



## **Annual Audited Financial Statements**

### **Financial Highlights**

The following is intended to highlight aspects of Mile High United Way's financial results as of and for the fiscal year ended June 30, 2013.

#### Audit Reports

The financial statement audit was conducted by EKS&H, independent external auditors, and an unmodified (i.e. clean) opinion was issued on the financial statements.

In addition, EKS&H performed procedures and issued a report on the adequacy of and compliance with internal controls over financial reporting. Those procedures and the related report did not identify any material weaknesses or material non-compliance.

EKS&H also performed audit procedures for compliance with requirements related to federal award programs in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. An unmodified opinion was issued with regard to compliance with such requirements.

#### Statement of Financial Position

The overall financial health of Mile High United Way remains solid, as indicated by the positive net asset balance of \$38.6 million. This includes an increase in unrestricted net assets of \$2.8 million over the prior year. Board designated net assets increased \$9.3 million related to the sale of the existing office building. These funds are committed to constructing a new mission-driven headquarters in the historic Curtis Park and Five Points neighborhood.

Another indicator of financial health is working capital, which measures an organization's ability to meet its short-term financial obligations. Mile High United Way's total working capital (amount by which current assets exceed current liabilities) is \$18.3 million at June 30, 2013, an increase of \$0.5 million from the prior year.

A significant change from last year's balance sheet relates to the assignment of the membership interest in 2595 Larimer MHUW, LLC to Volunteers of America (VOA). VOA has operated the Brunetti Lofts Transformation Housing program for the past seven years and has continued the program since the assignment. This transaction resulted in an \$880,000 decrease in notes receivable and a \$440,000 decrease in notes payable.

#### Statement of Activities

Unrestricted net campaign revenue (after deducting donor designated contributions) increased by approximately \$1.3 million in fiscal year 2013 to \$14.9 million. Temporarily restricted revenue decreased \$1.1 million primarily due to the timing of multi-year pledges that were received in prior years from foundations. Other income items, including investment income, service fees, and in-kind support, increased a total of \$0.5 million in 2013. Most significant was an increase in investment income related to an improved equities market.

Distributions to community agencies decreased by \$3.5 million in fiscal year 2013, primarily attributable to an additional quarter of impact investment grants paid in the prior year. At the end of the prior year, the timing of impact investments grants payments changed from monthly to quarterly to reduce administrative costs and help agencies with cash flow.

MHUW led program expenses increased nearly \$1.0 million from the prior year. The increase is largely attributable to Early Literacy program evaluation work and launching the Colorado Reading Corps program.

Mile High United Way continues to focus on being an efficient organization as evidenced by lower spending for supporting services of more than \$300,000 compared to the prior year.



## **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, 2013 and 2012**

**EKS&H**  
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# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

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## INDEPENDENT AUDITORS' REPORT

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

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Mile High United Way, Inc. and Subsidiary ("United Way"), which are comprised of the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

### AUDITORS' RESPONSIBILITY

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 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, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**OTHER MATTER**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013, 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, 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* in considering United Way's internal control over financial reporting and compliance.

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October 17, 2013  
Denver, Colorado

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

**Consolidated Statements of Financial Position**

	June 30,	
	2013	2012
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 7,122,186	\$ 5,137,248
Restricted cash	1,121,836	1,057,456
Short-term investments	5,948,038	5,407,800
Current portion of pledges receivable, net	8,014,896	9,383,283
Accounts and grants receivable	1,044,426	1,121,183
Prepaid expenses and other current assets	205,789	294,338
Total current assets	23,457,171	22,401,308
Legacy gift investments - Board-designated	4,587,053	4,165,753
Cash - Board-designated for 711 Park Ave. West	9,331,432	-
Receivables restricted for 711 Park Ave. West	5,000,000	-
Pledges receivable, net of current portion	608,000	647,675
Notes receivable	-	880,000
Capital assets, net	773,901	1,436,233
Total assets	\$ 43,757,557	\$ 29,530,969
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,319,357	\$ 1,315,810
Deferred revenue	90,682	428,982
Accrued designations	2,698,145	2,807,244
Total current liabilities	5,108,184	4,552,036
Notes payable	-	440,000
Total liabilities	5,108,184	4,992,036
Net assets		
Unrestricted	12,277,998	9,499,006
Capital assets	773,901	1,436,233
Board-designated funds for 711 Park Ave. West	9,331,432	-
Board-designated legacy gift fund	4,587,053	4,165,753
Total unrestricted net assets	26,970,384	15,100,992
Temporarily restricted	11,678,989	9,437,941
Total net assets	38,649,373	24,538,933
Total liabilities and net assets	\$ 43,757,557	\$ 29,530,969

