

LIVE UNITED



United Way of Weld County

UnitedWay-Weld.org

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

**For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

UNITED WAY OF WELD COUNTY, INC.

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United Way of Weld County

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July 1, 2019

President's Letter

RE: Change in Grant funding methodology affecting United Way of Weld County Financial Statements for July 1, 2018 to June 30, 2019

Dear Reader of Financial Reports:

United Way of Weld County has committed to increasing our role in leading collaboration and aligning our community investments to meet shared measurable goals for greater impact on the lives of people in our community. This collective impact model is proven to help communities achieve long-term goals for improving and strengthening communities.

United Way of Weld County has adopted five priority areas:

- Early Childhood
- Youth Development
- Household Stability
- Older Adults/Healthy Aging
- Access to Services

Historically United Way of Weld County has distributed grants to other Weld County Non-Profits based on the traditional method of individual agencies submitting grant applications that were then reviewed by a committee of volunteers to determine the individual award amounts. This grant method ended on June 30, 2019. The new collective impact model was set in place in our July 1, 2019 - June 30, 2020 fiscal year. This method actively engages agencies and community representatives and volunteers for decision making in a collaborative manner.

In addition to direct service programming, leading collaboration and investing in special programs aligned with our priorities, the United Way of Weld County's Board of Directors has approved \$560,000 in external grants to partner agencies to assist with this collaborative effort. While this board designation had been approved as of our June 30, 2019, fiscal year-end, the specific grants to individual agencies had not yet been finalized and approved by the Board of Directors. As such, the commitment did not rise to the level of a liability in accordance with accounting principles generally accepted in the United States of America and was instead, recognized as Community Awards under Net Assets. The simple effect of this recognition is that net assets showed a notable (and non-recurring) increase for the fiscal year ending June 30, 2019. Subsequent to the date of this report, the Board of Directors has approved the specific grants, which are now recognized as a liability. This is a non-recurring event and our future audited financial statements are anticipated to reflect these awards as contractual liabilities.

If you have additional questions, please contact Alyson Rome, VP of Finance and Administration at 970-304-6164.

Sincerely,

A handwritten signature in blue ink that reads "Jeannine Truswell".

Jeannine Truswell
President & CEO



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Weld County, Inc.
Greeley, Colorado

We have audited the accompanying financial statements of United Way of Weld County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

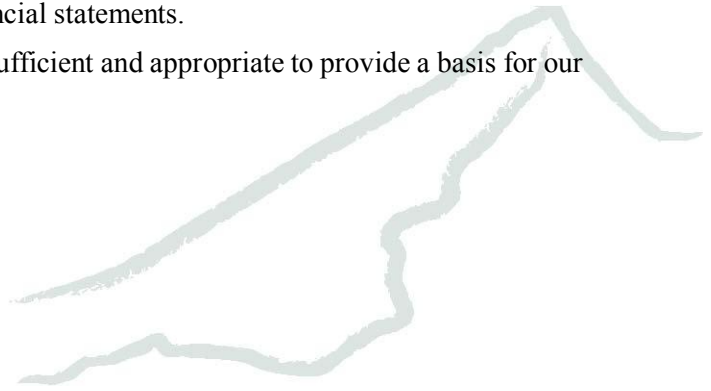
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, as established by the Auditing Standards Board. 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 United Way of Weld County, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Weld County, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

The President's Letter is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and relates to the underlying accounting and other records used to prepare the financial statements. The President's Letter has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script, appearing to read "RLR", with "LLP" written in smaller letters below the end of the signature.

Evans, Colorado
November 11, 2019

UNITED WAY OF WELD COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2019 (With Comparative Totals for 2018)

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 857,031	\$ 1,109,688
Receivables:		
Campaign pledges, net of allowance for doubtful pledges of \$147,132 in 2019 and \$150,555 in 2018	625,677	490,779
Grants	212,629	198,669
Other	27,488	49,785
Prepaid expenses	42,775	36,964
Total current assets	1,765,600	1,885,885
Noncurrent assets		
Property and equipment, net	480,586	472,797
Investments	1,442,951	1,392,324
Beneficial interest in investments held by the Community Foundation Serving Greeley and Weld County	376,644	372,314
Total noncurrent assets	2,300,181	2,237,435
Total assets	\$ 4,065,781	\$ 4,123,320
LIABILITIES		
Current liabilities		
Accounts payable	\$ 75,984	\$ 133,053
Accrued community awards liability (Note 4)	-	566,071
Donor designations payable	82,005	90,911
Accrued compensated absences	100,259	96,868
Deferred revenue	191,235	53,461
Total current liabilities	449,483	940,364
NET ASSETS		
Without donor restrictions		
Investment in property and equipment, net	480,586	472,797
Board designated:		
Legacy endowment	69,228	74,897
Capital reserve	39,819	70,000
Community awards (Note 4)	560,000	-
Programs	62,791	244,592
Operating reserve	1,751,715	1,695,375
Undesignated	-	152,050
Total net assets without donor restrictions	2,964,139	2,709,711
With donor restrictions		
Time and/or purpose restricted	344,743	175,829
Purpetual in nature - Legacy endowment	307,416	297,416
Total net assets with donor restrictions	652,159	473,245
Total net assets	3,616,298	3,182,956
Total liabilities and net assets	\$ 4,065,781	\$ 4,123,320

