

**ROUTT COUNTY UNITED WAY**

Financial Statements

August 31, 2017

**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, 2017, 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, 2017, 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, 2016 and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 6, 2017. In our opinion, the summarized comparative financial information presented herein as of and for the fiscal year ended August 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Catterson + Company, P.C.*

Steamboat Springs, Colorado  
January 29, 2018

**ROUTT COUNTY UNITED WAY**  
**Statement of Financial Position**  
**August 31, 2017**  
(with summarized financial information as of August 31, 2016)

	2017	2016
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 102,088	\$ 99,102
Certificate of deposit	10,021	1,000
Pledges receivable, net of allowance for uncollectible amounts	41,659	47,428
Other current assets	2,504	3,226
Total current assets	156,272	150,756
Noncurrent assets:		
Investments	396,619	369,661
Beneficial interest in assets of other organization	7,207	6,380
Property and equipment, net of accumulated depreciation	3,491	3,883
Equity investment in LLC	345,704	354,800
Total noncurrent assets	753,021	734,724
Total assets	\$ 909,293	\$ 885,480
<b>Liabilities and net assets:</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,701	\$ 8,896
Allocations payable	188,392	160,630
Current portion of note payable	9,000	9,000
Total current liabilities	204,093	178,526
Noncurrent liabilities:		
Note payable, net of current portion	121,500	130,500
Total liabilities	325,593	309,026
Net assets:		
Unrestricted	557,195	576,454
Temporarily restricted	26,505	-
Total net assets	583,700	576,454
Total liabilities and net assets	\$ 909,293	\$ 885,480

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, 2017**  
(with summarized financial information for the fiscal year ended August 31, 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	
<b>Public support and revenue:</b>				
Gross campaign results	\$ 528,651	\$ 27,235	\$ 555,886	\$ 511,560
Less donor designations	(17,311)	-	(17,311)	(16,597)
Less provision for uncollectible pledges	(18,016)	-	(18,016)	(10,000)
Net campaign revenue	493,324	27,235	520,559	484,963
Other contributions	62,224	-	62,224	88,982
Investment income	25,074	-	25,074	30,561
Net assets released from restrictions	730	(730)	-	-
Total revenues and support	<u>581,352</u>	<u>26,505</u>	<u>607,857</u>	<u>604,506</u>
<b>Expenses:</b>				
Program services:				
Gross allocations and awards	321,378	-	321,378	335,088
Less donor designations	(17,311)	-	(17,311)	(16,597)
Net allocations and awards	304,067	-	304,067	318,491
Other program services	255,423	-	255,423	235,295
Total program services	<u>559,490</u>	<u>-</u>	<u>559,490</u>	<u>553,786</u>
Supporting services:				
Organizational administration	21,747	-	21,747	21,741
Fundraising	19,374	-	19,374	10,559
Total supporting services	<u>41,121</u>	<u>-</u>	<u>41,121</u>	<u>32,300</u>
Total expenses	<u>600,611</u>	<u>-</u>	<u>600,611</u>	<u>586,086</u>
Change in net assets	(19,259)	26,505	7,246	18,420
Net assets, beginning of year	<u>576,454</u>	<u>-</u>	<u>576,454</u>	<u>558,034</u>
Net assets, end of year	<u>\$ 557,195</u>	<u>\$ 26,505</u>	<u>\$ 583,700</u>	<u>\$ 576,454</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, 2017**  
(with summarized comparative financial information for the fiscal year ended August 31, 2016)

	Program Services			Supporting Services			2017 Total	2016 Total
	Allocation Services	All Other Programs	Total Program Services	Organizational Administration	Fundraising	Total Supporting Services		
<b>Expenses:</b>								
Allocations and awards	\$ 321,378	\$ -	\$ 321,378	\$ -	\$ -	\$ -	\$ 321,378	\$ 335,088
Less donor designations	(17,311)	-	(17,311)	-	-	-	(17,311)	(16,597)
Allocations and awards, net	304,067	-	304,067	-	-	-	304,067	318,491
Wages and benefits	-	97,379	97,379	9,248	10,218	19,466	116,845	106,140
Contract labor	-	13,219	13,219	6,039	1,716	7,755	20,974	14,291
Holiday giving	-	17,454	17,454	-	-	-	17,454	12,172
Routt to Work Initiative	-	46,959	46,959	-	-	-	46,959	61,121
Marketing and advertising	-	15,969	15,969	1,083	3,577	4,660	20,629	13,997
Office expenses	-	11,706	11,706	367	849	1,216	12,922	14,052
Occupancy	-	3,840	3,840	309	295	604	4,444	4,045
Professional fees	-	4,095	4,095	2,040	315	2,355	6,450	6,460
Donor cultivation	-	18,639	18,639	362	1,266	1,628	20,267	14,269
Insurance	-	2,813	2,813	62	216	278	3,091	3,107
UWW dues	-	4,638	4,638	102	357	459	5,097	4,579
Other	-	17,263	17,263	2,103	454	2,557	19,820	11,770
Depreciation	-	1,449	1,449	32	111	143	1,592	1,592
<b>Total expenses</b>	<b>\$ 304,067</b>	<b>\$ 255,423</b>	<b>\$ 559,490</b>	<b>\$ 21,747</b>	<b>\$ 19,374</b>	<b>\$ 41,121</b>	<b>\$ 600,611</b>	<b>\$ 586,086</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, 2017**  
**(with summarized financial information for the fiscal year ended August 31, 2016)**

