



January 14, 2021

Board of Directors
Routt County United Way
PO Box 774005
Steamboat Springs, CO 80477

We have audited the financial statements of the Routt County United Way (the Organization) as of August 31, 2020 and for the fiscal year then ended, and have issued our report thereon dated January 14, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles (US GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing as communicated to management in the planning phase of the audit.

Significant Audit Findings

Qualitative Aspects of Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies has not changed during the fiscal year ended August 31, 2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for uncollectible pledges is based upon the periodic review of outstanding pledges, historical collection information and existing economic conditions.
- Management's estimate of depreciation of its property and equipment is based upon estimated useful lives using the straight-line method in accordance with US GAAP and is consistent with prior reporting periods.

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are of particular importance because of their significance to the financial statement users. The most important disclosures affecting the financial statements were:

- The disclosure of the Organization’s allowance for uncollectible pledges in Note 2 is important to users of the financial statements as it highlights the magnitude of the uncollectible pledges in relation to the remaining outstanding pledges from the annual campaign.
- The disclosure of the accounting for donor designations in Note 2 is important to users of the financial statements as it describes the requirements of the United Way Worldwide (UWW) financial reporting standards.
- The disclosure of the Organization’s board-designated endowment fund in Note 2 and Note 9 is important to users of the financial statements as it describes the intended purpose and function of the endowment fund and laws that govern the prudent management of the endowment funds.
- The disclosure of the Organization’s availability and liquidity of financial assets in Note 3 is important to users of the financial statements as it briefly describes financial assets available to the Organization to fund short-term operations. The following is a helpful way to use this information to determine the Organization’s available liquid reserve as of August 31, 2020:

Financial assets available	\$ 205,317
Less: current liabilities	<u>(217,913)</u>
Net financial assets available	<u>\$ (12,596)</u>
Total expenses	\$ 663,173
Less: depreciation expense	<u>(539)</u>
Total cash expenses	<u>\$ 662,634</u>
Percentage of cash expenses available	<u><u>-2%</u></u>

This disclosure highlights the Organization’s use of board designated reserve funds periodically to alleviate occasional cash flow shortages due to timing differences between the Organization’s campaign collections and disbursement of allocations.

- The disclosure of the Organization’s investment types in Note 4 is important to users of the financial statements as it summarizes the categories of investments held by the Organization.
- The disclosure of the capital campaign pledges received in Note 5 is important to users of the financial statements as it describes funds promised to the Organization in future years for the capital campaign to expand the 443 Oak Nonprofit Center, LLC’s facilities.
- The disclosure in Note 8 of the Organization’s equity investment in 443 Oak Nonprofit Center, LLC (the LLC) is important to users of the financial statements as it describes the Organization’s 50% membership interest in the LLC, the LLC’s purpose, and the Organization’s method of accounting for the equity interest.
- The disclosure of the Organization’s note payable to an individual in Note 10 is important to users of the financial statements as it highlights terms of the promissory note including future repayment requirements.
- The disclosure in Note 11 of net assets with donor restrictions is important to users of the financial statements as it highlights the amount of the Organization’s net assets that are restricted by donors for specific uses.
- The disclosure in Note 12 of the Organization’s board designated net assets without donor restrictions is important to users of the financial statements as it discloses net assets without donor restrictions of the Organization that are not intended to be used for the Organization’s general operations.
- The disclosure of the COVID-19 pandemic in Note 16 is important to users of the financial statements as it brings attention to the effects of the pandemic on the Organization’s programs, the funds received through the U.S. Small Business Association’s Paycheck Protection Program (PPP), and the uncertainty of the situation and potential for significant impact on the Organization’s current and future activities and financial condition.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The most significant corrected misstatements identified during the audit were as follows:

- Adjustment to write-off estimated uncollectible pledges from previous campaign years.
- Adjustment to the estimated allowance for uncollectible pledges as of August 31, 2020.
- Adjustment to record PPP funds received as a forgivable loan advance and revenue when spent on the applicable personnel costs in accordance with US GAAP guidance.
- Adjustment to record depreciation expense for the fiscal year ended August 31, 2020.
- Reclassification adjustment for UWW dues during the fiscal year ended August 31, 2020 per UWW financial reporting guidelines.

