

# LIVE UNITED



Mile High United Way  
Give. Advocate. Volunteer.  
[www.UnitedWayDenver.org](http://www.UnitedWayDenver.org)



October 18, 2012

To Donors, Partners, and Friends of Mile High United Way:

Mile High United Way is pleased to present its audited financial statements for the year ended June 30, 2012. This overview highlights significant financial changes which reflect intentional and impactful efforts designed to address community needs.

### **Statement of Financial Position**

The overall financial health of Mile High United Way remains strong, as indicated by the net asset balance of \$24.5 million. This includes an increase in unrestricted net assets of \$2.8 million over the prior year. Unrestricted net assets are available to support Mile High United Way's activities and represent the "equity" balance on which there are no donor restrictions. Temporarily restricted net assets arise from stipulations that donors have placed on their contribution, either for a specific program/purpose or future time period. Temporarily restricted net assets decreased by \$6.2 million and correspond with a \$5.4 million decrease in cash. These decreases are primarily from an intentional higher level of distributions to community agencies and spending temporarily restricted funds raised in a prior year.

Another indicator of our financial health is working capital (amount by which current assets exceed current liabilities), which measures Mile High United Way's ability to meet its short-term financial obligations. Mile High United Way's total working capital is \$17.9 million at June 30, 2012, a \$3.5 million decrease from the prior year due to the timing of spending temporarily restricted funds. Unrestricted working capital increased by \$2.4 million from the prior year.

Pledges receivable increased almost \$4.2 million compared to the prior year end. This is primarily the result of timing of collections, as the September pledges receivable balance is comparable with prior years' levels.

### **Statement of Activities**

#### **Revenue**

Workforce giving campaigns remain a primary source of revenue. Mile High United Way raised \$26.6 million in fiscal year 2012 through more than 800 local corporations, their employees and individual donors. Unrestricted contributions increased by 5% from the prior year. Temporarily restricted revenue decreased due to a few significant items:

- In the prior year, a \$1.6 million multi-year grant from a national foundation was awarded (funds to be spent over 3 years);
- At least \$0.8 million in current year unrestricted contributions were from donors who gave restricted gifts in prior years; and,
- A decrease of \$1.7 from fiscal sponsor programs, as Denver Early Childhood Council spun-off into a separate nonprofit organization and other fiscal sponsor projects continue to evolve and re-align.

#### **Expenses**

In fiscal year ending June 30, 2012, Mile High United Way distributed \$14.8 million to community agencies, an increase of \$2.8 million over the prior year. Of this change, \$1.8 million represents a change in timing of Impact Investment grant distributions, from monthly payment to quarterly in advance. Impact Investment Partners received their July – September 2012 quarterly allotment in June 2012, supporting their cash flow needs and allowing for streamlined administration. In addition, investments in early literacy increased \$1.0 million primarily from implementing a new federal Social Innovation Fund grant. This grant also allowed for further developing Community Impact Services evaluation and volunteer efforts.

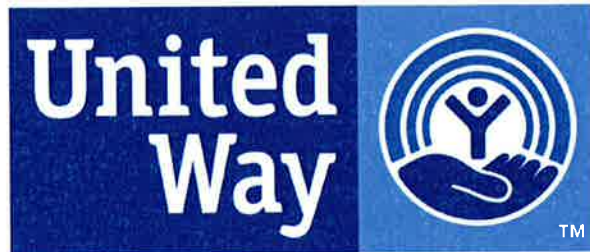
Mile High United Way understands its fiduciary responsibility to donors and the larger community, and strives to be as efficient as possible as measured by the percent of funds spent on fundraising and administrative activities. In fiscal year 2012, 84 cents of every dollar spent was for programs, well above the Better Business Bureau's *Standards for Charity Accountability*, which recommends that at least 65 cents of every dollar be spent on programs.

Thank you for your support of Mile High United Way. If you have any questions, please do not hesitate to contact me at [Leslie.Hannon@UnitedWayDenver.org](mailto:Leslie.Hannon@UnitedWayDenver.org) or 303-561-2210.

Regards,

A handwritten signature in blue ink, appearing to read "L. Hannon".

Leslie J. Hannon  
Chief Financial Officer



## **Mile High United Way**

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Consolidated Financial Statements  
Independent Auditors' Report,  
and  
OMB Circular A-133 Reports  
For the Years Ended June 30, 2012 and 2011**

**EKS&H**  
**EHRHARDT • KEEFE  
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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Table of Contents

	<u>Page</u>
Independent Auditors' Report.....	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities.....	4
Consolidated Statement of Functional Expenses.....	5
Consolidated Statements of Cash Flows.....	7
Notes to Consolidated Financial Statements.....	8
Accompanying Supplemental Information	
Consolidating Statement of Financial Position.....	24
Consolidating Statement of Activities.....	25
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	26
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	28
Schedule of Findings and Questioned Costs.....	30
Schedule of Expenditures of Federal Awards.....	31
Notes to Schedule of Expenditures of Federal Awards.....	32

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

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7979 E. Tufts Avenue, Suite 400

Denver, Colorado 80237-2843

P: 303-740-9400 F: 303-740-9009

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Mile High United Way, Inc. and Subsidiary  
Denver, Colorado

We have audited the accompanying consolidated statements of financial position of Mile High United Way, Inc. and Subsidiary ("United Way") as of June 30, 2012 and 2011, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of United Way's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mile High United Way, Inc. and Subsidiary as of June 30, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2012, on our consideration of United Way's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and it is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Ehrhardt Keefe Steiner & Hottman PC

October 18, 2012  
Denver, Colorado

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Consolidated Statements of Financial Position**