	2017	2016
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 7,246	\$ 18,420
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,592	1,592
Contribution of equipment	(1,200)	-
Interest and dividends on investments	(13,272)	(3,594)
Net unrealized and realized gains on investments	(1,011)	(26,967)
(Increase) decrease in:		
Pledges receivable, net	5,769	(7,039)
Other receivables	808	11,247
Other current assets	(86)	(1,821)
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,195)	(1,715)
Allocations payable	27,762	(1,699)
Net cash provided by operating activities	25,413	(11,576)
<b>Cash flows from investing activities:</b>		
Net sales (purchases) of investments	-	53,894
Net change in beneficial interest in assets of other organization	(827)	(17)
Capital contributions for investment in LLC	(3,600)	(4,550)
Redemption (purchase) of certificate of deposit	(9,000)	51,700
Net cash provided (used) by investing activities	(13,427)	101,027
<b>Cash flows from financing activities:</b>		
Principal payments on note payable	(9,000)	(9,000)
Net cash provided (used) by financing activities	(9,000)	(9,000)
Net change in cash and cash equivalents	2,986	80,451
Cash and cash equivalents, beginning of year	99,102	18,651
Cash and cash equivalents, end of year	\$ 102,088	\$ 99,102

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



**ROUTT COUNTY UNITED WAY**  
**Notes to Financial Statements**  
**August 31, 2017**  
**(with summarized financial information as of and for the fiscal year ended August 31, 2016)**

**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 improve lives by mobilizing the caring power of the community and uniting with partners to succeed in key impact areas: early childhood education, youth success, financial stability, and health and crisis services. 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) for not-for-profit entities, 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.

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.

*Classification of Transactions*

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.

*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, 2017**  
(with summarized financial information as of and for the fiscal year ended August 31, 2016)

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

*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, 2017 and 2016:

	2017	2016
Pledges receivable	\$ 51,659	\$ 62,266
Allowance for uncollectible pledges	(10,000)	(14,838)
	\$ 41,659	\$ 47,428

*Investments*

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

US GAAP established a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical investments (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical investments in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar investments in active markets;
- Quoted prices for identical or similar investments in inactive markets;
- Inputs other than quoted prices that are observable for the investments; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

*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. 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.

**ROUTT COUNTY UNITED WAY**  
**Notes to Financial Statements**  
**August 31, 2017**  
(with summarized financial information as of and for the fiscal year ended August 31, 2016)

**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.

The Organization's tax returns related to the fiscal years ending August 31, 2014 through 2016 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, 2016 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, 2017**

(with summarized financial information as of and for the fiscal year ended August 31, 2016)

**Note 2: Investments**

Investments consist of the following as of August 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ -	\$ 53	\$ 53
Certificate of deposit	-	10,021	10,021
Equity mutual funds	377,898	-	377,898
Equity securities	18,453	-	18,453
Government securities	215	-	215
	<u>\$ 396,566</u>	<u>\$ 10,074</u>	<u>\$ 406,640</u>

Investments consist of the following as of August 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ -	\$ 6,883	\$ 6,883
Certificate of deposit	-	1,000	1,000
Equity mutual funds	335,948	-	335,948
Equity securities	26,585	-	26,585
Government securities	245	-	245
	<u>\$ 362,778</u>	<u>\$ 7,883</u>	<u>\$ 370,661</u>

Investment performance for the fiscal year ended August 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Unrealized and realized gain (loss) on investments	\$ 11,802	\$ 26,967
Interest and dividends	13,272	3,594
	<u>\$ 25,074</u>	<u>\$ 30,561</u>

**Note 3: Property and Equipment**

The Organization's property and equipment consists of the following as of August 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 16,863	\$ 16,863
Trailer	1,200	-
	18,063	16,863
Less accumulated depreciation	<u>(14,572)</u>	<u>(12,980)</u>
	<u>\$ 3,491</u>	<u>\$ 3,883</u>

**ROUTT COUNTY UNITED WAY**  
**Notes to Financial Statements**  
**August 31, 2017**  
(with summarized financial information as of and for the fiscal year ended August 31, 2016)

**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, 2017 and 2016 is \$7,207 and \$6,380, 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, 2017 and 2016 is \$345,704 and \$354,800, 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, 2017 are as follows:

Fiscal Year Ended August 31,

2018	\$	9,000
2019		9,000
2020		9,000
2021		9,000
2022		9,000
Thereafter		85,500
	\$	130,500

**Note 7: Restricted Net Assets**

As of August 31, 2017, \$26,505 of the Organization's net assets are temporarily restricted for the Imagination Library program.

**ROUTT COUNTY UNITED WAY**  
**Notes to Financial Statements**  
**August 31, 2017**  
(with summarized financial information as of and for the fiscal year ended August 31, 2016)

**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, 2017 and 2016:

	2017	2016
Arthur Anderson fund	\$ 396,619	\$ 369,661
Health and Human Services fund	7,207	6,380
	\$ 403,826	\$ 376,041

**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 \$2,825 and \$2,086, respectively, for the fiscal years ended August 31, 2017 and 2016.

**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.

**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 January 29, 2018, the date these financial statements were available to be issued.