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Activities

For the Years Ended  
June 30

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue	\$ 20,851,171	\$ 6,761,268	\$ 27,612,439	\$ 20,067,874	\$ 6,564,401	\$ 26,632,275
Gross campaign results, net	68,568	363,450	432,018	381,361	1,697,184	2,078,545
Foundations	2,460,775	-	2,460,775	1,049,204	-	1,049,204
Government	587,076	-	587,076	524,902	-	524,902
Fundraising events, net	10,495	-	10,495	110,456	-	110,456
Founders' Legacy Society	(9,110,345)	-	(9,110,345)	(8,588,353)	-	(8,588,353)
Less donor-designated contributions	14,867,740	7,124,718	21,992,458	13,543,444	8,261,585	21,805,029
Service fees	507,761	-	507,761	495,213	-	495,213
Investment income	454,450	816	455,266	141,127	1,243	142,370
In-kind support	19,126	19,969	211,185	168,136	-	168,136
Other income	384,733	97,736	482,469	304,331	13,253	317,584
Net assets released from restriction	16,405,900	7,243,239	23,649,139	14,654,251	8,276,081	22,930,332
Total public support and revenue	10,002,191	(10,002,191)	23,649,139	14,503,217	(14,503,217)	22,930,332
Expenses	26,408,091	(2,738,952)	23,649,139	29,157,468	(6,227,136)	22,930,332
Program services	11,273,358	-	11,273,358	14,765,294	-	14,765,294
Distributions to community agencies	9,110,345	-	9,110,345	8,588,353	-	8,588,353
Donor-designated contributions	20,383,703	-	20,383,703	23,353,647	-	23,353,647
Distributions to community agencies and donor designations	(9,110,345)	-	(9,110,345)	(8,588,353)	-	(8,588,353)
Less donor designations	11,273,358	-	11,273,358	14,765,294	-	14,765,294
Total distributions to community agencies	2,495,180	-	2,495,180	3,043,041	-	3,043,041
Community Impact Services	1,136,045	-	1,136,045	1,120,310	-	1,120,310
2-1-1 Information and Referral Call Center	397,972	-	397,972	526,928	-	526,928
Individual Development Accounts	597,448	-	597,448	404,367	-	404,367
Bridging the Gap	389,392	-	389,392	149,071	-	149,071
Making Connections	971,795	-	971,795	633,994	-	633,994
Early Literacy	472,565	-	472,565	-	-	-
Colorado Reading Corps	608,115	-	608,115	232,376	-	232,376
Fiscal Sponsor	7,068,512	-	7,068,512	6,110,082	-	6,110,082
Total Mile High United Way led programs	18,341,870	-	18,341,870	20,875,381	-	20,875,381
Supporting services	679,802	-	679,802	875,242	-	875,242
Management and general	4,510,536	-	4,510,536	4,648,930	-	4,648,930
Funds development	5,190,338	-	5,190,338	5,524,172	-	5,524,172
Total supporting services	23,532,208	-	23,532,208	26,399,553	-	26,399,553
Total expenses	2,875,883	(2,758,952)	116,931	2,757,915	(6,227,136)	(3,469,221)
Change in net assets from operations	-	5,000,000	5,000,000	-	-	-
Capital campaign contributions	8,876,663	-	8,876,663	-	-	-
Gain on sale of building	116,846	-	116,846	-	-	-
Assignment of membership interest in 2595 Larimer MHUW, LLC	11,869,392	2,241,048	14,110,440	2,757,915	(6,227,136)	(3,469,221)
Change in net assets	15,100,992	9,437,941	24,538,933	12,343,072	15,665,077	28,008,154
Net assets, beginning of year	26,970,384	11,678,989	38,649,373	15,100,992	9,437,941	24,538,933
Net assets, end of year						