In addition, none of the misstatements detected as a result of audit procedures and uncorrected by the Organization were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management included in the management representation letter dated January 14, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Routt County United Way and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Catterson + Company, P.C.

ROUTT COUNTY UNITED WAY

Financial Statements

August 31, 2020

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, 2020, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Routt County United Way as of August 31, 2020, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Financial Information

We have previously audited the financial statements of Routt County United Way as of August 31, 2019 and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2020. In our opinion, the summarized comparative financial information presented herein as of and for the fiscal year ended August 31, 2019 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 14, 2021

ROUTT COUNTY UNITED WAY
Statement of Financial Position
August 31, 2020
(with summarized financial information as of August 31, 2019)

	2020	2019
Assets:		
Current assets:		
Cash and cash equivalents	\$ 202,947	\$ 155,312
Certificate of deposit	10,317	10,184
Pledges receivable, net	29,269	34,323
Other current assets	5,351	4,400
Total current assets	247,884	204,219
Noncurrent assets:		
Investments	377,967	382,541
Beneficial interest in assets of community foundation	8,211	8,127
Capital campaign pledges receivable, net	18,750	-
Property and equipment, net	3,789	988
Equity investment in LLC	487,460	357,560
Endowment investments	230,828	194,751
Total noncurrent assets	1,127,005	943,967
Total assets	\$ 1,374,889	\$ 1,148,186
Liabilities and net assets:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,188	\$ 6,155
Allocations payable	205,725	194,224
Current portion of note payable	9,000	9,000
Total current liabilities	217,913	209,379
Noncurrent liabilities:		
Note payable, net of current portion	94,500	103,500
Total liabilities	312,413	312,879
Net assets:		
Without donor restrictions	997,510	784,072
With donor restrictions	64,966	51,235
Total net assets	1,062,476	835,307
Total liabilities and net assets	\$ 1,374,889	\$ 1,148,186

See accompanying notes to the financial statements.

ROUTT COUNTY UNITED WAY
Statement of Activities
For the Fiscal Year Ended August 31, 2020
(with summarized financial information for the fiscal year ended August 31, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Public support and operating revenues:				
Gross campaign results	\$ 688,696	\$ 8,427	\$ 697,123	\$ 583,369
Less donor designations	(77,083)	-	(77,083)	(1,730)
Less provision for uncollectible pledges	(9,000)	-	(9,000)	(10,122)
Net campaign revenue	602,613	8,427	611,040	571,517
Other contributions	105,169	7,276	112,445	136,698
Investment return, net	71,927	-	71,927	12,828
Net assets released from restrictions	20,722	(20,722)	-	-
Total operating revenues and public support	800,431	(5,019)	795,412	721,043
Operating Expenses:				
Program services:				
Gross allocations awarded	354,159	-	354,159	267,324
Less donor designations	(77,083)	-	(77,083)	(1,730)
Other allocation services	124,891	-	124,891	136,435
Net allocation services	401,967	-	401,967	402,029
Other program services	181,720	-	181,720	170,960
Total program services	583,687	-	583,687	572,989
Supporting services:				
Organizational administration	24,547	-	24,547	14,867
Fundraising	54,939	-	54,939	37,069
Total supporting services	79,486	-	79,486	51,936
Total operating expenses	663,173	-	663,173	624,925
Change in operations	137,258	(5,019)	132,239	96,118
Nonoperating activities:				
Contributions to capital campaign	-	95,650	95,650	-
Loss on disposal of equipment	(720)	-	(720)	-
Net assets released from restrictions	76,900	(76,900)	-	-
Net nonoperating activities	76,180	18,750	94,930	-
Change in net assets	213,438	13,731	227,169	96,118
Net assets, beginning of year	784,072	51,235	835,307	739,189
Net assets, end of year	<u>\$ 997,510</u>	<u>\$ 64,966</u>	<u>\$ 1,062,476</u>	<u>\$ 835,307</u>

See accompanying notes to the financial statements.

