	-	6,242	21,844
5,944	133	539	-	6,616	15,522
3,216	4,118	915	-	8,249	12,367
3,021	3,869	860	-	7,750	11,994
2,823	537	230	-	3,590	10,169
2,794	404	313	-	3,511	6,983
3,201	678	242	-	4,121	6,124
<u>-</u>	<u>784</u>	<u>-</u>	<u>-</u>	<u>784</u>	<u>784</u>
<u>74,921</u>	<u>87,801</u>	<u>43,199</u>	<u>48,987</u>	<u>254,908</u>	<u>903,405</u>
<u>\$ 314,234</u>	<u>\$ 377,565</u>	<u>\$ 100,390</u>	<u>\$ 48,987</u>	<u>\$ 841,176</u>	<u>\$ 3,370,739</u>

See Accompanying Notes to the Financial Statements.

**United Way of Larimer County**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2017**

	Resources Allocated to the <u>Community</u>	Cost of Building Facilities Provided to the <u>Community</u>	<u>Community Services</u>	<u>Community Investment</u>	Total Program Services
Resources allocated to the community:					
Gross funds awarded	\$ 2,704,129	\$ -	\$ -	\$ -	\$ 2,704,129
Less amounts designated by donors for specific organizations	<u>(2,055,789)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,055,789)</u>
Resources allocated to the community	<u>648,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>648,340</u>
Salaries	-	25,539	796,381	342,073	1,163,993
Employee benefits	-	2,607	85,730	28,356	116,693
Payroll taxes and related items	<u>-</u>	<u>2,155</u>	<u>62,604</u>	<u>25,948</u>	<u>90,707</u>
Total salaries and related expenses	<u>-</u>	<u>30,301</u>	<u>944,715</u>	<u>396,377</u>	<u>1,371,393</u>
Direct client assistance	-	-	390,955	-	390,955
Professional fees	-	1,745	176,683	23,082	201,510
Occupancy	-	130,821	30,453	7,659	168,933
Awards and grants	-	-	123,115	491	123,606
Technology	-	1,274	24,316	13,600	39,190
Membership dues	-	518	5,064	1,078	6,660
Printing and publications	-	282	12,077	13,307	25,666
Meetings	-	84	4,840	2,751	7,675
Depreciation	-	19,348	2,767	5,713	27,828
Supplies	-	135	9,631	10,865	20,631
Other expenses	-	135	10,991	1,571	12,697
Equipment and maintenance	-	345	4,862	1,253	6,460
Postage and shipping	-	193	2,764	724	3,681
Travel and transportation	-	14	7,532	2,179	9,725
Insurance	-	283	3,980	1,610	5,873
Cash in lieu of health benefits	<u>-</u>	<u>106</u>	<u>1,495</u>	<u>385</u>	<u>1,986</u>
Total other operating expenses	<u>-</u>	<u>155,283</u>	<u>811,525</u>	<u>86,268</u>	<u>1,053,076</u>
Total functional expenses	<u>\$ 648,340</u>	<u>\$ 185,584</u>	<u>\$ 1,756,240</u>	<u>\$ 482,645</u>	<u>\$ 3,072,809</u>

See Accompanying Notes to the Financial Statements.

<u>Fund Development</u>	<u>Management and General</u>	<u>Marketing</u>	<u>UW Worldwide Dues</u>	<u>Total Supporting Services</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,704,129
-	-	-	-	-	<u>(2,055,789)</u>
-	-	-	-	-	<u>648,340</u>
265,091	165,838	53,850	-	484,779	1,648,772
27,063	16,930	5,498	-	49,491	166,184
<u>22,364</u>	<u>13,991</u>	<u>4,541</u>	<u>-</u>	<u>40,896</u>	<u>131,603</u>
<u>314,518</u>	<u>196,759</u>	<u>63,889</u>	<u>-</u>	<u>575,166</u>	<u>1,946,559</u>
-	-	-	-	-	390,955
33,593	11,333	32,997	-	77,923	279,433
21,914	13,709	4,451	-	40,074	209,007
-	-	-	-	-	123,606
13,226	8,274	6,197	-	27,697	66,887
1,654	1,035	337	53,572	56,598	63,258
13,947	1,384	14,373	-	29,704	55,370
40,316	543	1,833	-	42,692	50,367
2,040	1,276	414	-	3,730	31,558
4,216	876	3,704	-	8,796	29,427
2,702	496	3,039	-	6,237	18,934
3,585	2,243	729	-	6,557	13,017
6,601	1,702	407	-	8,710	12,391
1,972	92	31	-	2,095	11,820
2,935	1,836	596	-	5,367	11,240
<u>1,102</u>	<u>690</u>	<u>224</u>	<u>-</u>	<u>2,016</u>	<u>4,002</u>
<u>149,803</u>	<u>45,489</u>	<u>69,332</u>	<u>53,572</u>	<u>318,196</u>	<u>1,371,272</u>
<u>\$ 464,321</u>	<u>\$ 242,248</u>	<u>\$ 133,221</u>	<u>\$ 53,572</u>	<u>\$ 893,362</u>	<u>\$ 3,966,171</u>