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2013

	Program Services				Colorado		Supportive Services		Consolidated Total		
	Community Impact	2-1-1 Call Center	Individual Development Accounts	Bridging the Gap	Making Connections	Early Literacy	Reading Corps	Fiscal Sponsor		Management and General	Funds Development
Distributions to community agencies	\$ 20,383,703	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,383,703
Less donor-designated contributions to community agencies	(9,110,345)	-	-	-	-	-	-	-	-	-	(9,110,345)
Total distributions to community agencies	11,273,358	-	-	-	-	-	-	-	-	-	11,273,358
Salaries and wages	1,279,604	708,370	76,332	352,580	363,103	276,048	343,677	121,773	366,508	2,348,373	2,714,881
Health benefits	157,436	116,876	16,376	40,990	2,005	6,706	24,082	15,308	35,691	235,464	271,155
Retirement plan	70,802	18,875	3,684	6,008	219	5,424	485	3,089	14,521	88,826	103,347
Payroll taxes and unemployment expenses	136,617	62,553	6,865	22,458	1,348	11,700	23,095	6,366	29,652	200,056	229,715
Total salaries and related expenses	1,644,459	906,674	103,257	422,036	366,675	299,878	391,339	146,536	446,372	2,872,719	3,319,098
Contract services and professional fees	166,790	16,185	5,473	7,660	3,199	439,221	33,829	330,284	118,003	157,215	275,218
Program costs	31,622	24	248,873	86,555	-	173,869	18,355	33,529	592,807	-	592,807
Office expenses	60,378	34,721	3,451	11,455	947	2,797	3,484	39,468	34,542	324,939	359,481
Occupancy	104,576	43,716	16,660	19,536	4,434	3,942	3,622	6,536	24,496	169,349	193,845
Public information and advertising	64,607	67	7	313	4	1,340	667	11,688	1,624	249,562	251,186
Information technology	46,888	53,244	7,406	11,368	11,385	21,674	3,248	30,161	12,022	108,818	120,840
Temporary help and other	18,164	20,222	1,181	3,143	395	1,315	5,824	-	3,675	225,992	229,667
Fundraising functions and materials	32,697	5,192	1,638	3,871	38	8,570	4,177	3,390	9,362	185,096	186,265
Conferences, conventions, and meetings	1,279	879	31	9,959	-	6,440	2,534	1,319	1,726	37,582	46,944
Travel	253,381	-	-	-	-	7,153	-	-	9,151	24,437	26,163
United Way Worldwide payments	55,121	-	9,995	21,572	2,315	5,596	5,486	5,204	17,653	36,998	46,149
Depreciation	70,339	229,371	294,715	175,412	22,717	671,917	81,226	461,579	117,829	117,829	135,482
Total other expenses	850,721	1,136,045	397,972	597,448	389,392	971,795	472,565	608,115	679,802	4,510,536	5,190,338
Total functional expenses	\$ 13,768,538	\$ 11,273,358	\$ 11,273,358	\$ 11,273,358	\$ 11,273,358	\$ 11,273,358	\$ 11,273,358	\$ 11,273,358	\$ 11,273,358	\$ 11,273,358	\$ 23,532,208