See accompanying notes to financial statements.

UNITED WAY OF WELD COUNTY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019 (With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Revenue				
Annual campaign proceeds	2,646,732	178,156	\$2,824,888	\$2,964,068
Less:				
Donor designations	(301,445)	-	(301,445)	(302,476)
Adjustment of provision for uncollectible pledges	(180,490)	-	(180,490)	(114,820)
Net campaign revenue	2,164,797	178,156	2,342,953	2,546,772
Other contributions	243,936	10,000	253,936	251,033
Contribution of facility	-	-	-	405,595
Grants and contracts	1,241,424	-	1,241,424	1,066,337
Investment income	115,527	-	115,527	115,455
Miscellaneous income	64,605	-	64,605	65,068
Net assets released from restrictions	9,242	(9,242)	-	-
Total other revenue	1,674,734	758	1,675,492	1,903,488
Total revenue	3,839,531	178,914	4,018,445	4,450,260
Expense				
Program services:				
Agency support and planning	148,383	-	148,383	168,569
Community impact (Note 4)	355,596	-	355,596	929,121
VISTA program	173,434	-	173,434	174,669
Welds Way Home	416,982	-	416,982	327,082
Promises for Children	1,368,297	-	1,368,297	1,222,464
2-1-1 InfoLine	227,118	-	227,118	224,341
Volunteer center	99,657	-	99,657	72,245
Total program services	2,789,467	-	2,789,467	3,118,491
Supporting services:				
Fund raising, including in-kind expenses of \$75,779 in 2019 and \$90,673 in 2018	685,481	-	685,481	699,596
General and administrative	110,155	-	110,155	128,110
Total supporting services	795,636	-	795,636	827,706
Total expenses	3,585,103	-	3,585,103	3,946,197
Change in Net Assets (Note 4)	254,428	178,914	433,342	504,063
Net Assets, Beginning of Year	2,709,711	473,245	3,182,956	2,678,893
Net Assets, End of Year	\$2,964,139	\$652,159	\$3,616,298	3,182,956

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

UNITED WAY OF WELD COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019 (With Comparative Totals for 2018)

	Program Services					
	Agency Support and Planning	Community Impact	VISTA Program	Welds Way Home	Promises for Children	2-1-1 InfoLine
Community Award Expenses:						
Community awards	\$ -	\$ 983,192	\$ -	\$ -	\$ -	\$ -
Less: donor designations	-	(301,445)	-	-	-	-
Less: change in community awards liability (Note 4)	-	(566,071)	-	-	-	-
Total community award expenses	-	115,676	-	-	-	-
Personnel Expenses:						
Salaries	75,586	94,950	39,433	110,462	512,026	81,047
Payroll taxes and employee benefits	15,630	19,641	8,161	22,979	107,042	16,480
Total personnel expenses	91,216	114,591	47,594	133,441	619,068	97,527
Operating Expenses						
Supplies	734	11,783	1,074	4,376	9,989	416
QIP/client supplies	120	-	-	375	135,846	-
Telephone	1,850	-	1,400	393	518	-
Postage	14	142	5	432	789	151
Advertising and printing	1,191	10,913	857	2,333	60,277	793
Conferences and meetings	7,269	9,450	2,860	4,213	55,401	116
Dues, fees and subscriptions	-	(119)	-	-	3,389	4,943
Insurance	-	1,944	-	175	-	-
Equipment and maintenance	-	5,865	348	7,544	7,806	-
Mileage	501	908	2,364	4,034	9,021	2,207
Building and occupancy	3,373	27,869	1,758	1,799	23,141	3,427
Contract and professional services	8,264	13,652	79,571	140,215	177,244	86,304
Rent	-	-	17,194	62,076	-	-
Other expenses	500	-	664	1,011	35,227	-
Shared costs	32,107	41,217	17,054	51,959	221,710	30,537
Total operating expenses	55,923	123,624	125,149	280,935	740,358	128,894
Total expenses before depreciation	147,139	353,891	172,743	414,376	1,359,426	226,421
Depreciation	1,244	1,705	691	2,606	8,871	697
Total expenses	\$ 148,383	\$ 355,596	\$ 173,434	\$ 416,982	\$ 1,368,297	\$ 227,118