ROUTT COUNTY UNITED WAY
Statement of Functional Expenses
For the Fiscal Year Ended August 31, 2020
(with summarized comparative financial information for the fiscal year ended August 31, 2019)

	2020							2019 Total
	Program Services			Supporting Services				
	Allocation Services	All Other Programs	Total Program Services	Organizational Administration	Fundraising	Total Supporting Services	Total	
Expenses:								
Allocations awarded	\$ 354,159	\$ -	\$ 354,159	\$ -	\$ -	\$ -	\$ 354,159	\$ 267,324
Less donor designations	(77,083)	-	(77,083)	-	-	-	(77,083)	(1,730)
Allocations awarded, net	277,076	-	277,076	-	-	-	277,076	265,594
Wages and benefits	90,128	60,085	150,213	12,721	23,109	35,830	186,043	164,720
Contract labor	9,015	6,010	15,025	8,223	2,414	10,637	25,662	21,888
Special needs	-	29,375	29,375	-	-	-	29,375	-
Holiday giving	-	10,407	10,407	-	-	-	10,407	14,350
Routt to Work Initiative	-	33,091	33,091	-	-	-	33,091	38,298
Marketing and advertising	7,518	5,012	12,530	884	8,589	9,473	22,003	18,813
Office expenses	7,480	4,986	12,466	1,410	1,344	2,754	15,220	16,157
Occupancy	-	4,793	4,793	96	336	432	5,225	5,551
Professional fees	3,477	2,318	5,795	409	614	1,023	6,818	6,735
Donor cultivation	-	-	-	-	17,130	17,130	17,130	24,055
Insurance	644	429	1,073	76	114	190	1,263	1,167
UWW dues	3,332	2,221	5,553	392	588	980	6,533	5,776
Other	3,022	22,810	25,832	304	652	956	26,788	40,922
Depreciation	275	183	458	32	49	81	539	899
Total expenses	\$ 401,967	\$ 181,720	\$ 583,687	\$ 24,547	\$ 54,939	\$ 79,486	\$ 663,173	\$ 624,925

See accompanying notes to the financial statements.

ROUTT COUNTY UNITED WAY
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2020
(with summarized financial information for the fiscal year ended August 31, 2019)

	2020	2019
Cash flows from operating activities:		
Change in operations	\$ 227,169	\$ 96,118
Adjustments to reconcile change in operations to net cash provided by operating activities:		
Depreciation	539	899
Interest and dividends on investments	(22,357)	(21,025)
Realized and unrealized (gains) losses on investments	(49,570)	8,473
Contribution of equipment	(4,060)	-
(Increase) decrease in:		
Pledges receivable, net	5,054	7,492
Other current assets	(951)	(2,573)
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,967)	(4,794)
Allocations payable	11,501	1,105
	164,358	85,695
Net cash provided by operating activities	164,358	85,695
Cash flows from investing activities:		
Net sales (purchases) of investments	19,261	(89,856)
Net change in beneficial interest in assets of community foundation	(84)	(333)
Capital contributions for investment in LLC	(126,900)	(18,000)
	(107,723)	(108,189)
Net cash provided (used) by investing activities	(107,723)	(108,189)
Cash flows from financing activities:		
Principal payments on note payable	(9,000)	(9,000)
	(9,000)	(9,000)
Net cash provided (used) by financing activities	(9,000)	(9,000)
Net change in cash and cash equivalents	47,635	(31,494)
Cash and cash equivalents, beginning of year	155,312	186,806
Cash and cash equivalents, end of year	\$ 202,947	\$ 155,312

See accompanying notes to the financial statements.

ROUTT COUNTY UNITED WAY
Notes to Financial Statements
August 31, 2020

(with summarized financial information as of and for the fiscal year ended August 31, 2019)

Note 1: Description of the Organization

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

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

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

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

Pledges Receivable, Net

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, 2020 and 2019:

	2020	2019
Pledges receivable	\$ 35,269	\$ 40,323
Allowance for uncollectible pledges	(5,000)	(6,000)
	\$ 30,269	\$ 34,323

Pledges to the capital campaign are considered noncurrent in the statement of financial position, regardless of when they are expected to be collected because they will be expended for long-term purposes.

ROUTT COUNTY UNITED WAY
Notes to Financial Statements
August 31, 2020
(with summarized financial information as of and for the fiscal year ended August 31, 2019)

Note 2: Summary of Significant Accounting Policies (continued)

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities.

