

ROUTT COUNTY UNITED WAY

Financial Statements

August 31, 2018

ROUTT COUNTY UNITED WAY

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Independent Auditor's Report

The Board of Directors
Routt County United Way
Routt County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Routt County United Way, which comprise the statement of financial position as of August 31, 2018, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Routt County United Way as of August 31, 2018, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Financial Information

We have previously audited the financial statements of Routt County United Way as of August 31, 2017 and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2018. In our opinion, the summarized comparative financial information presented herein as of and for the fiscal year ended August 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Catterson + Company, P.C." in a cursive script.

Steamboat Springs, Colorado
February 18, 2019

ROUTT COUNTY UNITED WAY
Statement of Financial Position
August 31, 2018
(with summarized financial information as of August 31, 2017)

	2018	2017
Assets:		
Current assets:		
Cash and cash equivalents	\$ 186,806	\$ 102,088
Certificate of deposit	10,071	10,021
Pledges receivable, net of allowance for uncollectible pledges	41,815	41,659
Other current assets	1,827	2,504
Total current assets	240,519	156,272
Noncurrent assets:		
Investments	470,460	396,619
Beneficial interest in assets of other organization	7,794	7,207
Property and equipment, net of accumulated depreciation	1,887	3,491
Equity investment in LLC	344,097	345,704
Total noncurrent assets	824,238	753,021
Total assets	\$ 1,064,757	\$ 909,293
Liabilities and net assets:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,949	\$ 6,701
Allocations payable	193,119	188,392
Current portion of note payable	9,000	9,000
Total current liabilities	213,068	204,093
Noncurrent liabilities:		
Note payable, net of current portion	112,500	121,500
Total liabilities	325,568	325,593
Net assets:		
Unrestricted	690,513	557,195
Temporarily restricted	48,676	26,505
Total net assets	739,189	583,700
Total liabilities and net assets	\$ 1,064,757	\$ 909,293

The accompanying notes are an integral part of these financial statements.

ROUTT COUNTY UNITED WAY
Statement of Activities
For the Fiscal Year Ended August 31, 2018
(with summarized financial information for the fiscal year ended August 31, 2017)

	2018			2017 Total
	Unrestricted	Temporarily Restricted	Total	
Public support and revenue:				
Gross campaign results	\$ 621,430	\$ 31,428	\$ 652,858	\$ 555,886
Less donor designations	(15,206)	-	(15,206)	(17,311)
Less provision for uncollectible pledges	(10,493)	-	(10,493)	(18,016)
Net campaign revenue	595,731	31,428	627,159	520,559
Other contributions	70,087	-	70,087	62,224
Investment income	30,940	-	30,940	25,074
Net assets released from restrictions	9,257	(9,257)	-	-
Total revenues and support	706,015	22,171	728,186	607,857
Expenses:				
Program services:				
Gross allocations and awards	261,300	-	261,300	321,378
Less donor designations	(15,206)	-	(15,206)	(17,311)
Net allocations and awards	246,094	-	246,094	304,067
Other program services	279,418	-	279,418	255,423
Total program services	525,512	-	525,512	559,490
Supporting services:				
Organizational administration	23,861	-	23,861	21,747
Fundraising	23,324	-	23,324	19,374
Total supporting services	47,185	-	47,185	41,121
Total expenses	572,697	-	572,697	600,611
Change in net assets	133,318	22,171	155,489	7,246
Net assets, beginning of year	557,195	26,505	583,700	576,454
Net assets, end of year	<u>\$ 690,513</u>	<u>\$ 48,676</u>	<u>\$ 739,189</u>	<u>\$ 583,700</u>

The accompanying notes are an integral part of these financial statements.