Program Services		Support Services							
Volunteer Center	Total Program Services	General and Administrative	Fund Raising	Total Support Services	Shared Expenses	Total 2019	Total 2018		
\$ -	\$ 983,192	\$ -	\$ -	\$ -	\$ -	\$ 983,192	\$ 939,416		
-	(301,445)	-	-	-	-	(301,445)	(302,476)		
-	(566,071)	-	-	-	-	(566,071)	-		
-	115,676	-	-	-	-	115,676	636,940		
28,621	942,125	50,394	296,217	346,611	74,797	1,363,533	1,304,468		
5,947	195,880	10,476	61,346	71,822	15,525	283,227	269,035		
34,568	1,138,005	60,870	357,563	418,433	90,322	1,646,760	1,573,503		
5,049	33,421	291	9,587	9,878	25,295	68,594	72,587		
-	136,341	-	-	-	-	136,341	111,643		
-	4,161	-	-	-	39,179	43,340	37,614		
1,673	3,206	53	6,459	6,512	6,043	15,761	14,956		
2,824	79,188	1,114	71,183	72,297	200,107	351,592	344,590		
36,232	115,541	3,023	61,920	64,943	34,454	214,938	232,241		
90	8,303	-	600	600	43,169	52,072	52,361		
-	2,119	-	-	-	19,282	21,401	19,581		
1,500	23,063	-	9,608	9,608	22,958	55,629	50,858		
1,419	20,454	-	5,906	5,906	1,971	28,331	20,836		
1,283	62,650	2,281	13,248	15,529	(3,432)	74,747	83,925		
1,392	506,642	19,528	17,501	37,029	77,184	620,855	589,333		
-	79,270	-	-	-	-	79,270	64,356		
-	37,402	-	-	-	-	37,402	4,099		
13,014	407,598	22,063	126,871	148,934	(556,532)	-	-		
64,476	1,519,359	48,353	322,883	371,236	(90,322)	1,800,273	1,698,980		
99,044	2,773,040	109,223	680,446	789,669	-	3,562,709	3,909,423		
613	16,427	932	5,035	5,967	-	22,394	36,774		
\$ 99,657	\$ 2,789,467	\$ 110,155	\$ 685,481	\$ 795,636	\$ -	\$ 3,585,103	\$ 3,946,197		

See accompanying notes to financial statements.

UNITED WAY OF WELD COUNTY, INC.

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2019 (With Comparative Totals for 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 433,342	\$ 504,063
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Adjustment of provision for uncollectible pledges	180,490	114,820
Depreciation	22,394	36,774
Contribution of facility	-	(405,595)
Unrealized/realized (gain) on investments	(90,858)	(362,857)
Change in value of beneficial interest in investments	(23,320)	(20,827)
Decrease (increase) in:		
Campaign pledges receivable	(315,388)	(123,707)
Other receivables	8,338	(26,151)
Prepaid expenses	(5,811)	57
Increase (decrease) in:		
Accounts payable	(57,067)	77,663
Accrued community awards liability (Note 4)	(566,071)	-
Donor designations payable	(8,905)	(103,472)
Accrued compensated absences	3,391	20,495
Deferred revenue	137,775	(53,580)
Net cash (used) by operating activities	(281,690)	(342,317)
Cash flows from investing activities:		
Purchase of equipment and improvements	(30,183)	(7,531)
Proceeds from sale of investments	40,226	-
Transfer to beneficial interest in investments	(10,000)	(7,000)
Distribution from beneficial interest in investments	28,990	-
Net cash provided (used) by investing activities	29,033	(14,531)
Net (decrease) in cash and cash equivalents	(252,657)	(356,848)
Cash and cash equivalents, beginning of year	1,109,688	1,466,536
Cash and cash equivalents, end of year	\$ 857,031	\$ 1,109,688
Supplemental Disclosures of Non-Cash Operating Activities:		
Contributed goods and services	\$ 243,936	\$ 249,628
In-kind expenses	\$ (243,936)	\$ (249,628)

See accompanying notes to financial statements.