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			Consolidated Total	
	Community Impact	2-1-1 Call Center	Individual Development Accounts	Bridging the Gap	Early Literacy	Making Connections	Fiscal Sponsor	Management and General		Funds Development
Distributions to community agencies	\$ 23,353,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,353,647
Less donor-designated contributions	(8,588,353)	-	-	-	-	-	-	-	-	(8,588,353)
Total distributions to community agencies	14,765,294	-	-	-	-	-	-	-	-	14,765,294
Salaries and wages	1,637,399	662,758	150,404	211,678	225,044	56,103	137,570	487,001	2,547,947	3,034,948
Health benefits	127,907	107,831	21,811	34,123	24,700	15,646	15,655	54,206	227,934	282,140
Retirement plan	41,305	15,501	4,489	4,896	8,233	2,962	5,729	15,726	77,550	93,276
Payroll taxes and unemployment	100,365	46,173	9,040	12,942	16,472	10,506	9,957	33,700	177,678	211,378
Total salaries and related expenses	1,906,976	832,265	185,744	263,639	274,456	85,217	168,911	590,633	3,031,109	3,621,742
Contract services and professional fees	229,856	115,997	9,308	14,864	254,702	16,957	7,311	138,402	204,295	342,697
Program costs	199,196	-	306,183	64,537	43,579	-	247	-	-	613,742
Office expenses	48,332	40,385	2,859	7,684	3,101	6,628	4,943	32,164	303,461	335,625
Occupancy	64,415	40,788	6,270	14,867	-	4,726	9,217	26,945	119,765	146,710
Public information and advertising	82,457	-	-	-	2,568	842	2,305	3,590	325,382	328,972
Information technology	44,895	25,457	6,577	7,613	396	19,753	5,386	14,709	52,409	67,118
Temporary help and other	29,478	7,342	1,056	1,645	626	7,500	792	14,777	108,588	123,365
Fundraising functions and materials	-	-	-	-	-	-	19,329	289	271,563	291,181
Conferences, conventions, and meetings	66,093	4,933	292	9,299	43,402	2,343	4,680	14,010	36,902	50,912
Travel	5,231	1,290	2	3,941	2,786	1,401	2,312	1,135	20,759	21,894
United Way Worldwide payments	291,007	-	-	-	8,378	-	-	9,896	39,392	49,288
Depreciation	75,102	51,853	8,637	16,278	-	3,704	6,943	28,692	135,305	163,997
Total other expenses	1,136,065	288,045	341,184	140,728	359,538	63,854	63,465	284,609	1,617,821	1,902,430
Total functional expenses	\$ 17,808,335	\$ 1,120,310	\$ 526,928	\$ 404,367	\$ 633,994	\$ 149,071	\$ 232,376	\$ 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 Statements of Cash Flows**

	For the Years Ended June 30,	
	2013	2012
Cash flows from operating activities		
Change in net assets	\$ 14,110,440	\$ (3,469,221)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	311,110	326,517
Allowance for uncollectible pledges, net of write-offs	365,000	(258,805)
Net unrealized (gains) losses on investments	(202,705)	74,365
Assignment of membership interest in 2595 Larimer MHUW, LLC	(116,846)	-
Gain on sale of building	(8,876,663)	-
Capital campaign contributions	(5,000,000)	-
Changes in assets and liabilities		
Receivables and pledges	1,119,819	(1,543,062)
Prepays and other current assets	88,549	(5,306)
Accrued interest receivable	-	10,000
Accounts payable, accrued expenses, and accrued designations	894,448	563,655
Deferred revenue	(338,300)	(43,509)
	(11,755,588)	(876,145)
Net cash provided by (used in) operating activities	2,354,852	(4,345,366)
Cash flows from investing activities		
Change in restricted cash	(64,380)	239,104
Change in Board-designated cash	(9,331,432)	-
Purchase of capital assets	(463,023)	(470,465)
Proceeds on sale of building	9,690,908	-
Net proceeds from assignment of member interests in 2595 Larimer MHUW, LLC	556,846	-
Net purchase of short-term investments	(559,618)	(580,648)
Net purchase of legacy gift investments	(199,215)	(247,911)
Net cash (used in) investing activities	(369,914)	(1,059,920)
Net increase (decrease) in cash and cash equivalents	1,984,938	(5,405,286)
Cash and cash equivalents - beginning of year	5,137,248	10,542,534
Cash and cash equivalents - end of year	\$ 7,122,186	\$ 5,137,248

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 thousands of local non-profit partners, government agencies, policy makers, and businesses to solve complex social issues affecting our community, United Way focuses its efforts in Adams, Arapahoe, Denver, Douglas, and Jefferson counties.

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

#### **Key Areas of Investment**

##### *School Readiness*

More than 40% of Metro Denver third-graders are not reading at grade level. United Way provides thousands of children from low-income families access to high-quality early education so they enter school ready to learn and read at grade level by the end of third grade.