See Accompanying Notes to the Financial Statements.

**United Way of Larimer County**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended June 30, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
Cash flow from operating activities:		
Change in net assets	\$ 679,435	\$ (42,301)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Gain) on disposal of property and equipment	-	(193,435)
Bad debt	16,497	46,093
Depreciation	27,762	31,559
Transfers of earnings on investment held by Community Foundation	-	160,000
Changes in working capital items:		
Decrease in certificates of deposit	90,873	21,111
Decrease in grants receivable	835	34,749
(Increase) decrease in pledges receivable	98,075	(108,220)
(Increase) decrease in prepaid expenses	(2,683)	20,805
(Increase) in other current assets	(4,446)	(2,135)
(Decrease) in accounts payable	(27,529)	(81,154)
Increase (decrease) in designations and distributions payable	(42,338)	328,721
Increase (decrease) in accrued payroll and paid time off	(19,517)	21,774
Increase in deferred revenue	<u>45,685</u>	<u>2,762</u>
Net cash provided by operating activities	<u>862,649</u>	<u>240,329</u>
Cash flows from investing activities:		
Purchase of investments	(29,400)	(34,454)
Earnings on investment held by Community Foundation	(62,834)	(83,830)
Purchase of property and equipment	(43,210)	-
Cash received on sale of property	<u>-</u>	<u>304,268</u>
Net cash provided by (used in) investing activities	<u>(135,444)</u>	<u>185,984</u>
Increase in cash during the year	727,205	426,313
Cash, beginning of year	<u>1,776,641</u>	<u>1,350,328</u>
Cash, end of year	<u>\$ 2,503,846</u>	<u>\$ 1,776,641</u>

See Accompanying Notes to the Financial Statements.

**United Way of Larimer County**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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**Note 1 - Organization and Summary of Significant Accounting Policies**

Organization - United Way of Larimer County ("United Way" or the "Organization") is a Colorado nonprofit corporation. United Way is supported primarily through public donations and is governed by a volunteer board of directors consisting of business professionals and community leaders. A predominant portion of United Way's support is allocated and paid to other nonprofit organizations.

United Way's mission is to cultivate and mobilize community resources to change and save lives.

United Way is the sole member of UWLC Holding, LLC which was organized in October 2011 for the purpose of receiving and liquidating significant in-kind property contributions on behalf of United Way.

Principles of Consolidation - The consolidated financial statements include the accounts of United Way and its wholly-owned subsidiary, UWLC Holding, LLC. All material intercompany accounts and transaction have been eliminated in consolidation.

Basis of Presentation - The consolidated financial statements of United Way have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These consolidated financial statements represent the consolidated financial statements of United Way of Larimer County and UWLC Holding, LLC. Consolidated financial statements have been prepared as United Way has a controlling financial relationship with UWLC Holding, LLC.

Net assets of United Way and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor imposed restrictions that will be met either by actions of United Way and/or passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that are to be maintained permanently by United Way.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-imposed purpose has been fulfilled and or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**United Way of Larimer County**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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**Note 1 - Organization and Summary of Significant Accounting Policies** (continued)

Classification of Assets and Liabilities - The assets and liabilities have not been classified as current or noncurrent in accordance with Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*.

Concentration of Credit Risk - United Way's operations are concentrated in Larimer County, Colorado. As such, the receivables are concentrated within Larimer County.

