

**UNITED WAY OF SOUTHWEST COLORADO, INC**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended June 30, 2017**

UNITED WAY OF SOUTHWEST COLORADO, INC.

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To the Board of Directors  
United Way of Southwest Colorado



## INDEPENDENT AUDITOR'S REPORT *Heidi A. Trainor, CPA, MS Tax*

### **Report on the Financial Statements**

I have audited the accompanying financial statements of United Way of Southwest Colorado, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended.

The prior year summarized comparative information has been derived from the Organization's financial statements and, in our report dated September 19, 2016; we expressed an unqualified opinion on those financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southwest Colorado, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Heidi A. Trainor, CPA, PC  
December 5, 2017

UNITED WAY OF SOUTHWEST COLORADO, INC.

STATEMENT OF FINANCIAL POSITION  
For The Year Ended June 30

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 228,350	\$ 161,905
Contributions Receivable, Net	182,956	147,956
Other Assets	7,571	2,168
Beneficial Interest In Community Foundation	259,830	204,154
Property and Equipment, Net	<u>567</u>	<u>1,127</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 679,274</u></u>	<u><u>\$ 517,310</u></u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 11,184	\$ 10,264
Unearned Revenue	34,300	41,450
Community Support Payable	<u>249,389</u>	<u>170,246</u>
<b>TOTAL LIABILITIES</b>	<u>294,873</u>	<u>221,960</u>
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	8,882	(5,962)
Invested In Equipment	567	1,127
Beneficial Interest	259,830	204,154
Stipend For Interns - Board Designated	--	384
Operating Reserve - Board Designated	48,023	48,023
Ambassador Funds - Board Designated	<u>2,000</u>	<u>2,000</u>
<b>Total Unrestricted Net Assets</b>	<u>319,302</u>	<u>249,726</u>
Temporarily Restricted	<u>65,099</u>	<u>45,624</u>
<b>TOTAL NET ASSETS</b>	<u><u>384,401</u></u>	<u><u>295,350</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 679,274</u></u>	<u><u>\$ 517,310</u></u>

See accompanying notes to basic financial statements

UNITED WAY OF SOUTHWEST COLORADO, INC.

STATEMENT OF ACTIVITIES  
For the Year Ended June 30

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
<b>OPERATING ACTIVITIES</b>				
<b>Support and Revenue</b>				
Campaign Contributions	\$ 667,598	\$ --	\$ 667,598	\$ 694,133
Less: Donor Designations To Other Organizations	(17,741)	--	(17,741)	(18,168)
Provision For Uncollectible Pledges	(15,114)	--	(15,114)	(23,789)
Net Campaign Contributions	634,743	--	634,743	652,176
Grants	--	116,000	116,000	--
Other Support and Revenue	244,635	174,184	418,819	426,496
Net Assets Released From Restrictions	270,709	(270,709)	--	--
Total Support and Revenue	1,150,087	19,475	1,169,562	1,078,672
<b>Expenses</b>				
<b>Program Services</b>				
<b>Distributions</b>				
Allocations To Agencies	529,373	--	529,373	547,351
Less: Allocations Funded Through Donor Designated Contributions	(18,445)	--	(18,445)	(20,138)
Total Distributions	510,928	--	510,928	527,213
Special Response	187,582	--	187,582	196,797
Other	168,897	--	168,897	76,760
Total Program Services	356,479	--	356,479	273,557
<b>Supporting Services</b>				
Management and General	79,194	--	79,194	80,798
Fundraising	177,200	--	177,200	169,138
Total Supporting Services	256,394	--	256,394	249,936
Total Expenses	1,123,801	--	1,123,801	1,050,706
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	26,286	19,475	45,761	27,966
<b>OTHER INCOME (LOSS)</b>				
Unrealized Gain On Investment	43,290	--	43,290	(25,604)
CHANGE IN NET ASSETS	69,576	19,475	89,051	2,362
NET ASSETS, Beginning of Year	249,726	45,624	295,350	292,988
NET ASSETS, End of Year	\$ 319,302	\$ 65,099	\$ 384,401	\$ 295,350

See the accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST COLORADO, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30