Fair Value Measurements

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

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

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

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

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

The fair value of the beneficial interest in assets held by community foundation is based on the fair value of the underlying pooled investments as reported by the Yampa Valley Community Foundation (YVCF). These are considered to be Level 3 measurements.

Net Asset Classifications for Endowment Funds

The Organization's endowment consists of the Mount Zirkel Legacy Endowment Fund which was established in February 2019 with funds designated by the board of directors to function as an endowment. The main objective of the endowment fund is to substantially grow the endowment to a level of sustainability to offset the Organization's operations. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization's net assets associated with the endowment fund are classified as net assets without donor restrictions in the statement of financial position.

The State of Colorado adopted House Bill 08-1173, its enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), effective September 1, 2008. UPMIFA establishes law for the management and investment of endowment funds.

UPMIFA permits an organization to appropriate for expenditure or accumulate so much of an endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. In making its determination to appropriate or accumulate, the organization must act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and it must consider, if relevant, the following factors:

- The duration and preservation of the endowment fund
- The purposes of the organization and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the organization
- The investment policy of the organization

ROUTT COUNTY UNITED WAY
Notes to Financial Statements
August 31, 2020
(with summarized financial information as of and for the fiscal year ended August 31, 2019)

Note 2: Summary of Significant Accounting Policies (continued)

Endowment Investment and Spending Policies

The Organization has adopted investment and spending policies for its endowment assets and is committed to preserving capital, with an appropriate level of risk tolerance and a balanced diversification between equity and fixed income investments. To satisfy its long-term rate-of-return objectives, the Organization relies on a strategy using an asset class mix within established ranges that is monitored on an ongoing basis by comparison to appropriate performance benchmarks.

No distributions can be made from the endowment fund until either (a) two years have passed from establishment of the endowment or (b) fair value of the endowment's assets exceeds \$400,000. Thereafter, distributions cannot exceed 5% of the endowment's assets as of August 31st each fiscal year. Additionally, the annual distribution is limited to one-third of the trailing three years realized income.

Property and Equipment, Net

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over an estimated useful life of 5-15 years.

Contributions

Unconditional pledges to the annual fundraising campaign are recognized as contributions at the date the pledge is made and classified within net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

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.

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.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include wages and benefits, marketing and advertising, office expenses, occupancy, and insurance which are allocated on the basis of estimates of time and effort.

ROUTT COUNTY UNITED WAY
Notes to Financial Statements
August 31, 2020
(with summarized financial information as of and for the fiscal year ended August 31, 2019)

Note 2: Summary of Significant Accounting Policies (continued)

Advertising

The Organization expenses the costs of advertising when incurred.

Tax Status

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

The Organization's tax returns related to the fiscal years ending August 31, 2017 through 2019 remain open for examination by taxing authorities.

Use of Estimates

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

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the fiscal year ended August 31, 2019, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 3: Availability and Liquidity

The following represents the Organization's financial assets as of August 31, 2020:

Financial assets as of August 31, 2020:	
Cash and cash equivalents	\$ 202,947
Certificate of deposit	10,317
Pledges receivable, net	38,269
Capital campaign pledges receivable, net	18,750
Investments	608,795
Beneficial interest in assets of other organization	8,211
	<u>887,289</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(64,966)
Board-designated endowment funds	(230,828)
Board-designated reserve funds	(386,178)
	<u>(681,972)</u>
Financial assets available to meet general expenditures, liabilities, and other obligations within one year	<u>\$ 205,317</u>

ROUTT COUNTY UNITED WAY
Notes to Financial Statements
August 31, 2020

(with summarized financial information as of and for the fiscal year ended August 31, 2019)

Note 3: Availability and Liquidity (continued)

As part of the Organization's liquidity management, it structures its financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of short-term requirements in mutual fund investments.

The Organization's annual campaign is collected primarily between September and March. Allocations awarded are then paid in the following July, October, December and April.