Cash and Cash Equivalents - United Way maintains its cash in bank deposit accounts at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. United Way had cash balances of \$2,405,104 and \$1,569,402 in excess of the insured limit as of June 30, 2018 and 2017, respectively. United Way considers all unrestricted and highly liquid investments to be cash equivalents that have an initial maturity of three months or less.

Grants Receivable - Grants receivable are carried at their net estimated collectible amounts and are periodically evaluated for collectability based on past-due receivables. As of June 30, 2018 and 2017, management has determined that all grant receivables are collectible; therefore, no allowance has been recorded.

Pledges Receivable - Pledges receivable represent pledges made by donors, which have not yet been received in cash. United Way estimates the amounts of pledges which will not be paid by donors and provides a collection allowance for uncollectible pledges. Factors which impact the allowance for uncollectible pledges include historical collection experience, local economic conditions, and various attributes pertaining to the donor base. Unconditional gifts expected to be collected within one year are reported at their net realizable value. Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional. The allowance for doubtful collections of pledges receivable at June 30, 2018 and 2017 was \$45,185 and \$106,431, respectively.

Campaign Contributions - Fundraising campaigns are conducted year-round, with most of the activity occurring from July through December of each year. The majority of funds are collected from payroll deductions during the following calendar year. Funds are disbursed beginning in February based on amounts received from contributions and at least quarterly thereafter.

Consistent with prior years, pledge revenue for the current campaign is recognized both prior to and subsequent to the fiscal year for which it is budgeted. In accordance with ASC 958-605-25, United Way recognizes pledge revenue during the period in which an unconditional promise to give is received.

**United Way of Larimer County**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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**Note 1 - Organization and Summary of Significant Accounting Policies** (continued)

United Way allows contributors to specify the use of their contributions to specific entities (also known as designations). In these situations, the funds designated by the donor are not considered revenue to United Way, but rather an obligation to pay the donor funds to the specific entity. Because funds are disbursed based on amounts received, no pledge loss is deducted from individual designations. Some of United Way's corporate donors direct their contributions to be used to underwrite 100% of administrative costs, so no administrative fees are deducted from individual contributions.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and nature of any donor restrictions. Campaign contributions are considered available for unrestricted use unless specifically restricted by the donor. United Way effectively matches campaign pledge receipts and disbursements for community impact funding which eliminates the time restriction related to campaign pledges. Contributions whose restriction are met in the same reporting period are reported as unrestricted support.

Property and Equipment - Property and equipment are capitalized at cost, or if donated, at the fair value on the date of donation. Repairs and maintenance, which neither materially add to the value for the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on disposition of property and equipment are included in income. All tangible personal property with a useful life of more than one year and a unit acquisition cost of \$5,000 or more is capitalized and depreciated over its useful life using the straight-line method. United Way expenses the full acquisition cost of tangible personal property below this threshold in the year of purchase.

Depreciation and amortization of property and equipment are calculated using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 - 40 years
Furniture and equipment	5 - 10 years
Computers and software	3 - 5 years

Depreciation expense for the years ended June 30, 2018 and 2017 was \$27,762 and \$31,559, respectively.

**United Way of Larimer County**  
**Notes to the Consolidated Financial Statements**  
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**Note 1 - Organization and Summary of Significant Accounting Policies** (continued)

Revenue Recognition - Contribution and grant revenues are recognized when realized or realizable. Special event revenues are recognized at the time of the event. Prepayments on special events are deferred and recognized as revenue in the applicable future period when related expenses are incurred. Payments received on grant agreements and service contracts in advance of the services being performed are deferred and recognized as the terms of the grant agreements are met or as services outlined in contracts are performed. Rental income is recognized in the period it is earned. Management performs an analysis to determine if any contributions are uncollectible and reserves for such amount.

Income Taxes - United Way is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and a similar provision of state law and has been classified as a public charity (not a private foundation) under Section 509(a)(2) of the IRC. However, United Way is subject to federal income tax on any unrelated business taxable income. During the years ended June 30, 2018 and 2017, United Way did not incur any significant unrelated business income tax.

The 2015 through 2017 tax years remain subject to examination by the Internal Revenue Service (IRS). As of the date of the consolidated financial statements, the IRS has not commenced any examinations. United Way does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the consolidated financial statements.

Functional Expenses - United Way allocates its expenses on a functional basis among its various programs including fundraising activities and support services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on estimated employee time expended.

