



Consolidated Financial Statements  
June 30, 2022 and 2021

# United Way of Larimer County

Independent Auditor’s Report.....	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses.....	6
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	9



## Independent Auditor's Report

The Board of Directors  
United Way of Larimer County  
Fort Collins, Colorado

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of United Way of Larimer County, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Way of Larimer County as of June 30, 2022 and 2021, and the changes in its consolidated net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of United Way of Larimer County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management 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; and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Larimer County's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

***Auditor's Responsibilities of the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Larimer County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Larimer County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Fort Collins, Colorado  
October 26, 2022

United Way of Larimer County  
Consolidated Statements of Financial Position  
June 30, 2022 and 2021

	2022	2021
<b>Assets</b>		
Cash	\$ 1,933,928	\$ 2,390,203
Grants receivable	34,780	482,699
Promises to give, net	835,476	753,244
Certificates of deposit	1,914,270	1,543,220
Prepaid expenses and other assets	30,082	21,276
Cash held for others	240,804	226,557
Property and equipment, net	822,631	849,581
Beneficial interest in assets held by community foundation	1,880,472	2,153,144
Total assets	\$ 7,692,443	\$ 8,419,924
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 116,264	\$ 54,178
Accrued payroll and paid time off	175,361	163,245
Grants payable	245,000	-
Designations payable	523,208	446,336
Refundable advance - PPP loan	-	299,893
Deferred lease arrangements	91,170	82,736
Total liabilities	1,151,003	1,046,388
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	489,696	-
Board reserves	2,721,482	3,472,668
Invested in property and equipment, net of restrictions	197,631	224,581
	3,408,809	3,697,249
With donor restrictions	3,132,631	3,676,287
Total net assets	6,541,440	7,373,536
Total liabilities and net assets	\$ 7,692,443	\$ 8,419,924

United Way of Larimer County  
Consolidated Statement of Activities  
Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Gains			
Support			
Gross public support	\$ 4,257,448	\$ 769,048	\$ 5,026,496
Less amounts designated by donors for specific organizations	(1,668,352)	-	(1,668,352)
Adjustment for uncollectible promises to give	(53,686)	-	(53,686)
Net campaign revenue	2,535,410	769,048	3,304,458
Gross special events revenue			
Ticket sales, contributions, and sponsorships	62,904	54,730	117,634
In-kind contributions	974	31,240	32,214
Less costs of direct benefits to donors	(107,214)	-	(107,214)
Net special event revenue	(43,336)	85,970	42,634
Grants and sponsorships	326,807	938,121	1,264,928
In-kind contributions	68,484	-	68,484
Total support revenue	2,887,365	1,793,139	4,680,504
Revenue and Gains			
Net investment income	69,325	-	69,325
Net distributions and change in value of beneficial interest in assets held by community foundation	(251,093)	(21,579)	(272,672)
Service fees, rental, and other income	96,959	-	96,959
Net assets released from restrictions	2,315,216	(2,315,216)	-
Total revenue and gains	2,230,407	(2,336,795)	(106,388)
Total support, revenue, and gains	5,117,772	(543,656)	4,574,116
Expenses			
Program services	4,193,681	-	4,193,681
Management and general	653,500	-	653,500
Resource development	559,031	-	559,031
Total expenses	5,406,212	-	5,406,212
Change in Net Assets	(288,440)	(543,656)	(832,096)
Net Assets, Beginning of Year	3,697,249	3,676,287	7,373,536
Net Assets, End of Year	\$ 3,408,809	\$ 3,132,631	\$ 6,541,440

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

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Gains			
Support			
Gross public support	\$ 3,799,947	\$ 916,651	\$ 4,716,598
Less amounts designated by donors for specific organizations	(1,391,904)	-	(1,391,904)
Adjustment for uncollectible promises to give Net campaign revenue	<u>62,642</u>	<u>-</u>	<u>(62,642)</u>
	2,345,401	916,651	3,262,052
Gross special events revenue			
Ticket sales, contributions, and sponsorships	119,819	-	119,819
In-kind contributions	5,006	-	5,006
Less costs of direct benefits to donors	<u>(73,814)</u>	<u>-</u>	<u>(73,814)</u>
Net special event revenue	51,011	-	51,011
Grants and sponsorships	376,328	2,291,999	2,668,327
In-kind contributions	<u>58,526</u>	<u>625,000</u>	<u>683,526</u>
Total support revenue	<u>2,831,266</u>	<u>3,833,650</u>	<u>6,664,916</u>
Revenue and Gains			
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
Service fees, rental, and other income	45,730	-	45,730
Net assets released from restrictions	<u>1,999,406</u>	<u>(1,999,406)</u>	<u>-</u>
Total revenue and gains	<u>2,423,906</u>	<u>(1,979,813)</u>	<u>444,093</u>
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	<u>480,381</u>	<u>-</u>	<u>480,381</u>
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 Statement of Functional Expenses  
Year Ended June 30, 2022

