

**ROUTT COUNTY UNITED WAY**

Financial Statements

August 31, 2016

**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, 2016, 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 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. 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, 2016, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Financial Information

We have previously audited the financial statements of Routt County United Way as of August 31, 2015 and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 6, 2016. In our opinion, the summarized comparative financial information presented herein as of and for the fiscal year ended August 31, 2015 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.".

Steamboat Springs, Colorado  
January 6, 2017

**ROUTT COUNTY UNITED WAY**  
**Statement of Financial Position**  
**August 31, 2016**  
(with summarized financial information as of August 31, 2015)

	2016	2015
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 99,102	\$ 18,651
Certificate of deposit	1,000	52,700
Pledges receivable, net of allowance for uncollectible amounts	47,428	40,389
Other receivables	808	12,055
Other current assets	2,418	597
Total current assets	150,756	124,392
Noncurrent assets:		
Investments	369,661	392,994
Beneficial interest in assets of other organization	6,380	6,363
Property and equipment, net of accumulated depreciation	3,883	5,475
Equity investment in LLC	354,800	350,250
Total noncurrent assets	734,724	755,082
Total assets	\$ 885,480	\$ 879,474
<b>Liabilities and net assets:</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 8,896	\$ 10,611
Allocations payable	160,630	162,329
Current portion of note payable	9,000	9,000
Total current liabilities	178,526	181,940
Noncurrent liabilities:		
Note payable, net of current portion	130,500	139,500
Total liabilities	309,026	321,440
Net assets:		
Unrestricted	576,454	558,034
Total net assets	576,454	558,034
Total liabilities and net assets	\$ 885,480	\$ 879,474

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, 2016**  
(with summarized financial information for the fiscal year ended August 31, 2015)

	2016	2015
<b>Public support and revenue:</b>		
Gross campaign results	\$ 511,560	\$ 525,294
Less donor designations	(16,597)	(20,764)
Less provision for uncollectible pledges	(10,000)	(10,448)
Net campaign revenue	484,963	494,082
Special events	9,539	8,999
Other contributions	79,443	227,809
Investment income	30,561	141
Total revenues and support	604,506	731,031
<b>Expenses:</b>		
Program services:		
Gross allocations and awards	335,088	324,984
Less donor designations	(16,597)	(20,764)
Net allocations and awards	318,491	304,220
Other program services	235,295	145,364
Total program services	553,786	449,584
Supporting services:		
Organizational administration	17,162	28,924
United Way Worldwide (UWW) dues	4,579	3,735
Fundraising	10,559	50,339
Total supporting services	32,300	82,998
Total expenses	586,086	532,582
Change in net assets	18,420	198,449
Net assets, beginning of year	558,034	359,585
Net assets, end of year	\$ 576,454	\$ 558,034

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, 2016**  
(with summarized comparative financial information for the fiscal year ended August 31, 2015)

	Program Services			Supporting Services			2016 Total	2015 Total
	Allocation Services	All Other Programs	Total Program Services	Organizational Administration	Fundraising	Total Supporting Services		
<b>Expenses:</b>								
Allocations and awards	\$ 335,088	\$ -	\$ 335,088	\$ -	\$ -	\$ -	\$ 335,088	\$ 324,984
Less donor designations	(16,597)	-	(16,597)	-	-	-	(16,597)	(20,764)
Allocations and awards, net	318,491	-	318,491	-	-	-	318,491	304,220
Wages and benefits	-	97,976	97,976	5,131	3,033	8,164	106,140	102,039
Contract labor	-	13,433	13,433	429	429	858	14,291	8,411
Holiday giving	-	12,172	12,172	-	-	-	12,172	19,597
Routt to Work Initiative	-	61,121	61,121	-	-	-	61,121	25,154
Marketing and advertising	-	11,469	11,469	906	1,622	2,528	13,997	13,499
Office expenses	-	13,142	13,142	533	377	910	14,052	12,283
Occupancy	-	3,117	3,117	831	97	928	4,045	4,134
Professional fees	-	-	-	6,460	-	6,460	6,460	6,050
Donor cultivation	-	9,711	9,711	221	4,337	4,558	14,269	10,618
Insurance	-	2,635	2,635	416	56	472	3,107	3,240
UWW dues	-	-	-	4,579	-	4,579	4,579	3,735
Other	-	10,519	10,519	643	608	1,251	11,770	18,345
Depreciation	-	-	-	1,592	-	1,592	1,592	1,257
<b>Total expenses</b>	<b>\$ 318,491</b>	<b>\$ 235,295</b>	<b>\$ 553,786</b>	<b>\$ 21,741</b>	<b>\$ 10,559</b>	<b>\$ 32,300</b>	<b>\$ 586,086</b>	<b>\$ 532,582</b>

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, 2016**  
(with summarized financial information for the fiscal year ended August 31, 2015)