UNITED WAY OF WELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (With Comparative Totals for 2018)

Note 1. Organization Operations and Significant Accounting Policies

The accounting and reporting policies of United Way of Weld County, Inc. (United Way) conform to accounting principles generally accepted in the United States of America. The following summary of significant accounting policies is presented to assist the reader in evaluating United Way's financial statements.

Organization

United Way provides services and partners with other nonprofit organizations to improve the lives of people in Weld County, Colorado. United Way is supported primarily through public donations and is governed by a local volunteer Board of Directors consisting of business professionals and community leaders.

New Accounting Pronouncement:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of financial assets (Note 10)

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction—Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction—Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

The United Way Board of Directors has directed a portion of unrestricted net assets as a board-designated endowment, specific program reserve and an operating reserve. These board-designated amounts do not represent donor restrictions.

UNITED WAY OF WELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (With Comparative Totals for 2018)

Note 1. Organization Operations and Significant Accounting Policies (continued)

Comparative Financial Information

The accompanying 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 U.S. GAAP. Accordingly, such information should be read in conjunction with United Way's audited financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Cash and Cash Equivalents

United Way considers all time and demand bank deposits and highly-liquid investments with an original maturity of three months or less to be cash equivalents. United Way maintains its cash balances in several financial institutions located in Weld County, Colorado. The balances at times exceed the insurance coverage limit provided by the Federal Deposit Insurance Corporation (FDIC). United Way has not experienced any losses in these accounts.

Investments and Beneficial Interest in Investments

All investments in marketable securities are recognized at fair value using quoted prices in active markets for identical assets or liabilities with readily determinable fair values. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as an increase or decrease in unrestricted net assets unless the income or loss is restricted by donor or law.

United Way executed an agreement with the Community Foundation Serving Greeley and Weld County (Community Foundation) in April 2001, whereby United Way transferred assets to the Community Foundation in order to establish The Legacy Endowment Fund with the Community Foundation. In accordance with the agreement, the primary purpose of the endowment fund is to provide operating and capital support to United Way to carry out its role and mission as described in its governing documents, and the principal of the fund shall be held by the Community Foundation as an endowment in support of United Way.

Distributions from the endowed portion of the endowment fund are designated to be made available to United Way at an annual rate established by the Community Foundation. The agreement states that the endowment fund is not a separate trust, and that all assets of the fund are assets of the Community Foundation. The agreement also provides that the endowment fund shall continue for as long as United Way continues as a public charity, with the exception that United Way may, upon a vote of two-thirds of its directors present at a directors' meeting at which a quorum is present, direct the distribution to itself of any part or all of the principal from the fund with the effective date of the termination being the close of the Community Foundation's fiscal year within which the Community Foundation receives a certified copy of the resolution adopted by United Way's governing board terminating the agreement. As the agreement provides an option to request the distribution of the entire endowment with a sufficient vote from its directors, United Way has accounted for the endowment fund as an asset in accordance Accounting Standards Codification (ASC) 958-605-25-33, *Transfers that Are Not Contributions Because They Are Revocable, Repayable, or Reciprocal*. The endowment fund is presented as beneficial interest in investments held by the Community Foundation Serving Greeley and Weld County on United Way's statement of financial position.

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

UNITED WAY OF WELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (With Comparative Totals for 2018)

Note 1. Organization Operations and Significant Accounting Policies (continued)

Investments and Beneficial Interest in Investments (continued)

Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements. The fair value of investments in securities is based on the last reported sales price at June 30, 2019 and 2018. United Way considers certificates of deposit with original maturities of more than three months to be investments.

Receivables

Campaign contributions which have not yet been received in cash are recorded as pledges receivable at the time they are communicated to United Way. Collection of the pledges receivable is anticipated within the succeeding twelve months. An allowance for uncollectible pledges is established based on management's evaluation of pledges outstanding and other factors including historical collection experience, local economic conditions and various attributes pertaining to the donor base.

United Way considers other receivables (related to grants and other reimbursements) to be fully collectible. As such, no allowance for doubtful accounts has been established.

Revenue Recognition

Contributions, which include unconditional pledges, are recorded as revenue in the period received. Campaign contributions are considered available for unrestricted use unless specifically restricted or designated by the donor.

Contributions of securities are recorded at their fair value on the date received. Grant revenue is recognized to the extent that eligible expenses are incurred. Grant funds received that don't meet the criteria for revenue recognition are reported as deferred revenue.

In-Kind Contributed Services

In-kind contributions consist of donated professional services, supplies, and property and equipment. United Way recognizes contribution revenue for certain services received at the fair value of those services provided when those services create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Materials are recorded at fair value at the date of donation using Level 3 inputs of the fair value hierarchy. United Way recognized \$243,936 and \$249,628 of in-kind contributions during the years ending June 30, 2019 and 2018. In addition, United Way capitalized \$405,595 to property and equipment for a contributed facility during the year ended June 30, 2018.