ROUTT COUNTY UNITED WAY
Statement of Functional Expenses
For the Fiscal Year Ended August 31, 2018
(with summarized comparative financial information for the fiscal year ended August 31, 2017)

	Program Services			Supporting Services			2018 Total	2017 Total
	Allocation Services	All Other Programs	Total Program Services	Organizational Administration	Fundraising	Total Supporting Services		
Expenses:								
Allocations and awards	\$ 261,300	\$ -	\$ 261,300	\$ -	\$ -	\$ -	\$ 261,300	\$ 321,378
Less donor designations	(15,206)	-	(15,206)	-	-	-	(15,206)	(17,311)
Allocations and awards, net	246,094	-	246,094	-	-	-	246,094	304,067
Wages and benefits	-	121,031	121,031	8,763	6,098	14,861	135,892	116,845
Contract labor	-	10,594	10,594	5,954	1,507	7,461	18,055	20,974
Holiday giving	-	18,520	18,520	-	-	-	18,520	17,454
Routt to Work Initiative	-	49,429	49,429	-	-	-	49,429	46,959
Marketing and advertising	-	7,318	7,318	161	10,462	10,623	17,941	20,629
Office expenses	-	18,973	18,973	915	1,471	2,386	21,359	12,922
Occupancy	-	4,802	4,802	305	368	673	5,475	4,444
Professional fees	-	-	-	6,525	-	6,525	6,525	6,450
Donor cultivation	-	12,709	12,709	279	978	1,257	13,966	20,267
Insurance	-	3,192	3,192	70	246	316	3,508	3,091
UWW dues	-	5,884	5,884	129	453	582	6,466	5,097
Other	-	25,506	25,506	728	1,629	2,357	27,863	19,820
Depreciation	-	1,460	1,460	32	112	144	1,604	1,592
Total expenses	<u>\$ 246,094</u>	<u>\$ 279,418</u>	<u>\$ 525,512</u>	<u>\$ 23,861</u>	<u>\$ 23,324</u>	<u>\$ 47,185</u>	<u>\$ 572,697</u>	<u>\$ 600,611</u>

The accompanying notes are an integral part of these financial statements.

ROUTT COUNTY UNITED WAY
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2018
(with summarized financial information for the fiscal year ended August 31, 2017)

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 155,489	\$ 7,246
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,604	1,592
Contribution of equipment	-	(1,200)
Interest and dividends on investments	(16,199)	(13,272)
Realized and unrealized gains on investments	(10,134)	(1,011)
(Increase) decrease in:		
Pledges receivable, net	(156)	5,769
Other receivables	-	808
Other current assets	677	(86)
Increase (decrease) in:		
Accounts payable and accrued expenses	4,248	(2,195)
Allocations payable	4,727	27,762
	140,256	25,413
Cash flows from investing activities:		
Net sales (purchases) of investments	(42,951)	-
Net change in beneficial interest in assets of other organization	(587)	(827)
Capital contributions for investment in LLC	(3,000)	(3,600)
Redemption (purchase) of certificate of deposit	-	(9,000)
	(46,538)	(13,427)
Net cash provided (used) by investing activities		
Cash flows from financing activities:		
Principal payments on note payable	(9,000)	(9,000)
	(9,000)	(9,000)
Net cash provided (used) by financing activities		
Net change in cash and cash equivalents	84,718	2,986
Cash and cash equivalents, beginning of year	102,088	99,102
Cash and cash equivalents, end of year	\$ 186,806	\$ 102,088

The accompanying notes are an integral part of these financial statements.

ROUTT COUNTY UNITED WAY
Notes to Financial Statements
August 31, 2018

(with summarized financial information as of and for the fiscal year ended August 31, 2017)

Note 1: Nature of Organization and Significant Accounting Policies

The Routt County United Way (the Organization) was incorporated in 1984 as a Colorado not-for-profit corporation to offer support and raise funds for the health and human service needs of the residents of Routt County, Colorado. Its mission is to improve lives by mobilizing the caring power of the community and uniting with partners to succeed in key impact areas of early childhood education, youth success, financial stability, and health and crisis services. The Organization is the collaborative community leader in health and human services. The Organization supports over 40 local agencies and human service programs throughout Routt County.

The Organization is governed by a volunteer board of directors and is a dues paying member of United Way Worldwide (UWW).

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP) and with the financial statement standards of UWW. The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Unrestricted net assets are resources available to support operations.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are classified in this class if the donor limited their use.