	June 30.	
	2012	2011
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 5,137,248	\$ 10,542,534
Restricted cash	1,057,456	1,296,560
Short-term investments	5,407,800	4,844,445
Accounts receivable	92,587	92,791
Current portion of pledges receivable, net	9,383,283	7,298,512
Grants receivable	1,028,596	1,080,305
Prepaid expenses and other current assets	<u>294,338</u>	<u>289,032</u>
Total current assets	22,401,308	25,444,179
Legacy gift investments - Board-designated	4,165,753	3,974,914
Pledges receivable, net of current portion	647,675	878,666
Notes receivable	880,000	880,000
Accrued interest receivable	-	10,000
Capital assets, net	<u>1,436,233</u>	<u>1,292,285</u>
<b>Total assets</b>	<u><u>\$ 29,530,969</u></u>	<u><u>\$ 32,480,044</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 1,315,810	\$ 1,291,968
Deferred revenue	428,982	472,491
Accrued designations	<u>2,807,244</u>	<u>2,267,431</u>
Total current liabilities	4,552,036	4,031,890
Notes payable	<u>440,000</u>	<u>440,000</u>
Total liabilities	<u>4,992,036</u>	<u>4,471,890</u>
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Unrestricted	9,499,006	7,075,878
Capital assets	1,436,233	1,292,285
Board-designated legacy gift fund	<u>4,165,753</u>	<u>3,974,914</u>
Total unrestricted net assets	15,100,992	12,343,077
Temporarily restricted	<u>9,437,941</u>	<u>15,665,077</u>
Total net assets	<u>24,538,933</u>	<u>28,008,154</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 29,530,969</u></u>	<u><u>\$ 32,480,044</u></u>

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Activities

For the Years Ended  
June 30,

	2012		2011	
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted
Public support and revenue				
Gross campaign results, net	\$ 20,067,874	\$ 6,564,401	\$ 26,632,275	\$ 19,045,881
Foundations	381,361	1,697,184	2,078,545	597,590
Government	1,049,204	-	1,049,204	1,484,605
Fundraising events, net	524,902	-	524,902	347,022
Founders' Legacy Society	110,456	-	110,456	206,011
Less donor-designated contributions	(8,588,353)	-	(8,588,353)	(8,184,128)
	13,545,444	8,261,585	21,807,029	13,496,981
Service fees	495,213	-	495,213	493,082
Investment income	141,127	1,243	142,370	750,506
In-kind support	168,136	-	168,136	410,410
Other income	304,331	13,253	317,584	342,785
	14,654,251	8,276,081	22,930,332	15,493,765
Net assets released from restriction	14,503,217	(14,503,217)	-	12,686,053
Total public support and revenue	29,157,468	(6,227,136)	22,930,332	27,504,752
Expenses				
Program services				
Distributions to community agencies	14,765,294	-	14,765,294	11,939,798
Donor-designated contributions	8,588,353	-	8,588,353	8,184,128
Distributions to community agencies and donor designations	23,353,647	-	23,353,647	20,123,926
Less donor designations	(8,588,353)	-	(8,588,353)	(8,184,128)
Total distributions to community agencies	14,765,294	-	14,765,294	11,939,798
Community Impact Services	3,204,975	-	3,204,975	2,344,372
2-1-1 Information and Referral Call Center	1,120,310	-	1,120,310	1,178,273
Assets for Family Success	526,927	-	526,927	570,267
Bridging the Gap	404,368	-	404,368	548,653
Early Literacy	472,059	-	472,059	183,855
Making Connections	149,072	-	149,072	992,270
Fiscal Sponsor	232,376	-	232,376	1,382,786
Total Mile High United Way led programs	6,110,087	-	6,110,087	7,200,476
Total program services	20,875,381	-	20,875,381	19,140,274
Supporting services				
Management and general	875,242	-	875,242	872,348
Fund development	4,648,930	-	4,648,930	4,116,789
Total supporting services	5,524,172	-	5,524,172	4,989,137
Total expenses	26,399,553	-	26,399,553	24,129,411
Change in net assets from operations	2,757,915	(6,227,136)	(3,469,221)	3,375,341
Reduction in value of notes and interest receivables to facilitate transfer of project	-	-	-	(959,711)
Change in net assets	2,757,915	(6,227,136)	(3,469,221)	675,066
Net assets, beginning of year	12,343,077	15,665,077	28,008,154	14,990,011
Net assets, end of year	\$ 15,100,992	\$ 9,437,941	\$ 24,538,933	\$ 15,665,077

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2012

	Program Services										Supporting Services		
	Community Impact	2-1-1 Call Center	Assets for Family Success			Bridging the Gap	Early Literacy	Making Connections	Fiscal Sponsor	Total	Management and General		Total
			2-1-1 Call Center	Assets for Family Success	Bridging the Gap						Early Literacy	Making Connections	
Distributions to community agencies	\$ 23,353,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,353,647	\$ -	\$ -	\$ -	\$ 23,353,647
Less donor-designated contributions	(8,588,353)	-	-	-	-	-	-	-	(8,588,353)	-	-	-	(8,588,353)
Total distributions to community agencies	14,765,294	-	-	-	-	-	-	-	14,765,294	-	-	-	14,765,294
Salaries and wages	1,637,399	662,758	150,404	225,044	211,678	225,044	56,103	137,570	3,080,956	487,001	2,547,947	3,034,948	6,115,904
Health benefits	127,907	107,831	21,811	24,700	34,123	24,700	15,646	15,655	347,673	54,206	227,934	282,140	629,813
Retirement plan	41,305	15,501	4,489	8,233	4,896	8,233	2,962	5,729	83,115	15,726	77,550	93,276	176,391
Payroll taxes and unemployment	100,365	46,175	9,040	16,479	12,942	16,479	10,506	9,957	205,464	33,700	177,678	211,378	416,842
Total salaries and related expenses	1,906,976	832,265	185,744	274,456	263,639	274,456	85,217	168,911	3,717,208	590,633	3,031,109	3,621,742	7,338,950
Contract services and professional fees	372,212	121,464	10,127	137,505	16,211	137,505	24,245	7,938	689,702	151,773	296,407	448,180	1,137,882
Information technology	44,895	25,457	6,577	396	7,613	396	19,753	5,386	110,077	14,709	52,409	67,118	177,195
Public information and advertising	82,457	-	-	2,568	-	2,568	842	2,505	88,172	3,590	325,382	328,972	417,144
Fundraising functions and materials	-	-	-	-	-	-	-	19,329	19,329	289	271,563	271,852	291,181
Office expenses	48,332	40,385	2,859	3,101	7,684	3,101	6,628	4,943	113,932	32,164	303,461	335,625	449,557
Occupancy	64,415	40,788	6,270	14,867	14,867	14,867	4,726	9,217	140,283	26,945	119,765	146,710	286,993
Travel	5,231	1,290	2	2,786	3,941	2,786	1,401	2,312	16,963	1,135	20,765	21,900	38,863
Conferences, conventions, and meetings	70,647	4,933	292	38,848	9,299	38,848	2,343	4,680	131,042	14,010	36,902	50,912	181,954
Program costs	239,116	1,875	236	3,659	64,537	3,659	213	247	613,742	-	-	-	613,742
Miscellaneous	4,582	-	-	8,378	299	8,378	-	165	7,732	1,406	16,470	17,876	25,608
United Way Worldwide payments	291,007	-	-	-	-	-	-	-	299,385	9,896	39,392	49,288	348,673
Depreciation	75,105	51,853	8,637	16,278	16,278	16,278	3,704	6,943	162,520	28,692	135,305	163,997	326,517
Total other expenses	1,297,999	288,045	341,183	197,603	140,729	197,603	63,855	63,465	2,392,879	284,609	1,617,821	1,902,430	4,295,309
Total functional expenses	\$ 17,970,269	\$ 1,120,310	\$ 526,927	\$ 472,059	\$ 404,368	\$ 472,059	\$ 149,072	\$ 232,376	\$ 20,875,381	\$ 875,242	\$ 4,648,930	\$ 5,524,172	\$ 26,399,553