	Program Services	Management and General	Resource Development	Cost of Sales	Total
Resources allocated to the community					
Gross funds awarded	\$ 4,136,208	\$ -	\$ -	\$ -	\$ 4,136,208
Less amounts designated by donors for specific organizations	(1,632,828)	-	-	-	(1,632,828)
Total resources allocated to the community	<u>2,503,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,503,380</u>
Personnel costs					
Salaries	737,090	354,130	307,530	-	1,398,750
Employee benefits	117,710	60,920	12,600	-	191,230
Payroll taxes	50,580	27,530	28,520	-	106,630
Total personnel costs	<u>905,380</u>	<u>442,580</u>	<u>348,650</u>	<u>-</u>	<u>1,696,610</u>
Expenses					
Professional fees	402,948	43,190	53,250	-	499,388
Occupancy, insurance, and maintenance	181,630	66,320	44,250	-	292,200
Cost of direct benefits to donors	-	-	-	107,214	107,214
Information technology	49,610	30,590	22,280	-	102,480
Membership dues	27,180	35,000	23,860	-	86,040
Printing and publications	13,792	21,670	24,970	-	60,432
Office supplies	23,915	6,990	21,441	-	52,346
Donated advertising	40,330	-	-	-	40,330
Depreciation and amortization	25,070	3,630	2,350	-	31,050
Conferences and travel	20,446	3,530	5,060	-	29,036
Donor stewardship	-	-	12,920	-	12,920
Total expenses by function	<u>784,921</u>	<u>210,920</u>	<u>210,381</u>	<u>107,214</u>	<u>1,313,436</u>
Total expenses by function	<u>4,193,681</u>	<u>653,500</u>	<u>559,031</u>	<u>107,214</u>	<u>5,513,426</u>
Less expenses included with revenues on the consolidated statement of activities	-	-	-	(107,214)	(107,214)
Total expenses included in the expenses section on the consolidated statement of activities	<u>\$ 4,193,681</u>	<u>\$ 653,500</u>	<u>\$ 559,031</u>	<u>\$ -</u>	<u>\$ 5,406,212</u>



United Way of Larimer County  
Consolidated Statement 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)
Total resources allocated to the community	<u>2,070,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,070,642</u>
Personnel costs					
Salaries	713,625	405,750	256,071	-	1,375,446
Employee benefits	91,545	66,658	38,497	-	196,700
Payroll taxes	54,484	35,915	21,866	-	112,265
Total personnel costs	<u>859,654</u>	<u>508,323</u>	<u>316,434</u>	<u>-</u>	<u>1,684,411</u>
Expenses					
Professional fees	213,335	42,676	50,489	-	306,500
Occupancy, insurance, and maintenance	202,211	55,562	36,297	-	294,070
Cost of direct benefits to donors	-	-	-	73,814	73,814
Information technology	53,263	27,533	17,922	-	98,718
Membership dues	29,497	31,659	20,931	-	82,087
Printing and publications	9,532	10,600	8,421	-	28,553
Office supplies	12,696	5,337	12,868	-	30,901
Donated advertising	45,444	-	-	-	45,444
Depreciation and amortization	27,559	1,736	1,096	-	30,391
Conferences and travel	2,584	2,858	2,273	-	7,715
Donor stewardship	-	-	13,650	-	13,650
	<u>596,121</u>	<u>177,961</u>	<u>163,947</u>	<u>73,814</u>	<u>1,011,843</u>
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	-	-	-	(73,814)	(73,814)
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 Cash Flows  
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ (832,096)	\$ 2,415,927
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	31,050	30,391
Amortization of deferred lease arrangements	8,434	13,337
Net distributions and change in beneficial interest in assets held by community foundation	272,672	(316,655)
Adjustment for uncollectible promises to give	53,686	62,642
Realized/unrealized gain on certificates of deposit	(6,365)	(15,430)
Contributed land	-	(625,000)
Forgiveness of PPP loan	(299,893)	(297,362)
Changes in operating assets and liabilities		
Grants receivable	447,919	(440,730)
Promises to give, net	(135,918)	(112,652)
Prepaid expenses and other assets	(8,806)	51,184
Accounts payable and accrued liabilities	62,086	13,840
Accrued payroll and paid time off	12,116	22,897
Grants payable	245,000	-
Designations payable	76,872	2,085
Refundable advance - PPP loan	-	299,893
Net cash from (used for) operating activities	(73,243)	1,104,367
Investing Activities		
Purchases of certificates of deposit	(625,000)	(348,000)
Maturity of certificates of deposit	260,315	809,222
Purchases of property and equipment	(4,100)	(5,115)
Net cash from (used for) investing activities	(368,785)	456,107
Net Change in Cash and Cash Held for Others	(442,028)	1,560,474
Cash and Cash Held for Others, Beginning of Year	2,616,760	1,056,286
Cash and Cash Held for Others, End of Year	\$ 2,174,732	\$ 2,616,760
Cash	\$ 1,933,928	\$ 2,390,203
Cash held for others	240,804	226,557
Total cash and cash held for others	\$ 2,174,732	\$ 2,616,760

## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

United Way of Larimer County (UWLC) is a Colorado nonprofit corporation. UWLC plays a vital role in connecting the community and ensuring that everyone in Larimer County has access to the resources they need to thrive. UWLC is supported primarily through public donations and is governed by a volunteer board of directors comprised of community leaders with a diverse array of industry, expertise, geography and experience. A predominant portion of the UWLC's revenue is allocated and granted to other nonprofit organizations. Through strategic partnerships and relationship building with donors, corporate partners, governments and nonprofit agencies, UWLC facilitates community solutions directed at creating systemic change and positive impact.

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.

### **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. Unless otherwise noted, these consolidated entities are hereinafter referred to as "UWLC."

### **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.

### **Grants Receivable and Promises to Give**

UWLC records unconditional grants receivable and promises to give that are expected to be collected within one year at net realizable value. Unconditional grants receivable and 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 grants and public support revenue in the consolidated statements of activities. As all grants receivable and promises to give are due within one year of June 30, 2022 and 2021, no discount has been recorded. Allowance for grants receivable and uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants receivable and promises to give are written off when deemed uncollectible. At June 30, 2022 and 2021, no allowance for grants receivable was considered necessary. At June 30, 2022 and 2021, the allowance for promises to give was \$25,839 and \$39,197, respectively.

Promises to give for the years ended June 30, 2022 and 2021 that relate to donor contributions designated for other 501(c)(3) organizations totaled \$282,404 and \$219,779, respectively, and are recorded within designations payable in the accompanying statements of financial position.

During the years ended June 30, 2022 and 2021, total contributions by members of the Board of Directors totaled \$167,000 and \$113,000, respectively. Contributions by members of the Board of Directors for the years ended June 30, 2022 and 2021 that are designated for other 501(c)(3) organizations totaled \$80,000 and \$25,000, respectively.

### **Certificates of Deposit**

UWLC holds certificates of deposit (CDs) in local financial institutions that are initially recorded at cost. Thereafter, CDs are reported at their fair values in the consolidated statements of financial position. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

### **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, 2022 and 2021.

### **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) 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. UWLC reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. 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 grants and 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.

At June 30, 2022 and 2021, 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 that have not been recognized at June 30, 2021, because qualifying expenditures have not yet been submitted for forgiveness as of June 30, 2021. UWLC recorded \$299,893 of grant revenue for the year ended June 30, 2022 as qualifying expenditures were incurred and full forgiveness was granted (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 over 90% 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.

### **In-Kind Contributions**

In-kind contributions include donated advertising, professional services, printing and publications, entertainment, and land which are recorded at the respective fair values of the goods or services received (Note 8). UWLC does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and 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.

As of July 1, 2021, UWLC adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets.

### **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 Holding, LLC is treated as a disregarded entity for tax purposes, and is incorporated into the UWLC tax filings.

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 26, 2022, 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:

	2022	2021
Cash	\$ 1,502,404	\$ 1,716,381
Grants receivable due in one year	34,780	482,699
Promises to give due in one year	553,072	533,465
Certificates of deposit	1,418,119	1,543,220
Distributions from beneficial interests in assets held by others	14,534	6,418
	\$ 3,522,909	\$ 4,282,183

At June 30, 2022 and 2021, promises to give exclude donor contributions of \$282,404 and \$219,779, respectively, which are designated for other 501(c)(3) organizations.