	2016	2015
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 18,420	\$ 198,449
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,592	1,257
(Increase) decrease in:		
Pledges receivable, net	(7,039)	(6,682)
Other receivables	11,247	(12,055)
Other current assets	(1,821)	972
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,715)	2,952
Allocations payable	(1,699)	817
	18,985	185,710
Net cash provided by operating activities	18,985	185,710
<b>Cash flows from investing activities:</b>		
Net sales (purchases) of investments	23,333	(15,311)
Net change in beneficial interest in assets of other organization	(17)	74
Purchase of equipment	-	(1,785)
Capital contributions for investment in LLC	(4,550)	(350,250)
Sale (purchase) of certificate of deposit	51,700	(52,700)
	70,466	(419,972)
Net cash provided (used) by investing activities	70,466	(419,972)
<b>Cash flows from financing activities:</b>		
Proceeds from note payable	-	150,000
Principal payments on note payable	(9,000)	(1,500)
	(9,000)	148,500
Net cash provided (used) by financing activities	(9,000)	148,500
Net change in cash and cash equivalents	80,451	(85,762)
Cash and cash equivalents, beginning of year	18,651	104,413
Cash and cash equivalents, end of year	\$ 99,102	\$ 18,651

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



**ROUTT COUNTY UNITED WAY**  
**Notes to Financial Statements**  
**August 31, 2016**  
(with summarized financial information as of and for the fiscal year ended August 31, 2015)

**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 inspire, lead and unite people, ideas and resources to advance community impact in education, income stability and health. The Organization is a recognized leader in enabling the community to understand and meet its health and human service needs. 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 Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (US GAAP), and with the financial statement standards of UWW. UWW standards are required for memberships and fully comply with US GAAP.

*Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

*Net Assets*

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

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. The Organization has no temporarily restricted net assets at August 31, 2016.

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. The Organization has no permanently restricted net assets at August 31, 2016.

All revenues are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

*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.

**ROUTT COUNTY UNITED WAY**  
**Notes to Financial Statements**  
**August 31, 2016**  
(with summarized financial information as of and for the fiscal year ended August 31, 2015)

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

*Investments*

Investments and certificate of deposit are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Financial instruments are categorized into a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The Organization's investments are based on quoted market prices in active markets and are therefore classified within Level 1. The values of certificates of deposits are classified within Level 2 and are valued based on original cost plus accrued interest.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

*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, 2016 and 2015:

	2016	2015
Pledges receivable	\$ 62,266	\$ 45,389
Allowance for uncollectible pledges	(14,838)	(5,000)
	\$ 47,428	\$ 40,389

*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.

*Accounting for 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.

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

**ROUTT COUNTY UNITED WAY**  
**Notes to Financial Statements**  
**August 31, 2016**  
(with summarized financial information as of and for the fiscal year ended August 31, 2015)

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

*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.

*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 incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes. The Organization currently has no unrelated business income. Accordingly, no provision has been made for income tax. The Organization is not classified as a private foundation within the meaning of Section 509(a) of the IRS.

The Organization's tax returns related to the fiscal years ending August 31, 2013 through 2015 remain open for examination by taxing authorities.

*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, 2015, from which the summarized information was derived.

Certain prior year amounts have been reclassified to conform to the current year presentation.

**ROUTT COUNTY UNITED WAY**  
**Notes to Financial Statements**  
**August 31, 2016**

(with summarized financial information as of and for the fiscal year ended August 31, 2015)

**Note 2: Investments**

The Organization's investments, reported at fair value, at August 31, 2016 and 2015 consist of the following:

	2016	2015
Equity mutual funds	\$ 335,948	\$ 362,951
Equity securities	26,585	21,318
Government securities	245	273
Money market funds	6,883	8,452
	\$ 369,661	\$ 392,994

Investment performance for the fiscal year ended August 31, 2016 and 2015 is as follows:

	2016	2015
Unrealized gain (loss) on investments	\$ 27,052	\$ (8,154)
Realized gain on investments	(85)	50
Interest and dividends	3,594	8,245
	\$ 30,561	\$ 141

**Note 3: Property and Equipment**

The Organization's property and equipment consists of the following at August 31, 2016 and 2015:

	2016	2015
Office equipment	\$ 16,863	\$ 16,863
Less accumulated depreciation	(12,980)	(11,388)
	\$ 3,883	\$ 5,475

**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 at August 31, 2016 and 2015 is \$6,380 and \$6,363, respectively.

**ROUTT COUNTY UNITED WAY**  
**Notes to Financial Statements**  
**August 31, 2016**

(with summarized financial information as of and for the fiscal year ended August 31, 2015)

**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 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 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, 2016 and 2015 is \$354,800 and \$350,250, respectively.

**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, 2016 are as follows:

Fiscal Year Ended August 31,

2017	\$	9,000
2018		9,000
2019		9,000
2020		9,000
2021		9,000
Thereafter		94,500
	\$	139,500

**Note 7: 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, 2016 and 2015:

	2016	2015
Arthur Anderson fund	\$ 369,661	\$ 392,994
Health and Human Services fund	6,380	6,363
	\$ 376,041	\$ 399,357

**ROUTT COUNTY UNITED WAY**  
**Notes to Financial Statements**  
**August 31, 2016**  
**(with summarized financial information as of and for the fiscal year ended August 31, 2015)**

**Note 8: 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 \$2,086 and \$1,679, respectively, for the fiscal years ended August 31, 2016 and 2015.

**Note 9: 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.

**Note 10: 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 11: 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 12: Subsequent Events**

The Organization evaluated subsequent events through January 6, 2017, the date these financial statements were available to be issued.