No amounts have been reflected in the accompanying financial statements for campaign volunteer services since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to United Way's program services and its fund-raising campaigns.

Property and Equipment

Property and equipment are valued at cost or fair value at the date of donation. Depreciation of property and equipment is provided on a straight-line basis over estimated useful lives generally ranging from 4 to 39 years. Upon disposal of an item of property and equipment, the difference between the disposal proceeds and its carrying amount is recognized as gain (loss) on disposal of property and equipment in the statement of activities.

UNITED WAY OF WELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (With Comparative Totals for 2018)

Note 1. Organization Operations and Significant Accounting Policies (continued)

Donor Designations

United Way allows donors to designate their contributions to specific nonprofit organizations. Donor designations are reported as a liability rather than as revenue. In the accompanying statement of activities, the designated funds provided by donors are included in gross campaign proceeds, but are excluded from net campaign revenue. Similarly, the payments to the designated organizations are included as community awards, but excluded from community awards expense.

Accrued Awards Liability

The liability for community awards is recognized when the awards are approved by United Way's Board of Directors, provided they are not contingent on future campaign results for funding.

Deferred Revenue

United Way considers payments received on grant agreements and service contracts in advance of the services being performed to be deferred revenue. Revenue relating to service contracts and grants is recognized as the terms of grant agreements are met or as services outlined in contracts are performed. Deferred revenue as of June 30, 2019 and 2018 was \$191,235 and \$53,461, respectively.

Income Taxes

United Way is a nonprofit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision is made in these financial statements for income taxes.

United Way has adopted the recognition requirements for uncertainty in income taxes as required by ASC 740-10. The standard prescribes a comprehensive model for how an organization should recognize, measure, present and disclose in the financial statements uncertainty in income taxes United Way has taken or expects to take on a tax return.

In evaluating United Way's tax provisions and accruals, interpretations and tax planning strategies are considered. United Way believes their estimates are appropriate based on current facts and circumstances and have not recorded any reserves or related accruals for interest and penalties for uncertainty in income taxes at June 30, 2019 and 2018.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The allowance for uncollectible campaign pledges is a significant estimate. Actual financial results could differ from the estimates, and any adjustment could be significant.

Functional Allocation of Expenses

United Way allocates its expenses on a functional basis among its various programs including fundraising activities and support services by estimating the relative attention and effort exerted towards specific functional areas. The expenses include personnel, building and occupancy, and certain other expenses. Other expenses and support services that can be identified with a specific function are allocated directly according to their natural expenditure classification.

UNITED WAY OF WELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (With Comparative Totals for 2018)

Note 1. Organization Operations and Significant Accounting Policies (continued)

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2019 and 2018 was \$216,113 and \$235,315, respectively. Of those expenses, approximately \$75,000 and \$90,000, respectively, was in-kind advertising expense.

Fair Value

Fair value is the price that would be received from the sale of an asset or settlement of a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, United Way considers the principal or most advantageous market in which a hypothetical sale or transfer would take place and consider assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance.

The fair value hierarchy is made up of three levels of inputs which may be used to measure fair value:

Level 1—observable inputs such as quoted prices for identical instruments in active markets.

Level 2—observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, model derived valuations in which all significant inputs are observable in active markets, and where net asset value (NAV) is equal to fair value.

Level 3—unobservable inputs for which there is little or no market data and which require us to develop our own assumptions.

United Way categorizes fair value measurements within the fair value hierarchy based upon the lowest level of the most significant inputs used to determine such fair value measurement.

Reclassifications

Certain reclassifications have been applied to conform to the current year presentation. These reclassifications have no effect on previously reported results of operations or net assets.

Subsequent Events

Management has evaluated subsequent events through November 11, 2019 the date on which the financial statements were available to be issued.