See notes to consolidated financial statements.



MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2011

	Program Services					Supporting Services			Total	
	Community Impact	2-1-1 Call Center	Assets for Family Success	Bridging the Gap	Early Literacy	Making Connections	Fiscal Sponsor	Management and General		Funds Development
Distributions to community agencies	\$ 20,123,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,123,926
Less donor-designated contributions	(8,184,128)	-	-	-	-	-	-	-	-	(8,184,128)
Total distributions to community agencies	11,939,798	-	-	-	-	-	-	-	-	11,939,798
Salaries and wages	1,345,896	645,914	172,069	258,208	-	586,134	418,376	441,069	2,215,336	6,083,002
Health benefits	88,390	101,613	20,886	36,975	-	38,521	49,511	49,508	199,672	585,076
Retirement plan	54,028	28,776	6,656	10,573	-	14,687	15,692	22,919	104,147	237,478
Payroll taxes and unemployment	106,677	66,187	12,471	22,584	-	36,699	33,904	42,822	203,791	525,135
Total salaries and related expenses	1,594,991	847,490	212,082	328,340	-	676,041	517,483	556,318	2,722,946	7,450,691
Contract services and professional fees	148,571	133,927	6,232	35,298	-	55,857	75,843	199,704	243,158	898,590
Information technology	41,337	54,497	8,032	17,491	-	28,224	14,340	20,934	71,827	256,682
Public information and advertising	44,699	-	-	-	-	2,136	12,903	899	281,251	282,150
Fundraising functions and materials	-	-	-	-	-	-	9,823	-	238,818	248,641
Office expenses	46,902	44,161	2,162	6,903	-	13,838	9,156	33,637	301,965	458,724
Occupancy	56,493	40,957	4,802	15,597	-	16,038	12,443	23,096	99,610	122,706
Travel	4,469	1,184	11	7,091	-	4,391	4,477	1,314	18,937	20,251
Conferences, conventions, and meetings	33,720	4,008	463	278	-	16,761	17,217	13,071	29,160	41,874
Program costs	88,968	26,223	332,974	126,117	183,855	169,242	692,264	-	-	1,619,643
Miscellaneous	2,014	1,435	114	117	-	719	11,431	-	5,768	21,912
United Way Worldwide payments	244,634	-	3,395	11,421	-	9,023	5,406	8,634	34,537	287,805
Depreciation	37,574	-	-	-	-	-	-	14,427	68,812	179,449
Total other expenses	749,381	335,783	358,185	220,313	183,855	316,229	865,303	316,030	1,393,843	4,738,922
Total functional expenses	\$ 14,284,170	\$ 1,178,273	\$ 570,267	\$ 548,653	\$ 183,855	\$ 992,270	\$ 1,382,786	\$ 872,348	\$ 4,116,789	\$ 24,129,411

See notes to consolidated financial statements.

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Consolidated Statements of Cash Flows**

	For the Years Ended	
	June 30.	
	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ (3,469,221)	\$ 3,090,696
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	326,517	179,449
Allowance for uncollectible pledges	(258,805)	(213,350)
Unrealized loss (gain) on short-term and Board-designated investments	74,365	(524,898)
Reduction in value of notes and interest receivables to facilitate transfer of project	-	959,711
Changes in assets and liabilities		
Receivables and pledges	(1,543,062)	(460,156)
Prepays and other current assets	(5,306)	(9,584)
Accrued interest receivable	10,000	(27,626)
Accounts payable, accrued expenses, and accrued designations	563,655	(1,169,087)
Deferred revenue	(43,509)	(80,581)
	<u>(876,145)</u>	<u>(1,346,122)</u>
Net cash (used in) provided by operating activities	<u>(4,345,366)</u>	<u>1,744,574</u>
Cash flows from investing activities		
Change in restricted cash	239,104	(4,460)
Purchase of capital assets	(470,465)	(221,793)
Net purchase of short-term investments	(580,648)	(107,112)
Net (purchase) sale of legacy gift investments	(247,911)	75,022
Net cash used in investing activities	<u>(1,059,920)</u>	<u>(258,343)</u>
Net (decrease) increase in cash and cash equivalents	(5,405,286)	1,486,231
Cash and cash equivalents - beginning of year	<u>10,542,534</u>	<u>9,056,303</u>
Cash and cash equivalents - end of year	<u>\$ 5,137,248</u>	<u>\$ 10,542,534</u>

See notes to consolidated financial statements.

## MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

#### Note 1 - Nature of the Organization and Summary of Significant Accounting Policies

Founded in 1887, Mile High United Way, Inc. is the first United Way in the country. Mile High United Way, Inc. serves as a catalyst for social change. Its mission is uniting people, ideas, and resources to advance the common good. Mile High United Way, Inc. and Subsidiary ("United Way") is a non-profit organization that addresses the most pressing needs of the community through three initiatives: School Readiness, Youth Success, and Adult Self-Sufficiency, the building blocks for a good quality of life. While United Way works in partnership with hundreds of local non-profit partners, government agencies, policy makers, and businesses to deliver services, United Way focuses its efforts in Adams, Arapahoe, Denver, Douglas, and Jefferson counties.