	2017				2016	
	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORT SERVICES	TOTAL EXPENSES	TOTAL EXPENSES
<b>PAYROLL</b>						
Salaries	\$ 67,852	\$ 36,501	\$ 67,798	\$ 104,299	\$ 172,151	\$ 154,585
Payroll Taxes	4,999	4,234	5,030	9,264	14,263	12,290
TOTAL PAYROLL	<u>72,851</u>	<u>40,735</u>	<u>72,828</u>	<u>113,563</u>	<u>186,414</u>	<u>166,875</u>
<b>OTHER</b>						
Agency Allocations	529,373	--	--	--	529,373	547,351
Special Response	187,582	--	--	--	187,582	196,797
2-1-1 Program	5,864	--	--	--	5,864	6,035
Collaborative Impact	82,327	--	--	--	82,327	--
Insurance	--	3,215	--	3,215	3,215	3,067
Miscellaneous	--	1,224	890	2,114	2,114	5,247
Dues and Subscriptions	--	2,005	4,474	6,479	6,479	5,853
United Way World Wide Dues	2,432	2,432	2,432	4,864	7,296	7,518
Marketing	--	--	9,331	9,331	9,331	4,415
Office Supplies	333	2,176	2,435	4,611	4,944	2,836
Repairs and Maintenance	--	2,232	--	2,232	2,232	8,816
Postage	145	726	1,055	1,781	1,926	2,581
Professional Fees	--	13,873	5,500	19,373	19,373	21,800
Rent and Utilities	3,706	3,058	3,820	6,878	10,584	7,149
Telephone	--	3,448	--	3,448	3,448	3,057
Special Events	340	--	71,210	71,210	71,550	72,404
Training	--	2,456	--	2,456	2,456	2,193
Travel	899	1,380	3,225	4,605	5,504	5,466
Total Other	<u>813,001</u>	<u>38,225</u>	<u>104,372</u>	<u>142,597</u>	<u>955,598</u>	<u>902,585</u>
TOTAL EXPENSES BEFORE IN-KIND	885,852	78,960	177,200	256,160	1,142,012	1,069,460
In-kind	--	234	--	234	234	1,384
TOTAL EXPENSES	<u>\$ 885,852</u>	<u>\$ 79,194</u>	<u>\$ 177,200</u>	<u>\$ 256,394</u>	<u>\$ 1,142,246</u>	<u>\$ 1,070,844</u>

See the accompanying notes to the financial statements

UNITED WAY OF SOUTHWEST COLORADO, INC.

STATEMENT OF CASH FLOWS  
For the Year Ended June 30

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received From Contributors	\$ 616,570	\$ 655,489
Cash Received From Grantors	535,650	410,216
Cash Received From Interest and Dividends	15,197	14,586
Cash Paid To Agencies	(513,230)	(586,056)
Cash Paid For Program Expenses	(331,348)	(237,613)
Cash Paid For Fundraising Expenses	(177,200)	(169,138)
Cash Paid For Administrative Expenses	<u>(79,194)</u>	<u>(78,548)</u>
Net Cash Provided (Used) By Operating Activities	<u>66,445</u>	<u>8,936</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	66,445	8,936
CASH AND CASH EQUIVALENTS, Beginning of year	<u>161,905</u>	<u>152,969</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 228,350</u>	<u>\$ 161,905</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change In Net Assets	\$ 89,051	\$ 2,362
Adjustments To Reconcile Change In Net Assets To Net Cash Provided By Operating Activities		
Depreciation and Amortization	560	866
Other Non-Cash Items	(43,290)	(5,047)
(Increase) Decrease In:		
Accounts Receivable	(34,999)	10,503
Prepaid Expenses	(5,403)	(829)
Investment	(12,387)	18,426
Increase (Decrease) In:		
Accounts Payable	920	23,023
Other Accrued Liabilities	<u>71,993</u>	<u>(40,368)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 66,445</u>	<u>\$ 8,936</u>

See the accompanying notes to the financial statements

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (a) **Mission Statement and Activity** - United Way of Southwest Colorado strives to positively impact the community by supporting local agencies and programs that promote education, health and self reliance.
- (b) **Basis of Presentation** – The financial statements of the Organization are prepared using the accrual basis of accounting.

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets are net assets that are not subject to donor-imposed stipulations. Designated net assets are unrestricted net assets that have been set aside by action of the board of directors for specific purposes.

Temporarily Restricted Net Assets are net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets are net assets subject to donor-imposed stipulations that the resources be maintained permanently, but permit the Organization to use or expend part or all of the income derived from donated assets for either specified or unspecified purposes.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

- (c) **Contributions** – Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until such time as the conditions are substantially met. Contributions of non-cash assets are recognized at their estimated fair market value on the date of contribution. Contributions to be collected in future years are recorded at fair value when the promise is made.

The Organization receives contributions via its annual fund raising campaigns that are donor-designated for other agencies. These revenues are included in total campaign contributions and are deducted from total campaign contributions under donor designations to other organizations.



UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

An allowance for uncollectible accounts is recorded using an estimated percentage of outstanding contributions receivable. This estimate is compared to historical averages to determine its reasonableness.

A substantial number of volunteers donate significant amounts of time in the furtherance of the Organization's objectives. The value of these services is not recognized in these financial statements as they do not meet the specific criteria for recognition under generally accepted accounting principles.