##### *Youth Success*

In Metro Denver, 25% of high school seniors did not graduate in 2012. United Way provides thousands of school-age, low-income, and at-risk students access to mentoring, quality after-school programs, tutoring and dropout prevention, and gang and violence intervention programs to ensure that they succeed academically and graduate from high school.

##### *Adult Self-Sufficiency*

More than 30% of children and women in the Metro Denver 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 devotes resources to programs that help low-income individuals increase financial skills, develop workforce experience, and move toward economic self-sufficiency.

#### **Community Investment**

Solving complex community-wide issues requires money and strategic programmatic collaborations. United Way invested \$11,273,358 in the community through Community Partnership and Impact Investments Grants. Grants were awarded to approximately 250 non-profit agencies that provide services in United Way's three interconnected initiatives.

United Way distributed \$9,110,345 in funds that were designated by donors to eligible non-profit organizations other than United Way. Distributions were made to approximately 4,500 agencies across the United States, providing charitable dollars to support approximately 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 consist of the technical assistance and programmatic support offered to non-profit organizations. United Way spent \$2,495,180 on advocacy, technical assistance in program development, evaluation (data tracking, data analysis, and data collection), volunteers, program quality improvement, and professional development to community non-profit organizations.

Expenses for United Way's internal programs totaled \$4,573,332. These programs include:

- 2-1-1 Information and Referral Call Center is a free, multilingual call center that connects information and resources to Coloradans in need. The service is operated at United Way to refer callers to non-emergency health and human services. In 2013, United Way fielded approximately 124,000 calls.
- Individual Development Accounts ("IDA") provide over 300 low-income youth and adults with financial literacy classes and matched savings accounts that are used for post-secondary education, small business development, and first-time home purchases.
- Bridging the Gap is a transformative program that fundamentally changes the lives of former foster care youth. With the support of Independent Living Coaches, foster care youth are connected to an evidence-based wrap-around support services model that guides youth as they transition to adulthood and out of the foster care system.
- Making Connections is a service delivery location that bundles services focusing on increasing income and savings, decreasing debt, and the building of assets to help individuals achieve financial stability.
- Early Literacy is a statewide collaborative working to improve literacy rates for children through age 8. Approximately 16,000 of Colorado's third-graders are not reading at grade level. The goal for Colorado is to raise reading proficiency rates in third grade reading scores by 25% over a five-year period.
- The Colorado Reading Corps is a one-on-one tutoring program that pairs AmeriCorps members with kindergarten through third grade students who are struggling to read at grade level. The program uses proven literacy interventions to help students improve their reading to grade level.
- Fiscal Sponsor programs are programs for which 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, Teaming for Technology, and Denver's Road Home.

## 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)

##### Principles of Consolidation

The accompanying consolidated financial statements included the accounts of Mile High United Way, Inc. and its wholly owned subsidiary, 2595 Larimer MHUW, LLC through December 2012 (Note 2). 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.

##### 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 that are not held by investment managers as part of an investment portfolio to be cash equivalents and excludes restricted cash and Board-designated funds for the capital project located at 711 Park Ave. West.

##### Restricted Cash

Restricted cash consists of cash held at segregated bank accounts primarily related to funds restricted for use in the 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, 2013 and 2012.

# 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)

#### Pledges Receivable

Pledges receivable relating to the annual fundraising 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.

#### 711 Park Ave. West Capital Project

During the year ended June 30, 2013, United Way announced plans to build a new, mission-driven headquarters and community collaboration center in the historic Curtis Park and Five Points neighborhood. As Metro Denver has grown, so has the need for United Way's services and those of its partners. The building is designed to facilitate United Way's unique role as a convener and leader of collaborative engagement with community partners.

The building project is expected to be financed by a combination of the proceeds of the sale of the current building, new market tax credits, and a targeted capital campaign. In April 2013, United Way sold its existing land and building for cash proceeds of approximately \$10,000,000. As a result of the sale, United Way recognized a gain of \$8,876,663. As part of the sale, United Way received a letter of credit, which will be paid out to United Way on a prorated basis, should United Way vacate the existing building prior to April 2015.