United Way is a dues-paying member of United Way Worldwide.

#### Three Interconnected Initiatives

##### *School Readiness*

More than 16,000 third-graders in Colorado are not reading at grade level. United Way invests in programs that ensure young children from low-income families enter school ready to succeed, read at grade level by the third grade, and are prepared for a lifetime of learning.

##### *Youth Success*

In Metro Denver, 31% of high school seniors did not graduate last year; in Denver County, that number jumps to 48%. United Way invests in programs that help at-risk, school-age, low-income, and under-served youth succeed academically and graduate from high school prepared for the transition to college or advanced career training.

##### *Adult Self-Sufficiency*

More than 280,000 children and women in the Denver Metro area live in poverty. United Way provides opportunities for hardworking individuals to become financially stable and provide a better future for themselves and their families. United Way invests in programs that ensure low-income individuals and families are afforded the opportunity to move toward economic self-sufficiency.

#### Community Investment

United Way distributed \$14,765,294 to the community through Community Partnership and Impact Investments Grants. Grants were awarded to more than 200 agencies throughout the Metro Denver area that provide services in United Way's three interconnected initiatives.

United Way distributed \$8,588,353 in funds that were designated by donors to eligible non-profit organizations other than United Way. Distributions were made to more than 5,000 agencies across the United States, providing charitable dollars to support more than 1,000 communities.

## MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

#### Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)

##### Community Investment (continued)

Community Impact Services consists of the technical assistance and programmatic support offered to non-profit organizations. United Way spent \$3,204,975 providing technical assistance in program development, evaluation (data tracking, data analysis, and data collection), program quality improvement, and professional development to more than 200 non-profit organizations.

Expenses for United Way's internal programs totaled \$2,905,112. These programs include:

- 2-1-1 Information and Referral Call Center, which receives calls from individuals and families looking for emergency human services help;
- Assets for Family Success, which provides low-income individuals with matched savings accounts that are used for post-secondary education, small business development, and first-time home purchases;
- Bridging the Gap, which provides support to emancipated foster care youth with housing, education, transportation, and financial literacy resources;
- Early Literacy, a statewide collaboration working to raise literacy rates for children ages 0-8;
- Making Connections, which provides financial education, wealth building, and employment and career advancement services; and,
- Fiscal Sponsor programs whereby United Way maintains legal and fiduciary responsibility for groups that conduct activities related to United Way's mission. Sponsored projects include Executives Partnering to Invest in Children and Teaming for Technology.

##### Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Mile High United Way, Inc. and its wholly owned subsidiary, 2595 Larimer MHUW, LLC. All intercompany accounts and transactions have been eliminated in consolidation.

##### Financial Instruments and Credit Risk Concentration

Financial instruments, which potentially subject United Way to concentrations of credit risk, consist primarily of cash, restricted cash, short-term investments, legacy gift investments, accounts receivable, and pledges receivable. United Way's investment policy is intended to limit its exposure to credit risk. United Way places its cash and short-term investments in securities backed by the United States government and in instruments issued by quality financial institutions. Amounts are invested in several institutions to minimize risk.

## MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

#### Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)

##### Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, United Way considers all highly liquid debt instruments with an original maturity of three months or less, and which are not held by investment managers as part of an investment portfolio, to be cash equivalents and excludes restricted cash, which is held in segregated bank accounts.

##### Restricted Cash

Restricted cash consists of cash held at segregated bank accounts primarily related to funds restricted for use in the Individual Development Account ("IDA") program.

##### Investments

Short-term and legacy gift investments are carried at fair value. Net realized and unrealized gains and losses on investments are included in the consolidated statements of activities.

##### Accounts and Grants Receivable

Accounts and grants receivable consist of amounts due from grantors and the Colorado Combined Campaign ("CCC"). Management periodically reviews accounts to determine uncollectible amounts. Accounts deemed uncollectible are written off in the period they are deemed uncollectible. No allowance is deemed necessary as of June 30, 2012 and 2011.

##### Pledges Receivable

Pledges receivable relating to the annual campaign that are expected to be collected within one year are recorded at their net realizable values. An allowance for uncollectible pledges is established based on past collection experience and current economic conditions. Promises to give relating to the annual campaign that are expected to be collected in future years are recorded at the present value of estimated future cash flows. United Way has not discounted its pledges receivable, as the amount is insignificant.

Conditional promises to give are not included as support until such time as the conditions are substantially met.

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)

#### Capital Assets

Capital assets consist of land, buildings, equipment, and computer software. Depreciation is computed over the following estimated useful lives using the straight-line method:

	<u>Estimated Useful Lives</u>
Building	30 years
Equipment	3-8 years
Software	3 years

Capital assets are capitalized at purchased cost or fair value at the date of acquisition or donation. United Way follows the practice of capitalizing expenditures and donations for buildings, equipment, and software over \$5,000. Expenditures for maintenance, repairs, and minor replacements for lesser amounts are charged to operations.

#### Deferred Revenue

Deferred revenue consists of either funds received from government grants for programs in which the expenses will be incurred in a future period or for sponsorships of future special events. The revenue will be recognized in applicable future periods when the services are provided and the related expenses are incurred or when the event occurs.

#### Annual Campaign Revenue Recognition and Designated Pledges

United Way conducts annual fundraising campaigns in cooperation with many local employers. United Way staff and volunteers present to groups of employees the various community needs supported by United Way. The pledges and cash donations raised in the campaigns during the year are recognized as revenue in the year that the pledge is received. All support is considered available for unrestricted use unless specifically restricted by the donor.

United Way allows donors to designate their contributions to any agency qualified to receive charitable contributions. United Way reflects the activity for donor-designated contributions in gross campaign revenue and deducts them from revenue in the consolidated statements of activities.

United Way generally withholds between 0% and 15% of donor-designated contributions to cover costs of processing. These amounts are recorded as service fee revenue when the pledge is paid.