Note 4: Investments

The following is a summary of investments as of August 31, 2020 and 2019:

	2020			2019
	Level 1	Level 2	Total	
Money market funds	\$ -	\$ 468	\$ 468	\$ 312
Certificate of deposit	-	10,317	10,317	10,184
Growth and income mutual fund	593,123	-	593,123	562,658
Equity securities	15,116	-	15,116	14,220
Government securities	88	-	88	102
	<u>\$ 608,327</u>	<u>\$ 10,785</u>	<u>\$ 619,112</u>	<u>\$ 587,476</u>

The Organization's investment in growth and income mutual fund maintains at least 45% of its value in common stocks and other equities and at least 25% of its value in bonds and other debt securities.

Note 5: Capital Campaign Pledges Receivable

The Organization began a capital campaign in conjunction with Integrated Community (CIIC) to raise funds for expansion of the 443 Oak Nonprofit Center, LLC facilities (see Note 8).

Unconditional promises to give to the capital campaign as of August 31, 2020 were as follows:

Amounts due in less than one year	\$ 6,250
Amounts due in one to five years	<u>12,500</u>
	<u>\$ 18,750</u>

All pledges to the capital campaign are considered noncurrent on the statement of financial position, regardless of when they are expected to be collected because they will be expended for long-term purposes.

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Note 6: Property and Equipment, Net

Property and equipment, net consisted of the following as of August 31, 2020 and 2019:

	2020	2019
Office equipment	\$ 16,863	\$ 16,863
Trailer	4,060	1,200
	20,923	18,063
Less accumulated depreciation	(17,134)	(17,075)
	\$ 3,789	\$ 988

Note 7: Beneficial Interest in Assets Held by Community Foundation

The Organization maintains a beneficial interest in a charitable fund held and administered by the 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, 2020 and 2019 is \$8,211 and \$8,127, respectively.

Note 8: 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, 2020 and 2019 is \$487,460 and \$357,560, respectively.

Note 9: Endowment Fund

Changes in endowment net assets for the fiscal years ended August 31, 2020 and 2019 were as follows:

	2020	2019
Endowment net assets, beginning of fiscal year	\$ 194,751	\$ -
Transfer from operating funds	-	51,913
Contributions	10,000	139,743
Investment return, net	26,077	3,095
Endowment net assets, end of fiscal year	\$ 230,828	\$ 194,751

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Note 10: 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.

Scheduled principal repayments for the note payable as of August 31, 2020 are as follows:

Fiscal Year Ended August 31,	
2021	\$ 9,000
2022	9,000
2023	9,000
2024	9,000
2025	9,000
Thereafter	<u>58,500</u>
	<u><u>\$ 103,500</u></u>

Note 11: Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows as of August 31, 2020 and 2019:

	2020	2019
Imagination Library program	\$ 44,110	\$ 51,235
COVID-19 masks	2,106	-
Capital campaign pledges	<u>18,750</u>	<u>-</u>
	<u><u>\$ 64,966</u></u>	<u><u>\$ 51,235</u></u>

Net assets released from net assets with donor restrictions were as follows for the fiscal year ended August 31, 2020:

Satisfaction of purpose restrictions:	
Imagination Library program	\$ 15,552
COVID-19 masks	5,170
Contributions to the LLC for facility expansion	<u>76,900</u>
	<u><u>\$ 97,622</u></u>

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Note 12: Board Designated Net Assets

The Organization's board of directors has designated net assets without donor restrictions of certain funds in order to preserve principal and use investment earnings as needs demand. The Organization has the following board designated net assets as of August 31, 2020 and 2019:

	2020	2019
Arthur Anderson fund	\$ 377,967	\$ 382,541
Health and Human Services fund	8,211	8,127
	\$ 386,178	\$ 390,668

Note 13: 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 wages. The Organization's matching contributions to the plan were \$2,282 and \$2,684, respectively, for the fiscal years ended August 31, 2020 and 2019.

Note 14: 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 15: 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 16: Contingency

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

On April 13, 2020, the Organization received a \$37,600 loan from the U.S. Small Business Association under the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief and Economic Security (CARES) Act. This PPP funding supported all Organization employees during the Colorado COVID-19 Stay at Home order. Terms of the loan included certain criteria for forgiveness to be met. The Organization has recorded the loan as a conditional contribution in accordance with US GAAP and recognized revenue of \$37,600 for conditions met through August 31, 2020.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations.

Note 17: Subsequent Events

The Organization has evaluated subsequent events through January 14, 2021, which is the date the financial statements were available to be issued.