At June 30, 2022 and 2021, cash, grants receivable, and promises to give include donor restricted funds of \$2,285,925 and \$2,808,002 of which \$1,854,401 and \$2,190,580, 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 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 \$1,914,270 and \$1,543,220 in CDs at June 30, 2022 and 2021, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 2,153,144	\$ 1,836,489
Contributions	-	75,218
Distributions	(60,984)	(136,934)
Net investment return (loss)	<u>(211,688)</u>	<u>378,371</u>
Balance, end of the year	<u><u>\$ 1,880,472</u></u>	<u><u>\$ 2,153,144</u></u>

**Note 4 - Property and Equipment**

Property and equipment consist of the following at June 30, 2022 and 2021:

	2022	2021
Land	\$ 625,000	\$ 625,000
Leasehold improvements	230,064	230,064
Equipment, furniture, and fixtures	116,550	112,445
	971,614	967,509
Less accumulated depreciation and amortization	(148,983)	(117,928)
	\$ 822,631	\$ 849,581

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

UWLC was granted a loan 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 were uncollateralized and were fully guaranteed by the Federal Government. UWLC was eligible for forgiveness of up to 100% of the loans, upon meeting certain requirements. UWLC had initially recorded the loans as a refundable advance and recorded 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 exists. Proceeds from the loans were eligible for forgiveness if they were used for certain payroll, rent, and utility expenses. UWLC recorded \$299,893 and \$297,362 of grant revenue for the years ended June 30, 2022 and 2021, respectively, as full forgiveness was granted for both loans.

**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:

<u>Years Ending June 30,</u>	
2023	\$ 173,383
2024	178,584
2025	183,942
2026	189,460
2027	195,144
Thereafter	<u>408,027</u>
	<u><u>\$ 1,328,540</u></u>

For the years ended June 30, 2022 and 2021, 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:

	2022	2021
Subject to Expenditure for Specified Purpose or Time		
Larimer fire fund	\$ 837,524	\$ 1,350,024
Land	625,000	625,000
Colorado Child Care Tax Credit	401,971	465,236
WomenGive	283,036	281,209
Colorado Reading Corps	183,918	207,049
Early Childhood Navigators / Be Ready	154,125	100,699
Larimer County childcare fund	150,000	100,000
Other grant funded projects and programs	76,067	36,000
Non-Profit Excellence	60,000	10,000
Emergency aid	42,580	142,283
Readers as Leaders	40,000	40,000
Estes Park summer programming	25,000	25,000
2-1-1 information and referral services	20,000	20,000
Seasonal overflow shelter	11,704	502
Shared services	-	30,000
	2,910,925	3,433,002
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	221,706	243,285
	\$ 3,132,631	\$ 3,676,287

Board-designated net assets represent net assets without donor restrictions, which the board of directors has earmarked for a specified purpose at June 30, 2022 and 2021:

	2022	2021
Operating reserve	\$ 943,457	\$ 877,780
Strategic reserve	-	565,770
Building reserve	119,259	119,259
Endowment reserve	1,658,766	1,909,859
	\$ 2,721,482	\$ 3,472,668

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. During the year ended June 30, 2022, the board of directors released the strategic reserve from designation.

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, 2022 and 2021:

	2022	2021
Satisfaction of Purpose and Time Restrictions		
Larimer fire recovery	\$ 524,720	\$ 23,122
Colorado Child Care Tax Credit	488,958	280,000
WomenGive	377,114	505,423
Seasonal overflow shelter	257,498	-
Colorado Reading Corps	165,173	122,400
Emergency aid	106,650	316,532
Early Childhood Navigators / Be Ready	100,698	111,818
Larimer County childcare fund	100,000	-
Other grant funded projects and programs	60,323	56,121
Readers as Leaders	40,000	-
Shared services	32,401	72,507
Estes Park summer programming	25,000	-
2-1-1 information and referral services	20,000	45,347
Non-Profit Excellence	16,681	-
Coronavirus Aid, Relief, and Economic Security Act - childcare support	-	282,000
Combined disaster recovery	-	184,136
	\$ 2,315,216	\$ 1,999,406

**Note 8 - In-Kind Contributions**

For the years ended June 30, 2022 and 2021, in-kind contributions recognized within the consolidated statements of activities included the following:

	2022	2021
Donated advertising	40,330	46,169
Professional services - information technology	18,330	12,000
Printing and publications	9,824	357
	68,484	58,526
Land	-	625,000
Cost of direct benefits to donors - entertainment	32,214	5,006
	\$ 100,698	\$ 688,532

Contributed advertising, printing and publications, and entertainment are valued using estimated principal market of identical or similar products using pricing data under a “like-kind” methodology considering the utility for use at the time of the contribution. Contributed advertising and printing and publications are used in various program services and management and general activities. Entertainment in-kind contributions totaling \$31,240 received during the year-end June 30, 2022 were restricted for the WomenGive purpose restriction. All gifts-in-kind received during the year ended June 30, 2021 were unrestricted.

Contributed professional services are received from information technology professionals who provide UWLC various consulting services. Contributed professional services are recognized at fair value based on current rates for similar information technology services.

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).

**Note 9 - Employee Benefits**

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, 2022, UWLC’s employer retirement contributions to the 401(k) plan totaled \$61,849. 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.