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)

#### Custodial Funds

United Way administers national fundraising campaigns for many local employers that have employees located outside United Way's local region. United Way allows these donors to designate their contributions to any agency in the United States qualified to receive charitable contributions. Pledges collected from these national campaigns are held by United Way for the accounts of other agencies and are disbursed as directed by the donor.

Revenue for the years ended June 30, 2012 and 2011 that relates to national accounts outside of United Way's region of \$3,498,784 and \$2,531,664 and CCC of \$926,020 and \$949,443 are not reflected in the accompanying consolidated financial statements. The revenue is reflected in the consolidated financial statements of the United Ways serving those regions.

Pledges collected and payable to other agencies at June 30 are recorded as a liability on the accompanying consolidated balance sheets. Custodial pledges and related disbursements made during the year are not reflected in the accompanying consolidated financial statements as the net assets do not belong to United Way.

Pledges receivable and funds distributed for the years ended June 30, 2012 and 2011 that relate to national accounts outside United Way's region and CCC are as follows:

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Custodial pledges receivable		
National accounts	\$ 1,932,687	\$ 1,343,452
Colorado Combined Campaign (Note 12)	<u>511,868</u>	<u>480,068</u>
Total custodial pledges receivable	<u>\$ 2,444,555</u>	<u>\$ 1,823,520</u>
	<u>For the Years Ended</u>	
	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Custodial distributions		
National accounts	\$ 2,671,838	\$ 2,097,464
Colorado Combined Campaign (Note 12)	<u>751,433</u>	<u>898,334</u>
Total custodial distributions	<u>\$ 3,423,271</u>	<u>\$ 2,995,798</u>

United Way generally withholds between 0% and 15% of pledges collected to cover costs of processing. These amounts are recorded as service fee revenue when the pledge is paid.

#### Founders' Legacy Society

Founders' Legacy Society is comprised of gifts received through bequests, trusts, and memorials.

## MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

#### Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)

##### Classes of Net Assets

The balances and activities of United Way have been segregated into classes according to the nature of the activity and related restrictions imposed by funding sources and designations approved by the Board of Trustees (the "Board").

##### *Unrestricted Net Assets*

This class is used to account for resources for which United Way has discretionary control.

##### *Capital Assets Net Assets*

This class is used to account for United Way's net investment in capital assets.

##### *Board-Designated Legacy Gift Net Assets*

This class is used to account for funds designated by the Board in which the principal amount and related net investment earnings are maintained as a reserve fund.

##### *Temporarily Restricted Net Assets*

This class is used to account for amounts administered by United Way that are stipulated by donors for specific operating purposes or for future periods (Note 8).

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restriction.

##### *Permanently Restricted Net Assets*

This class is used to account for monies that must be maintained permanently by United Way as required by the donor. United Way does not currently maintain any permanently restricted net assets.

##### Functional Allocation of Expenses

The costs of supporting United Way's primary programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Costs are allocated by management based on the best available estimate of the percentage of each cost element applicable to each functional area.

##### Distributions to Community Agencies

United Way awards Impact Investment Grants based on a competitive Request for Proposal process every three years. In intervening years, Impact Investment Partners are evaluated annually to receive continued funding. These distributions are recognized as an expense in the year distributed.



## MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

#### Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)

##### Donated Services

Community volunteers have donated significant amounts of time assisting United Way in achieving its campaign goals and in supporting various program activities. The financial statements do not reflect the value of these donated services as they do not meet the recognition criteria under U.S. generally accepted accounting principles ("GAAP").

##### Advertising

Advertising costs are expensed in the period incurred. The total advertising costs for the years ended June 30, 2012 and 2011 were \$392,183 and \$230,065, respectively. Included in these amounts are in-kind advertising of \$141,680 and \$156,050, respectively.

##### Income Taxes

United Way is exempt from federal income tax under Section 501(a) as an organization described in Section 501(c)(3) of the U.S. Internal Revenue Code. As such, United Way is subject to federal income tax on income unrelated to its exempt purpose. United Way had no unrelated business income during the years ended June 30, 2012 and 2011.

United Way applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of June 30, 2012 and 2011. If incurred, interest and penalties associated with tax positions would be recorded in the period assessed as miscellaneous administrative expense. No interest or penalties have been assessed as of June 30, 2012 and 2011. Tax years that remain subject to examination include 2009 through the current year.

##### Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Subsequent Events

United Way has evaluated subsequent events through October 18, 2012, which is the date the consolidated financial statements were available to be issued, noting none requiring disclosure.

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

**Note 2 - Investments**

**Short-Term Investments**

Short-term investments consist of the following:

	June 30.	
	2012	2011
Money market funds	\$ 139,161	\$ 108,950
Certificates of deposit	5,268,639	4,735,495
Total	\$ 5,407,800	\$ 4,844,445

**Board-Designated Legacy Gift Investments**

Board-designated legacy gift investments consist of the following:

	June 30.	
	2012	2011
Money market	\$ 318,749	\$ 22,478
Equity mutual funds	896,654	979,928
Bond mutual funds	541,859	641,613
Bond securities	932,283	824,635
Equity securities	1,414,367	1,445,705
Real estate funds	61,841	60,555
Total	\$ 4,165,753	\$ 3,974,914

**Investment Returns**

Investment returns on all investments, included in investment income, consist of the following:

	June 30.	
	2012	2011
Dividends and interest, net of fees	\$ 163,396	\$ 226,744
Net realized and unrealized (losses) gains on investments reported at fair value	(21,026)	524,898
Total	\$ 142,370	\$ 751,642

## MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

#### Note 3 - Fair Value Measurement

United Way has adopted the methods of fair value as described under GAAP to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, GAAP establishes a fair value hierarchy that prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In determining fair value, United Way utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The following is a description of the valuation methodologies used for assets measured at fair value:

*Equity mutual funds, bond mutual funds, equity securities, real estate funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Money market funds, certificates of deposit, bond securities, real estate funds:* Value is based on prices currently available on comparable securities.

There were no changes to the valuation techniques used during the period.

Financial assets, including short-term and Board-designated legacy gift investments, are carried at fair value as of June 30, 2012 and 2011 and are classified in the tables below in one of the three categories described above.