Permanently restricted net assets are resources whose use by the Organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

Cash and Cash Equivalents

All highly liquid investments with an initial maturity of three months or less are considered cash equivalents in the statement of cash flows.

Pledges Receivable

Pledges receivable, all of which are due within one year, are unconditional and are recognized as assets and support in the period the pledge is made. The Organization provides an allowance for uncollectible pledges based upon management's periodic review of outstanding receivables, historical collection information and existing economic conditions. Pledges receivable are recorded net of an estimated allowance for uncollectible pledges as of August 31, 2018 and 2017:

	2018	2017	
Pledges receivable	\$ 51,815	\$ 51,659	
Allowance for uncollectible pledges	(10,000)	(10,000)	
	\$ 41,815	\$ 41,659	

ROUTT COUNTY UNITED WAY
Notes to Financial Statements
August 31, 2018
(with summarized financial information as of and for the fiscal year ended August 31, 2017)

Note 1: Nature of Organization and Significant Accounting Policies (continued)

Investments

Investments are reported at their fair values in the statement of financial position and changes in fair value are reported as investment return in the statement of activities.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP established a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar investments in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

Property and Equipment

Property and equipment is stated at cost, or if donated, the fair value at the date of the gift, less accumulated depreciation. Depreciation is provided on the straight-line method over an estimated useful life of 5 years. The cost or repairs and maintenance that do not extend the useful life of the assets are reported as an expense.

Contributions

Unconditional pledges to the annual fundraising campaign are recognized as contributions at the date the pledge is made. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Donor-restricted contributions whose restrictions are met within the same reporting period are reported as unrestricted support.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift.

Donor Designations

Certain contributions/pledges received in fundraising campaigns are designated by donors for specific agencies or for organizations outside Routt County, Colorado. In accordance with UWW reporting guidelines, these designations are presented as part of gross campaign results and gross agency distributions on the statement of activities, but are then deducted to arrive at the Organization's actual revenue and expense per US GAAP.

ROUTT COUNTY UNITED WAY
Notes to Financial Statements
August 31, 2018
(with summarized financial information as of and for the fiscal year ended August 31, 2017)

Note 1: Nature of Organization and Significant Accounting Policies (continued)

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

Advertising

The Organization expenses the costs of advertising when incurred.

Tax Status

The Organization is exempt from income tax under Internal Revenue Code (IRC) Section 501(c)(3), though it would be subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code. The Organization has processes in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

The Organization's tax returns related to the fiscal years ending August 31, 2015 through 2017 remain open for examination by taxing authorities.

Use of Estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the fiscal year ended August 31, 2017, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 2: Investments

The following is a summary of investments as of August 31, 2018 and 2017:

	2018			2017
	Level 1	Level 2	Total	
Money market funds	\$ -	\$ 2,511	\$ 2,511	\$ 53
Certificate of deposit	-	10,071	10,071	10,021
Equity mutual funds	445,199	-	445,199	377,898
Equity securities	22,587	-	22,587	18,453
Government securities	163	-	163	215
	<u>\$ 467,949</u>	<u>\$ 12,582</u>	<u>\$ 480,531</u>	<u>\$ 406,640</u>

ROUTT COUNTY UNITED WAY
Notes to Financial Statements
August 31, 2018

(with summarized financial information as of and for the fiscal year ended August 31, 2017)

Note 2: Investments (continued)

The composition of investment return was as follows for the fiscal years ended August 31, 2018 and 2017:

	2018	2017
Unrealized and realized gain on investments	\$ 14,741	\$ 11,802
Interest and dividends	16,199	13,272
	\$ 30,940	\$ 25,074

Note 3: Property and Equipment, Net

The Organization's property and equipment consists of the following as of August 31, 2018 and 2017:

	2018	2017
Office equipment	\$ 16,863	\$ 16,863
Trailer	1,200	1,200
	18,063	18,063
Less accumulated depreciation	(16,176)	(14,572)
	\$ 1,887	\$ 3,491

Note 4: Beneficial Interest in Assets Held by Others

The Organization maintains a beneficial interest in a charitable fund held and administered by the Yampa Valley Community Foundation (YVCF). Per terms of the Agency Endowment Agreement with YVCF, the Organization has specified itself as the beneficiary of the fund which was established as a health and human services endowment fund. YVCF does not maintain variance power over the funds and the funds are distributable to the Organization upon request. The Organization's beneficial interest in assets held by YVCF as of August 31, 2018 and 2017 is \$7,794 and \$7,207, respectively.

