



Consolidated Financial Statements
June 30, 2021 and 2020

United Way of Larimer County

United Way of Larimer County
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 2,390,203	\$ 865,868
Grants receivable	482,699	41,969
Promises to give, net	753,244	703,234
Certificates of deposit	1,543,220	1,989,012
Prepaid expenses and other assets	21,276	72,460
Cash held for others	226,557	190,418
Property and equipment, net	849,581	249,857
Beneficial interest in assets held by community foundation	2,153,144	1,836,489
Total assets	\$ 8,419,924	\$ 5,949,307
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 54,178	\$ 40,338
Accrued payroll and paid time off	163,245	140,348
Designations payable	446,336	444,251
Refundable advance - PPP loan	299,893	297,362
Deferred lease arrangements	82,736	69,399
Total liabilities	1,046,388	991,698
Net Assets		
Without donor restrictions		
Board reserves	3,472,668	2,885,302
Invested in property and equipment, net of restrictions	224,581	249,857
	3,697,249	3,135,159
With donor restrictions		
	3,676,287	1,822,450
Total net assets	7,373,536	4,957,609
Total liabilities and net assets	\$ 8,419,924	\$ 5,949,307

United Way of Larimer County
Consolidated Statements of Activities
Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Gains			
Gross public support	\$ 3,816,380	\$ 916,651	\$ 4,733,031
Less amounts designated by donors for specific organizations	(1,391,904)	-	(1,391,904)
Adjustment for uncollectible promises to give	(62,642)	-	(62,642)
Net campaign revenue	<u>2,361,834</u>	<u>916,651</u>	<u>3,278,485</u>
Gross special events revenue	108,392	-	108,392
Less costs of direct benefits to donors	(73,814)	-	(73,814)
Net special event revenue	<u>34,578</u>	<u>-</u>	<u>34,578</u>
Grants and sponsorships	376,328	2,291,999	2,668,327
Net investment income	81,708	-	81,708
Net distributions and change in value of beneficial interest in assets held by community foundation	297,062	19,593	316,655
In-kind contributions	58,526	625,000	683,526
Service fees, rental, and other income	45,730	-	45,730
Net assets released from restrictions	1,999,406	(1,999,406)	-
Total support, revenue, and gains	<u>5,255,172</u>	<u>1,853,837</u>	<u>7,109,009</u>
Expenses			
Program services	3,526,417	-	3,526,417
Management and general	686,284	-	686,284
Resource development	480,381	-	480,381
Total expenses	<u>4,693,082</u>	<u>-</u>	<u>4,693,082</u>
Change in Net Assets	562,090	1,853,837	2,415,927
Net Assets, Beginning of Year	<u>3,135,159</u>	<u>1,822,450</u>	<u>4,957,609</u>
Net Assets, End of Year	<u>\$ 3,697,249</u>	<u>\$ 3,676,287</u>	<u>\$ 7,373,536</u>

United Way of Larimer County
Consolidated Statements of Activities
Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Gains			
Gross public support	\$ 3,566,960	\$ 872,111	\$ 4,439,071
Less amounts designated by donors for specific organizations	(1,216,910)	-	(1,216,910)
Adjustment for uncollectible promises to give	(169,175)	-	(169,175)
Net campaign revenue	<u>2,180,875</u>	<u>872,111</u>	<u>3,052,986</u>
Gross special events revenue	146,452	-	146,452
Less costs of direct benefits to donors	(94,451)	-	(94,451)
Net special event revenue	<u>52,001</u>	<u>-</u>	<u>52,001</u>
Grants and sponsorships	113,609	926,183	1,039,792
Net investment income	42,939	-	42,939
Additions to and change in value of beneficial interest in assets held by community foundation	64,305	7,448	71,753
In-kind contributions	38,803	-	38,803
Service fees, rental, and other income	36,550	-	36,550
Net assets released from restrictions	1,604,111	(1,604,111)	-
Total support, revenue, and gains	<u>4,133,193</u>	<u>201,631</u>	<u>4,334,824</u>
Expenses			
Program services	2,966,196	-	2,966,196
Management and general	582,660	-	582,660
Resource development	442,471	-	442,471
Total expenses	<u>3,991,327</u>	<u>-</u>	<u>3,991,327</u>
Change in Net Assets	141,866	201,631	343,497
Net Assets, Beginning of Year	<u>2,993,293</u>	<u>1,620,819</u>	<u>4,614,112</u>
Net Assets, End of Year	<u>\$ 3,135,159</u>	<u>\$ 1,822,450</u>	<u>\$ 4,957,609</u>