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

**Note 3 - Fair Value Measurement (continued)**

Assets at fair value as of June 30, 2012 are as follows:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Money market funds	\$ -	\$ 457,910	\$ -	\$ 457,910
Certificates of deposit	-	5,268,639	-	5,268,639
Equity mutual funds				
Domestic mutual funds	555,023	-	-	555,023
International mutual funds	341,631	-	-	341,631
Bond mutual funds				
Domestic mutual funds	374,741	-	-	374,741
International mutual funds	167,118	-	-	167,118
Bond securities	-	932,283	-	932,283
Equity securities				
Domestic equities	1,198,481	-	-	1,198,481
International equities	215,886	-	-	215,886
Real estate funds	<u>16,877</u>	<u>44,964</u>	-	<u>61,841</u>
Total assets at fair value	<u>\$ 2,869,757</u>	<u>\$ 6,703,796</u>	<u>\$ -</u>	<u>\$ 9,573,553</u>

Assets at fair value as of June 30, 2011 are as follows:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Money market funds	\$ -	\$ 131,428	\$ -	\$ 131,428
Certificates of deposit	-	4,735,495	-	4,735,495
Equity mutual funds				
Domestic mutual funds	566,718	-	-	566,718
International mutual funds	413,210	-	-	413,210
Bond mutual funds				
Domestic mutual funds	596,470	-	-	596,470
International mutual funds	45,143	-	-	45,143
Bond securities	-	824,635	-	824,635
Equity securities				
Domestic mutual funds	1,180,863	-	-	1,180,863
International mutual funds	264,842	-	-	264,842
Real estate funds	<u>15,591</u>	<u>44,964</u>	-	<u>60,555</u>
Total assets at fair value	<u>\$ 3,082,837</u>	<u>\$ 5,736,522</u>	<u>\$ -</u>	<u>\$ 8,819,359</u>

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

**Note 4 - Pledges Receivable**

Pledges receivable consist of the following:

	June 30,	
	2012	2011
Multi-year pledges	\$ 1,544,675	\$ 2,360,072
Completed 2011 campaign	9,436,283	-
Completed 2010 campaign	-	7,025,911
Allowance for uncollectible pledges	(950,000)	(1,208,805)
Total pledges receivable, net	\$ 10,030,958	\$ 8,177,178
Amounts due in		
Less than one year	\$ 9,383,283	\$ 7,298,512
One to five years	647,675	878,666
Total	\$ 10,030,958	\$ 8,177,178

The majority of pledges received by United Way are paid via payroll deductions. These pledges are deducted from individuals' paychecks each pay period by their employers and remitted to United Way throughout the year.

**Note 5 - Notes Receivable**

Notes receivable consist of the following:

	June 30,	
	2012	2011
Notes receivable from 2595 Larimer Street Holdings, LLC with interest at 2.6%. The notes are payable in full on December 31, 2022. The notes are secured by a deed of trust.	\$ 440,000	\$ 440,000
Note receivable from 2595 Larimer Street Holdings, LLC with interest at 2.6%. The note is payable in full on December 31, 2024. The note is secured by a deed of trust.	210,000	210,000
Note receivable from 2595 Larimer Street Holdings, LLC with interest at 5%. The note is payable in full on December 31, 2019. The note is secured by a deed of trust.	230,000	230,000
	\$ 880,000	\$ 880,000

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 5 - Notes Receivable (continued)

The notes represent funds that have been raised from the public and private sectors, as well as forgivable loans received from the city and county of Denver and the state of Colorado, which have been loaned to a low-income housing project known as the Transformational Housing Initiative.

The notes receivable include a put option whereby United Way may sell its interest in the notes to 2595 Larimer Street Holdings, LLC. The put option expires January 31, 2013.

In order to fulfill its original intent of the program, United Way anticipates that it will transfer the project to another non-profit organization in order to continue to have it managed as a Transformational Housing Program. During the year ended June 30, 2011, United Way adjusted the values of the notes and interest receivables in order to reflect the value of what United Way expects to receive for the transfer of the project. During the year ended June 30, 2012, management determined that no adjustment was required for the notes and interest receivables.

Total investment income also includes interest income from the notes receivable from 2595 Larimer Street Holdings, LLC of \$0 and \$47,626 for the years ended June 30, 2012 and 2011, respectively. During the year ended June 30, 2012, management did not accrue any interest on the notes receivable due to the potential transfer of the project.

### Note 6 - Capital Assets

Capital assets consist of the following:

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Land	\$ 646,430	\$ 646,430
Building	2,174,297	2,174,297
Equipment	531,879	1,872,487
Software	<u>670,728</u>	<u>451,776</u>
	4,023,334	5,144,990
Less accumulated depreciation	<u>(2,587,101)</u>	<u>(3,852,705)</u>
Total	<u>\$ 1,436,233</u>	<u>\$ 1,292,285</u>

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 7 - Notes Payable

Notes payable consist of the following as of June 30, 2012:

Note payable from the subsidiary to the state of Colorado. The note, with no interest, is payable in full in November 2024. The note is secured by a deed trust.	\$ 230,000
Note payable from the subsidiary to the city and county of Denver, with no interest. Note will be forgiven in December 2024 if the terms and conditions of the loan agreement are met. The conditions to be met require that five of the low-income housing units must be occupied by individuals whose income is at or below 60% of the average median income, and five of the units must be occupied by individuals whose income is at or below 50% of the average median income. The note is secured by a deed of trust.	<u>210,000</u>
	<u>\$ 440,000</u>

The notes related to the low-income housing project are known as the Transformational Housing Initiative. The amounts received from the city of Denver and the state of Colorado have been loaned to 2595 Larimer Street Holdings, LLC, the owner of the Transformational Housing Project.

### Note 8 - Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>June 30.</u>	
	<u>2012</u>	<u>2011</u>
Multi-year pledges	\$ 1,671,282	\$ 2,866,897
School Readiness	4,798,671	7,898,929
Youth Success	1,206,035	2,191,052
Adult Self-Sufficiency	1,662,001	2,606,101
Other	<u>99,952</u>	<u>102,098</u>
	<u>\$ 9,437,941</u>	<u>\$ 15,665,077</u>

### Note 9 - Employee Benefit Plan

United Way has a defined contribution plan (the "Plan") available to all full-time employees after six months of employment. United Way may make discretionary contributions of 3%. Additionally, United Way matches 50% of participants' contributions up to a maximum of 3% of their annual compensation. Participants vest 33% per year and are 100% vested after three years. United Way contributed \$256,483 and \$259,791 to the Plan during the years ended June 30, 2012 and 2011, respectively.