- (d) **Cash and Cash Equivalents** – The Organization considers all highly liquid assets purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of checking accounts and certificates of deposit that are stated at fair value, which approximates cost. The Organization maintains its cash and cash equivalents in depository institution accounts that are within federally insured limits. The Organization has not experienced any losses in such accounts.
- (e) **Property and Equipment** – Property and equipment are carried at cost or, if donated, at the fair value on the date of donation. The Organization follows a policy whereby it capitalizes purchases of property and equipment greater than \$1,000. Depreciation is recorded using the straight-line MACRS method over the following estimated useful lives:

Furniture, fixtures, and equipment	3 to 10 years
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- (f) **Operating and Non-Operating Activity** – Operating activities represent support and revenue and expenses solely related to the United Way of Southwest Colorado campaigns. Non-operating activities are revenues and expenses related to investment transfers.
- (g) **Functional Allocation of Expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 1:**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

- (h)      **Income Taxes** – The Organization is exempt from federal income tax as an entity described in Internal Revenue Code (IRC) Section 501(c)(3) except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515.

The Organization did not incur unrelated business income tax for the year ended June 30, 2017 and 2016. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended June 30, 2017, 2016, 2015, 2014 are subject to examination by the Internal Revenue Service, generally for three years after filing.

- (i)      **Subsequent Events** – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.
- (j)      **Use of Estimates** – Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 2: CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of June 30 are expected to be received as follows:

	<u>2017</u>	<u>2016</u>
Within one year	\$ 198,069	\$ 171,744
Less:		
Allowance for uncollectible pledges	<u>(15,113)</u>	<u>(23,788)</u>
Total contributions receivable	<u>\$ 182,956</u>	<u>\$ 147,956</u>

**NOTE 3: PROPERTY AND EQUIPMENT**

The components of property and equipment as of June 30 are as follows:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 16,517	\$ 16,517
Less:		
Accumulated depreciation	<u>(15,950)</u>	<u>(15,390)</u>
	<u>\$ 567</u>	<u>\$ 1,127</u>

**NOTE 4: LEASES**

The Organization is on a month to month lease agreement for office space. Rent is \$669 per month. Rent expense during the year ended June 30, 2017 was \$10,618 and 2016 was \$7,149.

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 5: EMPLOYEE BENEFIT PLANS**

**Compensated Absences** – Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. United Way of Southwest Colorado allows employees to accumulate vacation leave. Vacation is accrued on a pro rata basis per pay period. Sick leave does not carry over to the next year. For the fiscal years ended June 30, 2017 and 2016, accrued vacation was \$3,598 and \$3,958, respectively.

**NOTE 6: OTHER SUPPORT AND REVENUE**

Other support and revenue is comprised of the following for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted
City of Durango block grant	\$ 207,900	\$ --
Special response program	--	174,184
In-kind contributions	234	--
Grants	--	116,000
Administrative Fees	1,601	--
Other	19,702	--
Investment income	15,198	--
	<u>\$ 244,635</u>	<u>\$ 290,184</u>

**NOTE 7: RELATED PARTY TRANSACTIONS**

The Organization paid dues to the national organization, United Way Worldwide, of \$7,296 for June 30, 2017 and \$7,518 for the year ended June 30, 2016.

The Organization also received campaign contributions from members of its board of directors of \$2,890 for the year ended June 30, 2017 and \$2,762 for the year ended June 30, 2016.

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 8: BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION**

The amount invested in the Community Foundation Serving Southwest Colorado was \$259,830 at June 30, 2017 and \$204,154 at June 30, 2016. United Way is the designated beneficiary of the Community Foundation fund and any net earnings thereon. Accordingly, the asset is reported on United Way's balance sheet as a beneficial interest in assets held by the Community Foundation.

The Community Foundation Serving Southwest Colorado is a not-for-profit organization established to assure that community members donated assets are managed according to the donor's wishes and invested to maximize earning potential. An advisory committee, designated by United Way and approved by the Community Foundation has the authority to recommend distributions from the fund. Distributions may be from the net income and principal of the fund. Title to the fund is held by the Community Foundation and United Way has granted variance power to the Community Foundation, which means that the Community Foundation reserves the right to make the final decision regarding distributions and may direct those distributions elsewhere if they determine that continued distributions to United Way for the specified charitable purpose have become unnecessary, obsolete, incapable of fulfillment, impractical or inconsistent with the community's charitable needs.

United Way's beneficial interest is carried at the market value of the underlying investments, which are mutual funds and money market funds.

The activity in the beneficial interest in the Community Foundation for the year ended June 30 is as follows:

	<u>2017</u>	<u>2016</u>
July 1, Beginning balance	\$ 204,154	\$ 217,533
Plus: Interest and dividends	15,047	14,443
Plus: Unrealized gain (loss)	43,290	(25,604)
Less: Administrative fees	<u>(2,661)</u>	<u>(2,218)</u>
June 30	<u>\$ 259,830</u>	<u>\$ 204,154</u>

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 9: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Collaborative Impact	\$ 33,874	\$ --
Community Emergency Assistance Coalition	17,491	26,138
Pagosa Outreach Connection	7,931	13,683
Ambassador Funds	<u>5,803</u>	<u>5,803</u>
Total temporarily restricted net assets	<u>\$ 65,099</u>	<u>\$ 45,624</u>