UNITED WAY OF WELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (With Comparative Totals for 2018)

Note 2. Annual Campaign Pledges and Revenue Concentration

A summary of annual campaign pledges, annual campaign pledges receivable, and allowance for uncollectible pledges is as follows:

Campaign	June 30, 2019			
	Campaign Proceeds in 2018-19	Pledges Receivable Outstanding	Allowance for Uncollectible Pledges	Net Pledges Receivable
2019-2020	\$ 108,001	\$ 70,642	\$ (5,400)	\$ 65,242
2018-2019	2,713,686	702,167	(141,732)	560,435
Prior years	3,201	-	-	-
	\$ 2,824,888	\$ 772,809	\$ (147,132)	\$ 625,677

Campaign	June 30, 2018			
	Campaign Proceeds in 2017-18	Pledges Receivable Outstanding	Allowance for Uncollectible Pledges	Net Pledges Receivable
2018-2019	\$ 121,156	\$ 66,797	\$ (6,058)	\$ 60,739
2017-2018	2,817,397	574,537	(144,497)	430,040
Prior years	25,515	-	-	-
	\$ 2,964,068	\$ 641,334	\$ (150,555)	\$ 490,779

Contributions from one donor represented 20% and 23% of the contributions received during the years ended June 30, 2019 and 2018, respectively.

Note 3. Property and Equipment

At June 30, 2019 and 2018, property and equipment consisted of the following:

	2019	2018
Land	\$ 96,645	\$ 96,645
Building and improvements	529,906	523,458
Equipment and furniture	196,094	188,291
	822,645	808,394
Less: accumulated depreciation	(342,059)	(335,597)
Total property and equipment	\$ 480,586	\$ 472,797

During the year ended June 30, 2018, United Way received a contribution of a building and land located in Fort Lupton, Colorado. United Way has recorded the contributed asset at its estimated fair market value of \$405,595, using Level 3 inputs of the fair value hierarchy.

UNITED WAY OF WELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (With Comparative Totals for 2018)

Note 4. Community Awards and Subsequent Event

During the year ended June 30, 2019, United Way changed its funding model to emulate the United Way Worldwide platform for Collective Impact Funding. Associated with that funding model change, United Way changed how it awards funds to local community agencies. United Way remains committed to allocating awards to local community agencies; however, those allocations were not approved by the United Way Board of Directors for specific agencies prior to the year ended June 30, 2019. Instead, the United Way Board of Directors designated \$560,000 of unrestricted net assets to satisfy the community agency awards to be paid in the subsequent fiscal year. This change from the community awards liability present for the year ended June 30, 2018 to a board designation of unrestricted net assets for the year ended June 30, 2019 caused total net assets to increase for the current fiscal year then ended. On the statement of activities, it also caused total program service expense to decrease.

Subsequent to the year ended June 30, 2019, the Board of Directors approved a two year cycle of community funding, and allocated the individual awards to community agencies. United Way notes the full amount of the two year cycle of community funding will be considered an expense to United Way in the subsequent fiscal year ended June 30, 2020, which will be a significant increase to the expenditure level presented in the statement of activities for the year ended June 30, 2019. United Way remains diligent in providing community support to local agencies.

The community awards paid during the years ended June 30, 2019 and 2018 consisted of the following:

	2019	2018
Initiatives:		
Health	\$ 159,428	\$ 189,146
Income/financial stability	168,000	179,800
Education	207,936	212,132
Special grants	49,200	30,862
Special awards	97,183	25,000
Community awards expense	681,747	636,940
Donor designations to specific nonprofit organizations	301,445	302,476
Total community awards	\$ 983,192	\$ 939,416

UNITED WAY OF WELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (With Comparative Totals for 2018)

Note 5. Net Assets

At June 30, 2019 and 2018, the board designated and net assets with donor restrictions were as follows:

	2019	2018
Board Designated		
Legacy endowment	\$ 69,228	\$ 74,897
Capital reserve	39,819	70,000
Community awards	560,000	-
Specific programs	62,791	244,592
Operating reserve	1,751,715	1,695,375
Total board designated	<u>\$ 2,483,553</u>	<u>\$ 2,084,864</u>
Time and/or Purpose Restricted		
Child tax credit	\$ 159,027	\$ 109,605
Best Start for Babies	2,316	5,226
PASO -FFN	3,000	-
Young Leaders Society	-	1,747
Colorado Reading Corps	42,631	-
Weld Way Home	82,729	-
Navigation Center	-	4,585
Weld Recovers	55,040	54,666
Total time and/or purpose restricted	<u>\$ 344,743</u>	<u>\$ 175,829</u>
Perpetual in Nature Restricted – Legacy Endowment	<u>\$ 307,416</u>	<u>\$ 297,416</u>

Note 6. Legacy Endowment Fund and Investments

Legacy Endowment Fund

The United Way Board of Directors has established the United Way of Weld County Legacy Endowment with the Community Foundation Serving Greeley and Weld County (Community Foundation). The fund consists of donor-restricted gifts, primarily bequests. In accordance with ASC 958-205-20, *Endowments and Board Designated Endowments*, the principal portion of the Legacy Endowment Fund is comprised of permanently restricted donor gifts and invested as a permanent endowment, which is to provide a permanent source of income. The investment earnings of the Legacy Endowment Fund are not externally restricted, and are therefore classified as unrestricted net assets. The Board of Directors have designated the earnings of the fund to remain invested in the Legacy Endowment Fund with the Community Foundation, until future distributions are necessary.