Note 5: Equity Investment in LLC

The Organization holds a 50% membership interest in 443 Oak Nonprofit Center, LLC (the LLC), a Colorado limited liability company. The sole purpose of the LLC is to hold title to real estate located at 443 Oak Street in Steamboat Springs, Colorado used exclusively for programming and related activities of nonprofit organizations. The other 50% membership interest in the LLC is held by Integrated Community (CIIC), a Colorado nonprofit corporation.

Terms of the operating agreement of the LLC require the LLC to maintain individual capital accounts for each member and establish the Executive Directors of the Organization and CIIC as managers of the LLC.

The Organization accounts for its 50% membership interest using the equity method of accounting in accordance with US GAAP. The Organization's investment in LLC as of August 31, 2018 and 2017 is \$344,097 and \$345,704, respectively.

ROUTT COUNTY UNITED WAY
Notes to Financial Statements
August 31, 2018

(with summarized financial information as of and for the fiscal year ended August 31, 2017)

Note 6: Note Payable

On June 15, 2015, the Organization entered into a \$300,000 promissory note with an individual. The Organization is a co-borrower with CIIC and each entity is responsible for \$150,000 of the loan. Proceeds from the note were used to acquire real estate held by the LLC. The note carries a 0% interest rate and is unsecured. The Organization is required to pay \$750 of monthly principal only payments through maturity on February 15, 2032.

Schedule principal repayments for the note payable as of August 31, 2018 are as follows:

Fiscal Year Ended August 31,	
2019	\$ 9,000
2020	9,000
2021	9,000
2022	9,000
2023	9,000
Thereafter	<u>76,500</u>
	<u>\$ 121,500</u>

Note 7: Restricted Net Assets

As of August 31, 2018, \$48,676 of the Organization's net assets are temporarily restricted for the Imagination Library program.

Note 8: Board Designated Unrestricted Net Assets

The Organization's board of directors has designated unrestricted net assets of certain funds in order to preserve principal and use investment earnings as needs demand. The Organization has the following board designated unrestricted net assets at August 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Arthur Anderson fund	\$ 470,460	\$ 396,619
Health and Human Services fund	<u>7,794</u>	<u>7,207</u>
	<u>\$ 478,254</u>	<u>\$ 403,826</u>

Note 9: Retirement Plan

The Organization offers its employees the opportunity for participation in a SIMPLE retirement plan. The Organization covers the administrative costs of the plan and matches employee contributions up to 3% of participating employee's wages. The Organization's matching contributions to the plan were \$2,585 and \$2,825, respectively, for the fiscal years ended August 31, 2018 and 2017.

Note 10: Contributed Services

Many individuals volunteer their time and perform a variety of tasks within the Organization's programs. However, these services do not meet the criteria for recognition as contributed services in accordance with US GAAP.

ROUTT COUNTY UNITED WAY
Notes to Financial Statements
August 31, 2018

(with summarized financial information as of and for the fiscal year ended August 31, 2017)

Note 11: Lease Agreement

The Organization entered into an office lease agreement with the LLC effective June 15, 2015 for a 15 year period through June 14, 2030. The annual base rent is \$1 and the Organization is also required to pay its pro rata portion of common area expenses for the LLC's building.

Note 12: Intentions to Give

The Organization has received indications of gifts in the form of bequests which are revocable during the donors' lifetime or if irrevocable for which a donation amount cannot be determined. Due to the uncertain nature of these intentions, the Organization has not recognized any asset or contributions revenue for these gifts.

Note 13: Subsequent Events

The Organization evaluated subsequent events through February 18, 2019, the date these financial statements were available to be issued.