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

**Note 10 - Line-of-Credit**

United Way has a \$1,500,000 unsecured line-of-credit, with interest at the monthly LIBOR plus 3%, with a minimum interest rate floor of 5%, maturing on January 1, 2013. No amounts were outstanding under the line-of-credit at June 30, 2012 and 2011.

**Note 11 - Commitments and Contingencies**

**Government Contracts**

United Way receives certain revenues from contracts with various governmental agencies. The disbursement of funds received under these contracts generally requires compliance with terms and conditions specified in the contracts and is subject to audit by the contracting agencies. The amount of charges to these contracts that may be disallowed, if any, by such audits cannot presently be determined, and no provision for any liability that may result has been made in the consolidated financial statements. However, management believes United Way is in compliance with its grant requirements, and no liability has arisen in the past or is currently expected.

**Credit Facilities**

United Way has obtained a letter-of-credit totaling \$53,327 as of June 30, 2012 and 2011. The letter-of-credit is related to unemployment insurance, expires January 1, 2013, and has not been drawn upon.

**Operating Leases**

United Way leases equipment under operating leases that expire through June 2017. United Way is responsible for repairs and maintenance on certain leases. The monthly lease payments range from \$200 to \$3,100.

Rent expense for these leases was \$42,396 and \$45,833 for 2012 and 2011, respectively.

Future minimum lease payments under these leases are as follows:

**Year Ending June 30.**

2013	\$	42,217
2014		42,322
2015		12,471
2016		2,521
2017		<u>2,521</u>
	\$	<u>102,052</u>



**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

**Note 12 - Certain Contractual Relationship**

United Way began administering the CCC during the 2008 campaign. The CCC is a fundraising campaign that provides a way for State of Colorado employees to donate to charities that benefit Coloradans. At June 30, 2012 and 2011, amounts due from the CCC for United Way of \$129,584 and \$112,397, respectively, are included in pledges receivable in the accompanying consolidated balance sheets and consist of CCC campaign pledges designated specifically for United Way. At June 30, 2012 and 2011, amounts due from the CCC of \$47,337 and \$22,584, respectively, are included in accounts receivable in the accompanying consolidated balance sheets and consist of expenses paid by United Way on behalf of the CCC.

For the years ended June 30, 2012 and 2011, total designated gifts received from the CCC specifically for United Way's campaign region of \$242,391 and \$187,681, respectively, are included in gross campaign revenue in the accompanying consolidated statements of activities.

**ACCOMPANYING SUPPLEMENTAL INFORMATION**

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Consolidating Statement of Financial Position  
As of June 30, 2012**

	<u>Mile High United Way, Inc.</u>	<u>2595 Larimer MHUW. LLC</u>	<u>Total</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 5,087,094	\$ 50,154	\$ 5,137,248
Restricted cash	1,057,456	-	1,057,456
Short-term investments	5,407,800	-	5,407,800
Accounts receivable	92,587	-	92,587
Current portion of pledges receivable, net	9,383,283	-	9,383,283
Grants receivable	1,028,596	-	1,028,596
Prepaid expenses and other current assets	<u>294,338</u>	<u>-</u>	<u>294,338</u>
Total current assets	22,351,154	50,154	22,401,308
Legacy gift investments - Board-designated	4,165,753	-	4,165,753
Pledges receivable, net of current portion	647,675	-	647,675
Note receivable	-	880,000	880,000
Capital assets, net	<u>1,436,233</u>	<u>-</u>	<u>1,436,233</u>
Total assets	<u>\$ 28,600,815</u>	<u>\$ 930,154</u>	<u>\$ 29,530,969</u>
<b>Liabilities and Net Assets</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ 1,315,810	\$ -	\$ 1,315,810
Deferred revenue	428,982	-	428,982
Accrued designations	<u>2,807,244</u>	<u>-</u>	<u>2,807,244</u>
Total current liabilities	4,552,036	-	4,552,036
Notes payable	<u>-</u>	<u>440,000</u>	<u>440,000</u>
Total liabilities	<u>4,552,036</u>	<u>440,000</u>	<u>4,992,036</u>
Net assets			
Unrestricted	9,008,852	490,154	9,499,006
Capital assets	1,436,233	-	1,436,233
Board-designated legacy gift fund	<u>4,165,753</u>	<u>-</u>	<u>4,165,753</u>
	14,610,838	490,154	15,100,992
Temporarily restricted	<u>9,437,941</u>	<u>-</u>	<u>9,437,941</u>
Total net assets	<u>24,048,779</u>	<u>490,154</u>	<u>24,538,933</u>
Total liabilities and net assets	<u>\$ 28,600,815</u>	<u>\$ 930,154</u>	<u>\$ 29,530,969</u>

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Consolidating Statement of Activities  
For the Year Ended June 30, 2012**