At June 30, 2019 and 2018, the Legacy Endowment Fund consisted of \$376,644 and \$372,314, respectively, in investments held by the Community Foundation. The endowment investments are presented as beneficial interest in investments held by the Community Foundation Serving Greeley and Weld County on the statement of financial position, as more fully described in Note 1.

Management of endowment funds in Colorado are governed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). United Way has interpreted UPMIFA as generally requiring the preservation of the fair value of the original gift as of the gift date of the donor gift instrument at the time the accumulation is added to the fund.

UNITED WAY OF WELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (With Comparative Totals for 2018)

Note 6. Legacy Endowment Fund and Investments (continued)

In accordance with UPMIFA, the United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the organization and the donor-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation/deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the organization.
- 7) The investment policies of the organization.

United Way's investment policy goal is to provide a reasonable, predictable, and sustainable amount of funds available for the uses intended by the original endowment. Given United Way's commitment to support both current needs and to provide for future needs, United Way advocates to support both current needs and to provide for future distribution. The long-term investment focus is to meet needs for both distributions in the present and to provide growth in assets and income over time through investment of excess income and capital appreciation.

The following are the changes in the Legacy Endowment Fund net assets for the years ended June 30, 2019 and 2018:

	Board Designated	With Donor Restrictions	Total
Balance, June 30, 2017	\$ 54,071	\$ 290,416	\$ 344,487
Investment income	27,103	-	27,103
Contributions	-	7,000	7,000
Administrative fees	(6,276)	-	(6,276)
Distributions	-	-	-
Balance, June 30, 2018	74,898	297,416	372,314
Investment income	29,866	-	29,866
Contributions	-	10,000	10,000
Administrative fees	(6,546)	-	(6,546)
Distributions	(28,990)	-	(28,990)
Balance, June 30, 2019	<u>\$ 69,228</u>	<u>\$ 307,416</u>	<u>\$ 376,644</u>

The fair value of beneficial interest in investments held in the Legacy Endowment Fund as of June 30, 2019 and 2018 were determined using the following inputs of the fair value hierarchy:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Level 1	Level 2	Level 3
June 30, 2019	<u>\$ 376,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,644</u>
June 30, 2018	<u>\$ 372,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,314</u>

UNITED WAY OF WELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (With Comparative Totals for 2018)

Note 6. Legacy Endowment Fund and Investments (continued)

The fair value of Level 3 beneficial interest in investments held in the Legacy Endowment Fund is determined by assuming a hypothetical transaction at the measurement date, as there is currently no market in which beneficial interests are traded and no observable exit price exists for a beneficial interest. United Way has determined the fair value of the beneficial interest by using the fair value of the assets contributed to the fund, adjusted by the changes in fair value and distribution of the assets held in the fund, as reported to United Way by the Community Foundation.

Unrestricted Investments

Investments at June 30, 2019 are presented in the statements of financial position at fair value and composed of the following:

Investments	Fair Value Measurement at Reporting Date		Unrealized Gain (Loss)
	Fair Value	Cost	
Domestic corporate bonds	\$ 495,582	\$ 493,782	\$ 1,800
Domestic corporate equities	702,256	500,966	201,290
Domestic mutual funds	44,109	45,512	(1,403)
International pooled equity funds	201,004	188,645	12,359
	<u>\$ 1,442,951</u>	<u>\$ 1,228,905</u>	<u>\$ 214,046</u>

The fair value of investments as of June 30, 2019 and 2018 were determined using the following inputs of the fair value hierarchy:

Investments	Fair Value Measurement at Reporting Date		2019 Total	2018 Total
	Level 1	Level 2		
Domestic corporate bonds	\$ -	\$ 495,582	\$ 495,582	\$ 443,831
Domestic corporate equities	702,256	-	702,256	662,417
Domestic mutual funds	-	44,109	44,109	98,264
International pooled equity funds	-	201,004	201,004	187,812
	<u>\$ 702,256</u>	<u>\$ 740,695</u>	<u>\$ 1,442,951</u>	<u>\$ 1,392,324</u>

The fair value of United Way's investments are determined using Level 1 and Level 2 inputs of the fair value hierarchy because they are comprised of corporate equities traded on an exchange, and open-end and closed-end equity mutual funds with readily determinable fair values based on daily redemption values and quoted market prices. The values of corporate bonds and certificates of deposit are estimated by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions. The fair value of these investments are determined using Level 2 inputs of the fair value hierarchy. United Way has determined that the bond pricing models utilized by the custodians provide reasonable estimations of the fair values of the securities. There were no unrestricted investments classified as Level 3 investments as of June 30, 2019 and 2018.