As of June 30, 2013, United Way raised \$5,000,000 for the capital campaign. The capital campaign is separate and distinct from United Way's annual fundraising activities that provide support to meet our community's most pressing needs.

As of June 30, 2013, United Way incurred building-related costs of approximately \$652,000. United Way has executed a design/build contract of approximately \$18,000,000 for the building. In July 2013, United Way acquired the land at 711 Park Ave. West. United Way anticipates relocating to its new facility in the fall of 2014.

#### Capital Assets

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

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

## 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 (continued)

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 over \$5,000. Expenditures for maintenance, repairs, and minor replacements for lesser amounts are charged to operations.

##### Deferred Revenue

Deferred revenue consists of 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.

##### 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.

Pledged contributions for the years ended June 30, 2013 and 2012 that relate to national accounts outside of United Way's region of \$3,035,040 and \$3,498,784 and CCC of \$967,422 and \$926,020 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. A portion of the pledged contributions are not collected and, therefore, are not distributed to the designated agency.

## 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 (continued)

Pledges collected and payable to other agencies at June 30 are recorded as a liability on the accompanying consolidated statements of financial position. Custodial distributions made for the years ended June 30, 2013 and 2012 of \$2,886,006 and \$2,671,838 and CCC of \$727,407 and \$751,433 are not reflected in the accompanying consolidated financial statements as the net assets do not belong to United Way.

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.

##### 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 Funds for 711 Park Ave. West*

This class is used to account for funds designated by the Board to be used for the construction of a mission-driven headquarters located at 711 Park Ave. West.

##### *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 7).

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.



## 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 (continued)

###### *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. In addition, United Way awards grants to other non-profit agencies through community collaboratives and United Way led programs. These distributions are recognized as an expense in the year distributed.

##### Donated Services

Community volunteers have donated significant amounts of time assisting United Way in achieving its campaign goals and in supporting various program activities. Over 28,000 hours were volunteered through United Way during the year ended June 30, 2013. The consolidated 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, 2013 and 2012 were \$229,732 and \$392,183, respectively. Included in these amounts are in-kind advertising of \$104,600 and \$141,680, 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.

# 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)**

#### Income Taxes (continued)

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, 2013 and 2012. 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, 2013 and 2012. Tax years that remain subject to examination include 2010 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 all subsequent events through the date of the auditors' report, which is the date the consolidated financial statements were available for issuance, noting none requiring disclosure.

### **Note 2 - Assignment of Membership Interest**

During the year ended June 30, 2013, United Way assigned its membership in 2595 Larimer MHUW, LLC to a separate non-profit organization to continue its original intent of the program as a Transformational Housing Project. As a result of the assignment, United Way transferred notes receivable of \$880,000 and notes payable of \$440,000 in exchange for net cash proceeds of \$556,846. During fiscal 2011, the membership interest was impaired by approximately \$960,000, which resulted in a fiscal 2013 recovery of \$116,846 that is reflected in the consolidated statements of activities.

### **Note 3 - Investments**

#### Short-Term Investments

Short-term investments consist of the following:

	<u>June 30,</u>	
	<u>2013</u>	<u>2012</u>
Money market funds	\$ 45,044	\$ 139,161
Certificates of deposit	<u>5,902,994</u>	<u>5,268,639</u>
Total	<u>\$ 5,948,038</u>	<u>\$ 5,407,800</u>

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 3 - Investments (continued)

#### Board-Designated Legacy Gift Investments

Board-designated legacy gift investments consist of the following:

	<u>June 30.</u>	
	<u>2013</u>	<u>2012</u>
Money market	\$ 141,301	\$ 318,749
Equity mutual funds	1,178,052	896,654
Bond mutual funds	706,873	541,859
Bond securities	860,587	932,283
Equity securities	1,667,028	1,414,367
Real estate funds	<u>33,212</u>	<u>61,841</u>
Total	<u>\$ 4,587,053</u>	<u>\$ 4,165,753</u>

#### Investment Returns

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

	<u>June 30.</u>	
	<u>2013</u>	<u>2012</u>
Dividends and interest, net of fees	\$ 150,183	\$ 160,541
Net realized gains	102,378	56,194
Net unrealized gains (losses) on investments reported at fair value	<u>202,705</u>	<u>(74,365)</u>
Total	<u>\$ 455,266</u>	<u>\$ 142,370</u>

### Note 4 - 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.

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

**Notes to Consolidated Financial Statements**

**Note 4 - Fair Value Measurement (continued)**

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, and 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, and 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, 2013 and 2012 and are classified in the tables below in one of the three categories described above.