United Way of Larimer County
Consolidated Statements of Functional Expenses
Year Ended June 30, 2021

	Program Services	Management and General	Resource Development	Cost of Sales	Total
Resources allocated to the community:					
Gross funds awarded	\$ 3,499,943	\$ -	\$ -	\$ -	\$ 3,499,943
Less amounts designated by donors for specific organizations	(1,429,301)	-	-	-	(1,429,301)
Resources allocated to the community	<u>2,070,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,070,642</u>
Salaries	713,625	405,750	256,071	-	1,375,446
Professional fees	213,335	42,676	50,489	-	306,500
Occupancy, insurance, and maintenance	202,211	55,562	36,297	-	294,070
Employee benefits	91,545	66,658	38,497	-	196,700
Payroll taxes	54,484	35,915	21,866	-	112,265
Information technology	53,263	27,533	17,922	-	98,718
Membership dues	29,497	31,659	20,931	-	82,087
Cost of direct benefits to donors	-	-	-	73,814	73,814
Donated advertising	45,444	-	-	-	45,444
Office supplies	12,696	5,337	12,868	-	30,901
Depreciation and amortization	27,559	1,736	1,096	-	30,391
Printing and publications	9,532	10,600	8,421	-	28,553
Donor stewardship	-	-	13,650	-	13,650
Conferences and meetings	2,088	2,663	1,771	-	6,522
Travel and transportation	496	195	502	-	1,193
Total expenses by function	<u>3,526,417</u>	<u>686,284</u>	<u>480,381</u>	<u>73,814</u>	<u>4,766,896</u>
Less expenses included with revenues on the consolidated statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73,814)</u>	<u>(73,814)</u>
Total expenses included in the expenses section on the consolidated statement of activities	<u>\$ 3,526,417</u>	<u>\$ 686,284</u>	<u>\$ 480,381</u>	<u>\$ -</u>	<u>\$ 4,693,082</u>

United Way of Larimer County
Consolidated Statements of Functional Expenses
Year Ended June 30, 2020

	Program Services	Management and General	Resource Development	Cost of Sales	Total
Resources allocated to the community:					
Gross funds awarded	\$ 3,117,913	\$ -	\$ -	\$ -	\$ 3,117,913
Less amounts designated by donors for specific organizations	(1,537,651)	-	-	-	(1,537,651)
Resources allocated to the community	<u>1,580,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,580,262</u>
Salaries	707,521	340,602	257,627	-	1,305,750
Professional fees	158,470	31,389	35,737	-	225,596
Occupancy, insurance, and maintenance	206,929	30,760	18,317	-	256,006
Employee benefits	95,968	54,061	32,636	-	182,665
Payroll taxes	60,789	24,737	18,936	-	104,462
Information technology	38,371	40,747	5,664	-	84,782
Membership dues	18,823	22,719	15,608	-	57,150
Cost of direct benefits to donors	-	-	-	94,451	94,451
Donated advertising	34,803	-	-	-	34,803
Office supplies	11,133	7,539	12,715	-	31,387
Depreciation and amortization	20,274	9,341	2,623	-	32,238
Printing and publications	19,810	10,818	10,987	-	41,615
Donor stewardship	-	-	18,175	-	18,175
Conferences and meetings	7,342	7,930	9,655	-	24,927
Travel and transportation	5,701	2,017	3,791	-	11,509
Total expenses by function	<u>2,966,196</u>	<u>582,660</u>	<u>442,471</u>	<u>94,451</u>	<u>4,085,778</u>
Less expenses included with revenues on the consolidated statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,451)</u>	<u>(94,451)</u>
Total expenses included in the expenses section on the consolidated statement of activities	<u>\$ 2,966,196</u>	<u>\$ 582,660</u>	<u>\$ 442,471</u>	<u>\$ -</u>	<u>\$ 3,991,327</u>