Donated Services - No amounts have been reflected in the accompanying consolidated financial statements for campaign volunteer services or donated publicity from various media, as the services provided did not enhance non-financial asset nor require specialized skills. However, substantial numbers of volunteers and contributors have donated significant amounts of their time and media space to United Way's program services and its fundraising campaigns.

Program Services - United Way administers and supports various programs, agencies and initiatives focused on health and human service needs in Larimer County. There are numerous ways in which United Way supports these efforts, including the Community Impact Fund. These funding efforts support people with basic and emergency services, stabilization, providing resources for people to improve their lives and supporting long-term community change by helping people move from poverty to self-sufficiency.



**United Way of Larimer County**  
**Notes to the Consolidated Financial Statements**  
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**Note 1 - Organization and Summary of Significant Accounting Policies** (continued)

Use of Estimates - The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Advertising Costs - Advertising costs are expensed as incurred. Total advertising costs for the years ended June 30, 2018 and 2017 were \$8,307 and \$24,964, respectively.

**Note 2 - Property and Equipment**

Property and equipment consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Buildings	\$ 596,361	\$ 560,651
Equipment, furniture and fixtures	109,404	101,904
Less accumulated depreciation	<u>(412,977)</u>	<u>(385,215)</u>
	<u>\$ 292,788</u>	<u>\$ 277,340</u>

On March 15, 2017 the Organization sold its building located in Loveland, Colorado for \$330,000 realizing a gain of \$193,435.

**United Way of Larimer County**  
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**Note 3 - Restricted Net Assets**

Temporarily Restricted Net Assets

Temporarily restricted funds are related to the use of the funds and consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Women Give	\$ 515,169	\$ 359,726
Grants	250,000	-
Colorado Reading Corp	209,656	-
Combined Disaster Recovery	102,494	-
Be Ready	34,326	-
Cold Nights Fund	26,418	14,960
Fort Collins facility reserve	16,063	7,235
Basic Needs	10,285	5,347
Special Response	1,715	2,376
Generation United	106	807
Long Term Recovery Group - Flood	-	129,132
Long Term Recovery Group -Wildfires	-	42,488
Time restricted campaign revenue	-	20,000
Small Business Recovery Fund	-	14,784
Faith Family Hospitality	-	12,152
Long Term Recovery Group - Berthoud Tornado	-	7,417
Murphy Center	-	6,258
	<u>\$ 1,166,232</u>	<u>\$ 622,682</u>

Established in 2006, WomenGive is comprised of nearly 500 members who use their financial resources to help women in Larimer County achieve economic self-sufficiency. Through local community research, UWLC identified the high cost of childcare as the largest barrier for single mothers on their path to achieving their educational goals and self-sufficiency for their families. To help address this unmet need, UWLC created a childcare scholarship program that is accessible through an application process facilitated by member volunteers. To date, WomenGive has awarded childcare scholarships to 251 single mothers in Larimer County and celebrated 105 graduates from the program who have earned their associate's and/or bachelor's degree and continues to support dozens of women each year as they work to achieve this same goal. For the years ended June 30, 2018 and 2017 collections for the WomenGive Campaign were \$380,419 and \$313,002, respectively. Total program costs for the years ended June 30, 2018 and 2017 were \$224,977 and \$277,367, respectively. The remaining fund balances were \$515,169 and \$359,726 at June 30, 2018 and 2017, respectively.

**United Way of Larimer County**  
**Notes to the Consolidated Financial Statements**  
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**Note 3 - Restricted Net Assets** (continued)

The Long Term Recovery Fund for Larimer County Wildfires was established in July 2012 in response to the High Park and Woodland Heights wildfires. The United Way collected donations of \$565,497, of which \$523,009 had been distributed to residents as of June 30, 2017. The Long Term Recovery Fund for Larimer County Floods was established in September 2013 in response to the wide-spread flooding across the county. The United Way collected donations through June 30, 2017 of \$1,303,438, of which \$1,174,306 had been distributed to residents as of June 30, 2017. The Small Business Recovery Fund (SBRF) was established in January 2014 in response to wide-spread flooding across the county. The fund provided urgently needed recoverable grants to small businesses in Larimer County that were affected by the floods of September 2013. Donations collected through the year ended June 30, 2017 totaled \$1,266,334, of which \$1,251,550 had been distributed to businesses as of June 30, 2017.