	Mile High United Way, Inc.	2595 Larimer MHUW, LLC	Eliminations	Total
<b>Public support and revenue</b>				
Gross campaign results, net	\$ 26,632,275	\$ -	\$ -	\$ 26,632,275
Foundations	2,078,545	-	-	2,078,545
Government	1,049,204	-	-	1,049,204
Fundraising events, net	524,902	-	-	524,902
Founders' Legacy Society	110,456	-	-	110,456
Less donor-designated contributions	<u>(8,588,353)</u>	<u>-</u>	<u>-</u>	<u>(8,588,353)</u>
Net campaign results	21,807,029	-	-	21,807,029
Service fees	495,213	-	-	495,213
Investment income	142,370	-	-	142,370
In-kind support	168,136	-	-	168,136
Other income	<u>317,584</u>	<u>-</u>	<u>-</u>	<u>317,584</u>
Total public support and revenue	<u>22,930,332</u>	<u>-</u>	<u>-</u>	<u>22,930,332</u>
<b>Expenses</b>				
Program services				
Distributions to community agencies	14,765,294	-	-	14,765,294
Donor-designated contributions	<u>8,588,353</u>	<u>-</u>	<u>-</u>	<u>8,588,353</u>
Distributions to community agencies and donor designations	23,353,647	-	-	23,353,647
Less donor designations	<u>(8,588,353)</u>	<u>-</u>	<u>-</u>	<u>(8,588,353)</u>
Total distributions to community agencies	<u>14,765,294</u>	<u>-</u>	<u>-</u>	<u>14,765,294</u>
Community Impact Services	3,190,975	14,000	-	3,204,975
2-1-1 Information and Referral Call Center	1,120,310	-	-	1,120,310
Assets for Family Success	526,927	-	-	526,927
Bridging the Gap	404,368	-	-	404,368
Early Literacy	472,059	-	-	472,059
Making Connections	149,072	-	-	149,072
Fiscal Sponsor	<u>232,376</u>	<u>-</u>	<u>-</u>	<u>232,376</u>
Total Mile High United Way led programs	<u>6,096,087</u>	<u>14,000</u>	<u>-</u>	<u>6,110,087</u>
Total program services	<u>20,861,381</u>	<u>14,000</u>	<u>-</u>	<u>20,875,381</u>
Supporting services				
Management and general	875,242	-	-	875,242
Funds development	<u>4,648,930</u>	<u>-</u>	<u>-</u>	<u>4,648,930</u>
Total supporting services	<u>5,524,172</u>	<u>-</u>	<u>-</u>	<u>5,524,172</u>
Total expenses	<u>26,385,553</u>	<u>14,000</u>	<u>-</u>	<u>26,399,553</u>
Change in net assets	(3,455,221)	(14,000)	-	(3,469,221)
Net assets, beginning of year	<u>27,504,000</u>	<u>504,154</u>	<u>-</u>	<u>28,008,154</u>
Net assets, end of year	<u>\$ 24,048,779</u>	<u>\$ 490,154</u>	<u>\$ -</u>	<u>\$ 24,538,933</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Mile High United Way, Inc. and Subsidiary  
Denver, Colorado

We have audited the consolidated financial statements of Mile High United Way, Inc. and Subsidiary ("United Way") as of and for the year ended June 30, 2012 and have issued our report thereon dated October 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management of United Way is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered United Way's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Trustees  
Mile High United Way, Inc. and Subsidiary

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether United Way's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should be not be used by anyone other than these specified parties.



Ehrhardt Keefe Steiner & Hottman PC

October 18, 2012  
Denver, Colorado

## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees  
Mile High United Way, Inc. and Subsidiary  
Denver, Colorado

### COMPLIANCE

We have audited the compliance of Mile High United Way, Inc. and Subsidiary ("United Way") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that could have a direct and material effect on each of United Way's major federal programs for the year ended June 30, 2012. United Way's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of United Way's management. Our responsibility is to express an opinion on United Way's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of United Way's compliance with those requirements.

In our opinion, United Way complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## INTERNAL CONTROL OVER COMPLIANCE

The management of United Way is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered United Way's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, to detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ehrhardt Keefe Steiner & Hottman PC

October 18, 2012  
Denver, Colorado



MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued - *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified?  Yes  None reported
- Non-compliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified?  Yes  None reported

Type of auditors' report issued on compliance for major programs - *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?  Yes  No

Identification of major programs:

<u>Name of Program</u>	<u>CFDA#</u>
Social Innovation Fund	94.019

Dollar threshold used to distinguish between type A and B programs: \$300,000

Auditee qualified as a low-risk auditee?  Yes  No

B. Findings - Financial Statement Audit  
None.

C. Findings and Questioned Costs - Major Federal Award Programs Audit Statement Audit  
None.

D. Prior Year Findings and Questioned Costs - Major Federal Award Programs Audit  
None.

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor	Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Expenditures During the Year Ended June 30, 2012
<b>Corporation for National &amp; Community Services</b>					
<b>Direct awards</b>					
	Social Innovation Fund*	94.019		\$ 3,629,412	\$ 440,971
	Subtotal - Corporation for National & Community Services				<u>440,971</u>
<b>U.S. Department of Health and Human Services</b>					
<b>Direct</b>					
	Assets for Independence Demonstration Program	93.602		\$ 1,555,291	174,132
	Individual Development Accounts	93.558	CE53067	\$ 456,922	12,000
	Childcare Referral Services - Denver 211	93.575	SDA17	\$ 79,364	79,364
	Chafee Foster Care Independence Program	93.674	Not Provided	\$ 20,000	<u>4,208</u>
	Subtotal - U.S. Department of Health and Human Services				<u>269,704</u>
<b>U.S. Department of Housing and Urban Development</b>					
<b>Pass-through awards</b>					
	King M. Trimble - Economic Prosperity Center	14.218	GE11057-00	\$ 50,000	19,673
	King M. Trimble - Economic Prosperity Center	14.218	OEDEV-201204920-00	\$ 70,000	35,477
	Individual Development Accounts	14.218	GE61145-1	\$ 211,500	12,536
	Individual Development Accounts	14.218	GE81098	\$ 529,000	63,817
	Individual Development Accounts	14.218	GE11058-00	\$ 60,000	28,097
	Individual Development Accounts	14.218	Not Provided	\$ 59,800	<u>2,217</u>
	Subtotal - U.S. Department of Housing and Urban Development				<u>161,817</u>
<b>Total federal awards</b>				<b>\$</b>	<b><u>872,492</u></b>

\*Major program

See notes to Schedule of Expenditures of Federal Awards.

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Notes to Schedule of Expenditures of Federal Awards**

(1) Method of Accounting

The accompanying schedule of expenditures of federal awards has been prepared on an accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

(2) Reconciliation to Consolidated Financial Statements

United Way receives grant revenue from sources other than the federal government. The following analysis reconciles expenditures in the accompanying schedule to grant revenue reflected in United Way's consolidated statement of activities for the year ended June 30, 2012:

Federal revenue	\$ 872,492
Non-federal revenues	<u>176,712</u>
Government support	<u>\$ 1,049,204</u>