United Way of Larimer County
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 2,415,927	\$ 343,497
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	30,391	32,238
Amortization of deferred lease arrangements	13,337	18,097
Net distributions and change in beneficial interest in assets held by community foundation	(316,655)	(71,753)
Adjustment for uncollectible promises to give	62,642	169,175
Realized/unrealized gain on certificates of deposit	(15,430)	(31,457)
Contributed property and equipment	(625,000)	-
Forgiveness of PPP loan	(297,362)	-
Changes in operating assets and liabilities		
Grants receivable	(440,730)	(30,179)
Promises to give, net	(112,652)	8,150
Prepaid expenses and other assets	51,184	3,289
Accounts payable and accrued liabilities	13,840	(73,427)
Accrued payroll and paid time off	22,897	61,188
Designations payable	2,085	(809,367)
Refundable advance - PPP loan	299,893	297,362
Net cash from (used for) operating activities	1,104,367	(83,187)
Investing Activities		
Purchases of certificates of deposit	(348,000)	(1,400,000)
Maturity of certificates of deposit	809,222	751,343
Purchases of property and equipment	(5,115)	(72,510)
Net cash from (used for) investing activities	456,107	(721,167)
Net Change in Cash and Cash Held for Others	1,560,474	(804,354)
Cash and Cash Held for Others, Beginning of Year	1,056,286	1,860,640
Cash and Cash Held for Others, End of Year	\$ 2,616,760	\$ 1,056,286
Cash	\$ 2,390,203	\$ 865,868
Cash held for others	226,557	190,418
	\$ 2,616,760	\$ 1,056,286
Supplemental Disclosure of Non-Cash Investing Activity		
Tenant improvements paid for by lessor	\$ -	\$ 51,302

Note 1 - Principal Activity and Significant Accounting Policies

Organization

United Way of Larimer County (UWLC) is a Colorado nonprofit corporation. UWLC 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 the UWLC's support is allocated and paid to other nonprofit organizations.

UWLC plays a vital role in connecting the community and ensuring that everyone in Larimer County has access to the resources they need. Through strategic partnerships and relationship building with donors and nonprofit agencies, UWLC strengthens the community through innovative and creative solutions directed at creating systemic change and positive impact. UWLC believes the nonprofit sector plays a vital role in creating and maintaining a resilient community and in raising needed funds to invest in effective and efficient programs that show results.

UWLC 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 UWLC.

COVID-19 Response

The 2020-21 fiscal year allowed UWLC to increase its community support to those impacted by the global pandemic and the inequities illuminated by its impact. Through the generous support to UWLC's Community Emergency Response Fund, UWLC was able to prioritize the highest risk and most impacted communities with rapid responses to emerging needs. From people experiencing homelessness in need of sheltering in place, to foreign-born residents with limited English proficiency and other barriers to accessing services, UWLC distributed over \$400,000 to support basic needs, mobile program enrollment access, and inclusive vaccine access and distribution. And new to UWLC this year, over \$70,000 in funds outside of COVID-specific areas of focus were distributed to advance racial equity, specifically leadership development in communities of color.

Totaling just under \$1 million, roughly half of UWLC's total grants this fiscal year, funding to early childhood education was paramount in supporting Larimer County's early care and education sector. Through rapid distribution of federal CARES funds to more than 40 licensed providers, scholarships through the Women Give program, funding for early childhood navigators, and additional general support to the county's nonprofit early childhood providers, these contributions reflected UWLC's commitment to youth and education, financial stability, and nonprofit excellence.

In addition to COVID response efforts and significant support to early care and education, UWLC distributed an additional approximate \$500,000 in funding to support literacy and school success, financial stability including housing and food access, resource navigation, innovation across the nonprofit sector, and public policy efforts at the state and local level. Fiscal year 2020-21 and nearly \$2 million in total dollars reflected UWLC's commitment to addressing both the needs of today as well as supporting long-term solutions for economic mobility, equity, and improving the social health of our entire community.