Assets at fair value as of June 30, 2013 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	\$ -	\$ 186,345	\$ -	\$ 186,345
Certificates of deposit	-	5,902,994	-	5,902,994
Equity mutual funds				
Domestic mutual funds	649,006	-	-	649,006
International mutual funds	529,046	-	-	529,046
Bond mutual funds				
Domestic mutual funds	357,698	-	-	357,698
International mutual funds	349,175	-	-	349,175
Bond securities	-	860,587	-	860,587
Equity securities				
Domestic equities	1,398,341	-	-	1,398,341
International equities	268,687	-	-	268,687
Real estate funds	-	33,212	-	33,212
<b>Total assets at fair value</b>	<b>\$ 3,551,953</b>	<b>\$ 6,983,138</b>	<b>\$ -</b>	<b>\$ 10,535,091</b>

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

**Notes to Consolidated Financial Statements**

**Note 4 - 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 mutual funds	1,198,481	-	-	1,198,481
International mutual funds	215,886	-	-	215,886
Real estate funds	<u>16,877</u>	<u>44,964</u>	<u>-</u>	<u>61,841</u>
<b>Total assets at fair value</b>	<b><u>\$ 2,869,757</u></b>	<b><u>\$ 6,703,796</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,573,553</u></b>

**Note 5 - Pledges Receivable**

Pledges receivable consist of the following:

	<u>June 30,</u>	
	<u>2013</u>	<u>2012</u>
Multi-year pledges	\$ 1,338,804	\$ 1,544,675
Completed 2012 fundraising campaign	8,599,092	-
Completed 2011 fundraising campaign	-	9,436,283
Allowance for uncollectible pledges	<u>(1,315,000)</u>	<u>(950,000)</u>
<b>Total pledges receivable, net</b>	<b><u>\$ 8,622,896</u></b>	<b><u>\$ 10,030,958</u></b>
Amounts due in		
Less than one year	\$ 8,014,896	\$ 9,383,283
One to five years	<u>608,000</u>	<u>647,675</u>
<b>Total</b>	<b><u>\$ 8,622,896</u></b>	<b><u>\$ 10,030,958</u></b>

The majority of 2012 and 2011 campaign 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.

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

**Notes to Consolidated Financial Statements**

**Note 6 - Capital Assets**

Capital assets consist of the following:

	June 30,	
	2013	2012
Land	\$ -	\$ 646,430
Building	-	2,174,297
Equipment	560,779	531,879
Software	700,424	670,728
	1,261,203	4,023,334
Less accumulated depreciation	(891,729)	(2,587,101)
Construction in progress	404,427	-
Total	\$ 773,901	\$ 1,436,233

**Note 7 - Net Assets**

Temporarily restricted net assets are available for the following purposes:

	June 30,	
	2013	2012
Multi-year pledges	\$ 1,609,510	\$ 1,671,282
Capital campaign	5,000,000	-
School Readiness	2,758,671	4,798,671
Youth Success	1,071,410	1,206,035
Adult Self-Sufficiency	1,181,587	1,662,001
Other	57,811	99,952
	\$ 11,678,989	\$ 9,437,941

**Note 8 - 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 \$263,234 and \$256,483 to the Plan during the years ended June 30, 2013 and 2012, respectively. Approximately \$38,000 and \$80,000 of United Way's match was forfeited by participants due to not meeting the vesting criteria during the years ended June 30, 2013 and 2012, respectively.

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### **Note 9 - 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.