In the year ended June 30, 2018, the Organization combined the aforementioned programs and the Long-term Recovery Fund for the Berthoud Tornado into one fund as time limits that were established upon creation of these funds had expired. The remaining amounts that had been temporarily restricted for these programs were combined into the Combined Disaster Recovery Fund to be utilized for recovery efforts in connection with future disasters. Contributions of \$965 and distributions of \$92,297 were recognized in the year ended June 30, 2018. The balance in the fund was \$102,940 at June 30, 2018. Revenue from donations received for the recovery funds is included in grants, initiatives and service fees in the accompanying consolidated statements of financial position. Distributions from the recovery funds are included in direct client assistance in the accompanying consolidated statements of functional expenses.

Colorado Reading Corps is a partnership of United Way of Larimer County, AmeriCorps and Serve Colorado. It is a nationally-replicated program that utilizes AmeriCorps members, trained in early intervention literacy strategies, to provide one-on-one to students in kindergarten through third grade who are not reading at grade level. United Way implemented the program in Thompson School District in August 2014 and expanded the program to Estes Park School District in January 2017. Upon completion of the fourth year of the program in Larimer County, results indicated that 692 students were served during the academic year and 78.5% of students demonstrated progress. United Way invested \$482,430 in the program for the year ended June 30, 2018.

**United Way of Larimer County**  
**Notes to the Consolidated Financial Statements**  
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**Note 4 - Board Designated Net Assets**

Board designated net assets are summarized as follows at June 30:

	<u>2018</u>	<u>2017</u>
Operating reserve	\$ 800,000	\$ 800,000
Strategic reserve	700,855	683,670
Building reserve	98,960	87,939
Endowment reserve	<u>1,050,914</u>	<u>958,683</u>
	<u>\$ 2,650,729</u>	<u>\$ 2,530,292</u>

The operating reserve is to be used for long-term or unanticipated obligations.

The strategic reserve is the excess of the designated balance in operating reserves, accumulated from operating efficiencies of United Way. The building reserve is to be used only to fund major repairs and critical maintenance.

**Note 4 - Board Designated Net Assets** (continued)

United Way has board designated investments with the Community Foundation of Northern Colorado of \$1,050,914 and \$958,683 at June 30, 2018 and 2017, respectively. It is the intention of the Board to permanently invest these assets and all associated earnings. However, the Board is under no contractual or donor-specified obligation to maintain this fund. As such, it is included in unrestricted net assets in the accompanying consolidated financial statements.

**Note 5 - Pension Plan**

The Organization has a 403(b) retirement plan that allows participants to elect to contribute, on a tax-deferred basis, a portion of their compensation up to the allowable amount under the Internal Revenue Code. The Organization's contribution is discretionary. The Organization contributed \$15,614 for the year ended June 30, 2018. No contributions were made for the year ended June 30, 2017.

**Note 6 - Occupancy Expense**

United Way leases office space to other nonprofit organizations. Each tenant is charged a proportionate share of the cost of operating and maintaining the facility, based on the square footage occupied by the tenant. United Way does not realize a profit as a result of these office leases. United Way recognized \$127,738 and \$147,694 in revenue from the rental of office space during the years ended June 30, 2018 and 2017, respectively.

**United Way of Larimer County**  
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**Note 7 - Beneficial Interest in Investments Held by the Community Foundation of Northern Colorado**

United Way executed an agreement with the Community Foundation of Northern Colorado (Community Foundation) in May 2005, whereby United Way transferred assets to the Community Foundation in order to establish an endowment fund with the Community Foundation. In accordance with the agreement, the primary purpose of the endowment fund is to provide operating and capital support to United Way to carry out its role and mission as described in its governing documents, and the principal of the fund shall be held by the Community Foundation as a permanent endowment in support of United Way.

Distributions from the endowment portion of the endowment fund are designated to be made available to United Way at an annual rate established by the Community Foundation. The agreement states that the endowment fund is not a separate trust, and that all assets of the fund are assets of the Community Foundation. The agreement also provides that the endowment fund shall continue for as long as United Way continues as a public charity, with the exception that United Way may, upon a vote of two-thirds of its directors present at a directors' meeting at which a quorum is present, direct the distributions to itself of any part or all of the principal from the fund with 30 days advance written notice to the Community Foundation.