Principles of Consolidation

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

Cash and Cash Held for Other

UWLC considers demand deposits to be cash. Cash held for others represents cash contributions received by UWLC and directed by donors to specific not-for-profit entities that has not yet been disbursed is excluded from this definition.

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, 2021 and 2020, management has determined that all grant receivables are collectible; therefore, no allowance has been recorded.

Promises to Give

UWLC records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. As all promises to give are due within one year of June 30, 2021 and 2020, no discount has been recorded. Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At June 30, 2021 and 2020, the allowance was \$39,197 and \$76,067, respectively.

Promises to give for the years ended June 30, 2021 and 2020 that relate to donor contributions designated for other 501(c)(3) organizations totaled \$219,779 and \$253,833, respectively, and are recorded within designations payable in the accompanying statements of financial position.

During the years ended June 30, 2021 and 2020, total contributions by members of the Board of Directors totaled \$113,000 and \$115,000, respectively. Contributions by members of the Board of Directors for the years ended June 30, 2021 and 2020 that are designated for other 501(c)(3) organizations totaled \$25,000 and \$55,000, respectively.

Certificates of Deposit

UWLC holds certificates of deposit in a local financial institution with original maturities of one year or less. These certificates are not traded on the open market and management believes that the recorded cost of the certificates approximates fair value.

Property and Equipment

Property and equipment additions over \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. UWLC has determined there were no indicators of asset impairment during the years ended June 30, 2021 and 2020.

Beneficial Interest in Assets Held by Community Foundation

Previously, UWLC established a Board-Designated Endowment Fund and a WomenGive Scholarship Fund with the Community Foundation of Northern Colorado (the Foundation) and named itself beneficiary in each agreement. UWLC granted variance power to the Foundation, which allows the Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The funds are held and invested by the Foundation for UWLC's benefit and are reported at fair value in the consolidated statements of financial position, with distributions and changes in fair value recognized in the consolidated statements of activities.

Designations Payable

Designations payable consist of contributions received and directed by donors to specific not-for-profit entities or programs that UWLC serves, and to other UWLC organizations that have not yet been disbursed.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor (or certain grantor) restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for various reserves (Note 7).

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

UWLC reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Revenue and Revenue Recognition

Annual campaigns are conducted in the fall to raise support for allocation to participating agencies in the subsequent calendar year. The majority of workplace campaign promises to give are collected from payroll deductions during the following calendar year. Undesignated contributions, grants, sponsorships, and contributions received or promises to give for annual campaigns, are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Certain grants are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. At June 30, 2021 and 2020, there were no conditional promises to give in which no advanced payment had been received. UWLC received advance payment under the Paycheck Protection Program (PPP) of \$299,893 and \$297,362 that have not been recognized at June 30, 2021 and 2020, respectively, because qualifying expenditures have not yet been submitted for forgiveness (Note 5).

UWLC allows donors to designate a portion of their contributions to other 501(c)(3) organizations. In these situations, the funds designated by the donor are deducted from gross public support to determine net campaign revenue. Designations create an obligation to pay donor funds to those specific non-profit organizations. Because funds are disbursed based on amounts collected, no allowance is deducted from individual designations. Some of UWLC's corporate donors direct their contributions to be used to underwrite administrative costs, allowing 96% of individual contributions to be used to meet the mission and goals of UWLC.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. UWLC recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. UWLC recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, management and general, and resource development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received (Note 8).

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, insurance, and maintenance, information technology, office supplies, and depreciation and amortization, which are allocated on a time and effort basis, as well as salaries, employee benefits, and payroll taxes which are allocated based on program revenue.

Income Taxes

UWLC has been determined to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. UWLC is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, UWLC is subject to income tax on net income that is derived from business activities that is unrelated to its exempt purpose. UWLC has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

UWLC believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. UWLC would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires UWLC to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and certificates of deposit with financial institutions believed by UWLC to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with grants receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations and organizations whose employees are supportive of UWLC's mission.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

UWLC has evaluated subsequent events through October 27, 2021, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

	2021	2020
Cash	\$ 1,716,381	\$ 578,604
Grants receivable due in one year	482,699	41,969
Promises to give due in one year	533,465	229,571
Certificates of deposit	1,543,220	1,989,012
Distributions from beneficial interests in assets held by others	6,418	85,914
	\$ 4,282,183	\$ 2,925,070

At June 30, 2021 and 2020, promises to give exclude donor contributions not yet received of \$219,779 and \$253,833, respectively, which are designated for other 501(c)(3) organizations.