#### 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 \$47,926 and \$42,396 for 2013 and 2012, respectively.

Future minimum lease payments under these leases are as follows:

#### Year Ending June 30,

2014	\$	49,296
2015		17,294
2016		2,521
2017		<u>2,521</u>
	\$	<u>71,632</u>

### **Note 10 - 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, 2013 and 2012, amounts due from the CCC to United Way of \$130,436 and \$129,584, respectively, are included in pledges receivable in the accompanying consolidated statements of financial position and consist of CCC pledges designated specifically for United Way. At June 30, 2013 and 2012, amounts due from the CCC of \$49,057 and \$47,337, respectively, are included in accounts receivable in the accompanying consolidated statements of financial position and consist of expenses paid by United Way on behalf of the CCC.

For the years ended June 30, 2013 and 2012, total designated gifts received from the CCC specifically for United Way's campaign region of \$220,284 and \$242,391, respectively, are included in gross campaign revenue in the accompanying consolidated statements of activities.

**ACCOMPANYING SUPPLEMENTAL INFORMATION**



**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, in accordance with the 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, the consolidated financial statements of Mile High United Way, Inc. and Subsidiary ("United Way"), which are comprised of the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 17, 2013.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the consolidated financial statements, we considered United Way's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control.

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 consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 from 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 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*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EKS;H LLLP  
EKS&H LLLP

October 17, 2013  
Denver, Colorado

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited Mile High United Way, Inc. and Subsidiary's ("United Way") compliance with the types of compliance requirements described in the *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, 2013. United Way's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of United Way's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of United Way's compliance.

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

Opinion on Each Major Federal Award

In our opinion, United Way complied, in all material respects, with the types of 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, 2013.

**REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of United Way is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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, or 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**PURPOSE OF THIS REPORT**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

EKS;H LLLP  
EKS&H LLLP

October 17, 2013  
Denver, Colorado

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued - Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
Significant deficiencies identified?
Non-compliance material to financial statements noted?

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
Significant deficiencies identified?

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

Identification of major programs:

Table with 2 columns: Name of Program, CFDA#. Row 1: 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

Section II - Findings - Financial Statement Audit

None.

Section III - Findings and Questioned Costs - Major Federal Award Programs Audit Statement Audit

None.

Section IV - 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, 2013**

Federal Grantor/Pass-Through Grantor	Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Expenditures During the Year Ended June 30, 2013
<b>Corporation for National &amp; Community Services</b>					
<b>Direct awards</b>					
	Social Innovation Fund*	94.019		\$ 3,629,412	\$ 1,567,381
<b>Pass-through awards</b>					
	AmeriCorps Subtotal - Corporation for National & Community Services	96.006	12AFHCO0010001	\$ 278,539	<u>278,539</u>
					<u>1,845,920</u>
<b>U.S. Department of Health and Human Services</b>					
<b>Direct awards</b>					
	Assets for Independence Demonstration Program	93.602		\$ 705,882	153,115
<b>Pass-through awards</b>					
City and County of Denver	Temporary Assistance for Needy Families	93.558	CE53067	\$ 350,000	28,600
Qualistar	Childcare and Development Block Grant	93.575	SDA17	\$ 81,570	<u>81,570</u>
	Subtotal - U.S. Department of Health and Human Services				<u>263,285</u>
<b>U.S. Department of Housing and Urban Development</b>					
<b>Pass-through awards</b>					
City and County of Denver	Community Development Block Grant	14.218	OEDEV-201204920-00	\$ 75,000	72,890
City and County of Denver	Community Development Block Grant	14.218	GE61145-1	\$ 211,500	3,138
City and County of Denver	Community Development Block Grant	14.218	GE81098	\$ 529,000	33,469
City and County of Denver	Community Development Block Grant	14.218	GE11058-00	\$ 60,000	4,000
City of Lakewood	Community Development Block Grant	14.218	Not Provided	\$ 59,800	<u>9,851</u>
	Subtotal - U.S. Department of Housing and Urban Development				<u>123,348</u>
<b>Total federal awards</b>					<u>\$ 2,232,553</u>

\*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 government revenue reflected in United Way's consolidated statements of activities for the year ended June 30, 2013:

Federal revenue	\$ 2,232,553
Non-federal revenue	<u>228,222</u>
Government support	<u>\$ 2,460,775</u>