As the agreement provides an option to request the distribution of the entire endowment with sufficient vote from its directors, United Way has accounted for the endowment fund as an asset in accordance ASC 958-605-25-33, *Transfers that Are Not Contributions Because They Are Revocable, Repayable, or Reciprocal*. The endowment fund is presented as beneficial interest in investments held by the Community Foundation of Northern Colorado on United Way's consolidated statement of financial position.

Through the Community Foundation, United Way invests in a managed portfolio that contains common stocks and bonds of publicly traded companies, U.S. Government obligations, mutual funds and money market funds. Such investments are exposed to various risks such as interest rate, credit and overall market volatility.

Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements. The fair value of investments in securities is based on the last reported sales price at June 30, 2018. United Way considers certificates of deposit with original maturities of more than three months to be investments. The fair market value attributes of these assets are reported in Note 8.

**United Way of Larimer County**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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**Note 7 - Beneficial Interest in Investments Held by the Community Foundation of Northern Colorado** (continued)

<u>Community Foundation of Northern Colorado</u>	<u>2018</u>	<u>2017</u>
Beginning fund balance	\$ 958,683	\$ 1,000,401
Gifts received	29,400	34,452
Investment activity		
Interest and dividends	22,701	22,205
Realized gain/(loss)	16,043	(2,016)
Unrealized gain	33,633	72,588
Grants approved	-	(160,000)
Administrative fees	(9,546)	(8,947)
Ending fund balance	<u>\$ 1,050,914</u>	<u>\$ 958,683</u>

**Note 8 - Fair Value Measurements**

ASC 820-10, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets, and Level 3 inputs have the lowest priority. The United Way uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Valuation techniques utilized to determine fair value are consistently applied.

Level 1 Fair Value Measurements - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market which the United Way has the ability to access at the measurement date.

Level 2 Fair Value Measurements - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in an active market;
- Quoted prices for identical or similar assets or liabilities in an inactive market;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**United Way of Larimer County**  
**Notes to the Consolidated Financial Statements**  
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**Note 8 - Fair Value Measurements** (continued)

For those assets with fair value measured using Level 3 inputs, the asset manager determines the fair value measurement policies and procedures in consultation with the United Way's Executive Director and Board of Directors. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

The following is a description of the valuation methodologies used for assets measured at fair value:

Pooled separate accounts: Valued at fair value as determined by observable Level 1 quoted pricing inputs or by quoted prices for similar assets in active or non-active markets. While some pooled separate accounts may have publicly quoted pricing inputs (Level 1), the account values of separate accounts are not publicly quoted and are therefore classified as Level 2 investments. There have been no changes in the methodologies used at June 30, 2018 and 2017.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the United Way believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

		<u>Fair Value Measurements at June 30, 2018 Using:</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		<u>Fair Value</u>		
Community Foundation of Northern Colorado:				
Pooled Separate Accounts	\$ <u>1,050,914</u>	\$ <u>-</u>	\$ <u>1,050,914</u>	\$ <u>-</u>
Ending balance	\$ <u><u>1,050,914</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,050,914</u></u>	\$ <u><u>-</u></u>

**United Way of Larimer County**  
**Notes to the Consolidated Financial Statements**  
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**Note 8 - Fair Value Measurements** (continued)

		<u>Fair Value Measurements at June 30, 2017 Using:</u>		
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Community Foundation of Northern Colorado: Pooled Separate Accounts	\$ <u>958,683</u>	\$ <u>-</u>	\$ <u>958,683</u>	\$ <u>-</u>
Ending balance	\$ <u><u>958,683</u></u>	\$ <u><u>-</u></u>	\$ <u><u>958,683</u></u>	\$ <u><u>-</u></u>

**Note 9 - Subsequent Events**

United Way has evaluated all subsequent events through October 17, 2018, the date the consolidated financial statements were available to be issued.

United Way leases office space in its Fort Collins location. Yearly cancelable lease agreements exist between the Organization and its tenants. The leases are for the term of one year and are entered, executed, and renewed by the Organization with tenants on an annual basis. On July 1, 2018, the Organization extended such leases with commencement on July 1, 2018 and expiration on June 30, 2019. Under these lease agreements, United Way will receive a total of \$123,642 in rental income subsequent to the year ended June 30, 2018.