At June 30, 2021 and 2020, cash, grants receivable, and promises to give include donor restricted funds of \$2,807,906 and \$1,673,976 of which \$2,190,580 and \$1,104,787, respectively, is expected to be spent in the normal course of operations in the next 12 months, and therefore included in the table above.

As part of a liquidity management plan, cash in excess of daily requirements is invested in certificates of deposits (CDs). Occasionally, the Board designates portions of any operating surplus to its reserves (Note 7).

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to UWLC’s assessment of the quality, risk, or liquidity profile of the asset.

UWLC invests in CDs traded in the financial markets which are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. UWLC held \$1,543,220 and \$1,989,012 in CDs at June 30, 2021 and 2020, respectively. The fair value of beneficial interest in assets held by the Foundation is based on the fair value of underlying fund investments as reported by the Foundation. These are considered to be Level 3 measurements.

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Balance, beginning of the year	\$ 1,836,489	\$ 1,764,736
Contributions	75,218	1,895
Distributions	(136,934)	-
Net investment return	378,371	69,858
Balance, end of the year	<u>\$ 2,153,144</u>	<u>\$ 1,836,489</u>

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30, 2021 and 2020:

	2021	2020
Land	\$ 625,000	\$ -
Leasehold improvements	230,064	232,682
Equipment, furniture, and fixtures	112,445	108,880
	967,509	341,562
Less accumulated depreciation and amortization	(117,928)	(91,705)
	\$ 849,581	\$ 249,857

Note 5 - Refundable Advance - Paycheck Protection Program (PPP) Loan

UWLC was granted two loans of \$299,893 and \$297,362 under the PPP administered by a Small Business Administration (SBA) approved partner for the years ended June 30, 2021 and 2020, respectively. The loans are uncollateralized and are fully guaranteed by the Federal Government. UWLC is eligible for forgiveness of up to 100% of the loans, upon meeting certain requirements. UWLC has initially recorded the loans as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier, and a right of return of the PPP loan no longer exist. Proceeds from the loans are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. UWLC has recorded \$297,362 of grant revenue for the year ended June 30, 2021 as full forgiveness was granted for the first loan. UWLC will be required to repay any remaining balance, plus interest accrued at 1 percent, of the remaining refundable advance of \$299,893 at June 30, 2021 in monthly payments commencing upon notification of any amount not forgiven. As of the issuance of these consolidated financial statements, management believes at least the substantial majority, and potentially all, of the remaining refundable advance will be forgiven.

Note 6 - Operating Lease

During 2019, UWLC entered into a ten-year lease agreement expiring in 2029 for a new office to house UWLC's operations. The lease also provided for lease incentives for build-out of the space. Lease incentives are amortized over the life of the lease on a straight-line basis as an offset to rent expense and are included in deferred lease arrangements in the accompanying consolidated statements of financial position.

Future minimum lease payments are as follows:

Years Ending June 30,

2022	\$ 168,333
2023	173,383
2024	178,584
2025	183,942
2026	189,460
Thereafter	603,171
	\$ 1,496,873

For the years ended June 30, 2021 and 2020, rent expense was \$181,897.

Note 7 - Net Assets with Donor Restrictions and Board-Designated Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Subject to the Passage of Time		
Land	\$ 625,000	\$ -
Subject to Expenditure for Specified Purpose		
Larimer fire fund	1,350,024	-
Colorado Child Care Tax Credit	465,236	379,656
WomenGive	281,209	601,510
Colorado Reading Corps	207,049	205,006
Emergency aid	142,283	125,960
Be Ready	100,699	111,818
Larimer County childcare fund	100,000	-
Other grant funded projects and programs	46,502	36,280
Readers as Leaders	40,000	-
Shared services	30,000	39,610
Estes Park summer programming	25,000	-
2-1-1 information and referral services	20,000	20,000
Combined disaster recovery	-	154,136
	3,433,002	1,673,976
Perpetual in nature, not subject to spending policy or appropriation		
Beneficial interest in assets held by community foundation distributions from which are restricted for WomenGive	243,285	148,474
	\$ 3,676,287	\$ 1,822,450