UNITED WAY OF WELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (With Comparative Totals for 2018)

Note 6. Legacy Endowment Fund and Investments (continued)

Investment Income

Earnings on investments and bank accounts, net of related fees, consist of the following:

	2019	2018
Investment income on unrestricted funds	\$ 92,207	\$ 94,629
Earnings on Community Foundation fund	23,320	20,826
Total investment income	\$ 115,527	\$ 115,455

Note 7. Retirement Plan

United Way employees who are 21 years of age, have completed one year of service and meet other eligibility requirements are eligible to participate in a defined contribution retirement plan. During the year ended June 30, 2018, United Way contributed 1% of the annual salary of eligible employees for the first and second years of eligibility and 5% for the third year and thereafter. During the year ended June 30, 2019, the Plan was amended to increase the contribution rate from 1% to 2% of the annual salary of eligible employees for the first and second years of eligibility, and no change was made to the contribution rate for the third year and after. Actual contribution percentages may change annually with Board action. During the years ended June 30, 2019 and 2018, United Way's contributions to the plan totaled \$52,431 and \$39,640, respectively.

Note 8. Lease and Reimbursement Agreements

During the year ended June 30, 2018, United Way entered into a lease for a building. The building will operate as a year round navigation center and a temporary cold weather shelter as part of the Weld's Way Home initiative. The lease requires monthly payments \$5,173 through April 2021. United Way's minimum lease payment obligation is therefore \$62,076 annually through fiscal year ending June 30, 2020, and \$51,730 through fiscal year ending June 30, 2021.

During the year ended June 30, 2018, United Way entered into a funding agreement with the City of Greeley to assist in monthly lease payments noted above. The agreement offers monthly lease reimbursements from January 2018 through April 2018 at \$5,173, monthly lease reimbursements from May 2018 through April 2019 at \$2,587, and monthly lease reimbursements from May 2019 through April 2021 at \$5,173. Accordingly, the lease reimbursements from the City of Greeley have been presented net of lease expenses above. The net expense recognized by United Way for the year ended June 30, 2019 was \$25,870.

Note 9. Service Agreement

During the year ended June 30, 2019, United Way entered into a service agreement with Mile High United Way, Inc. to share delivery associated with the 2-1-1 Program and services provided for the community. Under the service agreement, the 2-1-1 Program information will continue to be updated by the local United Way for the Weld County area. Mile High United Way, Inc. will answer calls for the 2-1-1 Program, and assist callers using the information updated by the local United Way. The service agreement is effective from January 1, 2019 to June 30, 2020 and requires quarterly payments from United Way to Mile High United Way ranging from \$31,840 to \$35,387. During the year ended June 30, 2019, the expense recognized by United Way under this service agreement was \$70,774.

UNITED WAY OF WELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (With Comparative Totals for 2018)

Note 10. Liquidity and Availability of Financial Assets

United Way monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. United Way has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

	2019	2018
Cash and cash equivalents	\$ 857,031	\$ 1,109,688
Pledges receivable, net	625,677	490,779
Grant receivables	212,629	198,669
Other receivables	27,488	49,785
	\$ 1,722,825	\$ 1,848,921

In addition to the cash and cash equivalents balance above, United Way also has a board designated endowment with available funds of \$69,228 and \$74,897 held by the Community Foundation, and additional funds of \$1,442,951 and \$1,392,324 in long term investments to satisfy up to six months of operating expenses that may be drawn from the investment portfolio if necessary for the years ending June 30, 2019 and 2018, respectively. These resources are invested for long-term appreciation and current income, but may be spent at the discretion of the Board. See Note 6 for further information about the Organization's investments and endowment funds.

In addition to financial assets available to meet general expenditures over the year, United Way operates with a balanced budget and uses and anticipates covering its general expenditures by collecting sufficient campaign pledges and other revenues, by utilizing donor-restricted resources from current and prior years gifts, and by appropriating the investment return on its board-designated endowment, as needed. The statement of cash flows identifies the sources and uses of United Way's cash, and shows net cash and cash equivalents used by operations of \$281,690 and \$342,317 for fiscal years ending June 30, 2019 and 2018, respectively.