The board-designated net assets represent net assets without donor restrictions, which the board of directors has earmarked for a specified purpose at June 30, 2021 and 2020:

	2021	2020
Operating reserve	\$ 877,780	\$ 837,689
Strategic reserve	565,770	240,339
Building reserve	119,259	119,259
Endowment reserve	1,909,859	1,688,015
	\$ 3,472,668	\$ 2,885,302

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 UWLC. The building reserve is to be used only to fund major repairs and critical maintenance. The endowment reserve includes the beneficial interest in assets held by community foundation.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Satisfaction of purpose restrictions		
WomenGive	\$ 505,423	\$ 483,844
Emergency aid	316,532	991
Coronavirus Aid, Relief, and Economic Security Act - childcare support	282,000	-
Colorado Child Care Tax Credit	280,000	82,084
Combined disaster recovery	184,136	386,781
Colorado Reading Corps	122,400	109,975
Be Ready	111,818	86,498
Shared services	72,507	-
Other grant funded projects and programs	56,121	275,855
2-1-1 information and referral services	45,347	24,363
Larimer fire recovery	23,122	-
Season Overflow Shelter	-	138,614
Mobile Laundry Truck	-	15,106
	\$ 1,999,406	\$ 1,604,111

Note 8 - Donated Professional Services and Materials

Donated professional services and materials are as follows during the year ended June 30, 2021:

	Program Services	Management and General	Cost of Sales	Total
Donated advertising	\$ 46,169	\$ -	\$ -	\$ 46,169
Professional fees - information technology services	-	12,000	-	12,000
Cost of direct benefits to donors - entertainment	-	-	5,006	5,006
Other	95	262	-	357
	<u>\$ 46,264</u>	<u>\$ 12,262</u>	<u>\$ 5,006</u>	<u>\$ 63,532</u>

During the year ended June 30, 2021, a land donation was received valued at \$625,000. Per the donor agreement, UWLC is to hold the land for a period of not less than three years (Note 7).

Donated professional services and materials are as follows during the year ended June 30, 2020:

	Program Services	Management and General	Cost of Sales	Total
Cost of direct benefits to donors - event space	\$ -	\$ -	\$ 42,966	\$ 42,966
Donated advertising	34,803	-	-	34,803
Professional fees - legal services	-	4,000	-	4,000
	<u>\$ 34,803</u>	<u>\$ 4,000</u>	<u>\$ 42,966</u>	<u>\$ 81,769</u>

Note 9 - Employee Benefits

During the year ended June 30, 2020, UWLC sponsored a tax-deferred annuity plan (403(b) Plan) qualified under IRC Section 403(b) covering substantially all full-time employees. The 403(b) Plan considered all employees eligible to voluntarily contribute their earnings to the 403(b) Plan upon hire, up to the maximum contribution allowed by the IRS. Employer contributions were discretionary and were determined and authorized by the Board of Directors each plan year. During the year ended June 30, 2020, UWLC matched employee voluntary contributions up to 5 percent, resulting in contributions to the 403(b) Plan of \$58,219.

Effective March 31, 2021, UWLC terminated the 403(b) Plan and established a 401(k) Plan. Employees working 30 hours or more and 21 years of age are eligible immediately upon commencing employment. Traditional and Roth 401(k) options are available. Under the Roth 401(k) option, participants may make post-tax elective deferrals in addition to, or instead of, pre-tax elective deferrals under the traditional 401(k) option. A participant's combined elective deferrals cannot exceed the IRS limits for traditional 401(k) deferrals. UWLC has adopted Safe Harbor 401(k) provisions under which it matches participant contributions. During the year ended June 30, 2021, UWLC's employer retirement contributions totaled \$62,208; \$45,814 to the 403(b) plan prior to termination and \$16,394 to the 401(k) plan.