



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, 2014.

Organizational Update

The consolidated financial statements for the period ending June 30, 2014 now include the legal entity Mile High United Way Curtis Park. This nonprofit entity holds the real estate and fixed assets associated with the Morgridge Center for Community Change at 711 Park Avenue as well as the related liabilities. Please also see our IRS Form 990 and the audited statements and 990 for the same periods for Mile High United Way Curtis Park for a more complete picture of our organization and our financial results.

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 \$41.2 million. The organization has been committed to constructing a new mission-driven headquarters in the historic Curtis Park and Five Points neighborhood. This building was completed after the end of this fiscal year and the Mile High United Way home location is now the Morgridge Center for Community Change..

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 \$22.1 million at June 30, 2014. Another important measure for our nonprofit organization is the total net assets at the end of our fiscal year. The total net assets were \$64.3 million at June 30, 2014, including \$14.6 million of capital assets and \$5.4 million of long-term Board-designated assets.

Statement of Activities

Unrestricted net campaign revenue (after deducting donor designated contributions) was \$14.2 million in fiscal year 2014. Distributions to community agencies increased \$0.1 million to \$11.4 million in fiscal year 2014. Donor designated distributions increased \$1.5 million to \$10.6 million, largely due to the impact of flood relief contributions during this fiscal year.

Mile high United Way led program expenses increased \$1.3 million from the prior year to \$8.4 million. The increase is largely attributable to expanding the Colorado Reading Corps program.

Mile High United Way continues to focus on being an efficient organization as evidenced by our overall expense ratio of 85% to programs and 15% to fundraising and administration.



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, 2014 and 2013**

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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, 2014 and 2013, 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 audit 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, 2014 and 2013, 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 consolidating statements of financial position and activities and 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*, are presented for purposes of additional analysis and are 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 23, 2014, 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 23, 2014
Denver, Colorado

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

	June 30,	
	2014	2013
Assets		
Current assets		
Cash and cash equivalents	\$ 5,450,286	\$ 7,122,186
Restricted cash	6,222,764	1,121,836
Short-term investments	5,711,631	5,948,038
Current portion of pledges receivable, net	7,544,421	8,014,896
Accounts and grants receivable	1,038,081	1,044,426
Prepaid expenses and other current assets	392,237	205,789
Total current assets	26,359,420	23,457,171
Legacy gift investments - Board-designated	5,380,156	4,587,053
Cash - Board-designated for the Center	-	9,331,432
Receivables restricted for the Center	4,847,774	5,000,000
Pledges receivable, net of current portion	168,976	608,000
Notes receivable	12,882,070	-
Capital assets, net	14,645,454	773,901
Total assets	\$ 64,283,850	\$ 43,757,557
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,303,563	\$ 2,319,357
Deferred revenue	56,671	90,682
Accrued designations	2,856,998	2,698,145
Total current liabilities	4,217,232	5,108,184
Bridge loan	382,070	-
Long-term debt	18,483,000	-
Total liabilities	23,082,302	5,108,184
Net assets		
Unrestricted	10,774,966	12,277,998
Board-designated legacy gift fund	5,380,156	4,587,053
Board-designated funds for the Center	-	9,331,432
Capital assets	14,645,454	773,901
Total unrestricted net assets	30,800,576	26,970,384
Temporarily restricted	10,400,972	11,678,989
Total net assets	41,201,548	38,649,373
Total liabilities and net assets	\$ 64,283,850	\$ 43,757,557

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Activities

	For the Years Ended June 30,					
	2014		2013			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue						
Gross campaign results, net	\$ 21,214,023	\$ 6,677,153	\$ 27,891,176	\$ 20,851,171	\$ 6,761,268	\$ 27,612,439
Foundations	149,256	597,371	746,627	68,568	363,450	432,018
Government	2,841,028	-	2,841,028	2,460,775	-	2,460,775
Capital campaign for operations	451,109	1,748,805	2,200,000	-	-	2,200,000
Fundraising events, net	148,658	-	148,658	587,076	-	587,076
Founders Legacy Society	-	-	-	10,495	-	10,495
Less donor-designated contributions	(10,620,532)	-	(10,620,532)	(9,110,345)	-	(9,110,345)
Net campaign results	14,183,535	9,053,329	23,206,864	14,867,740	7,124,718	21,992,458
Service fees	516,877	-	516,877	507,761	-	507,761
Investment income	801,749	374	802,123	454,450	816	455,266
In-kind support	553,203	-	553,203	191,216	19,969	211,185
Other income	179,346	65,515	244,861	384,733	97,735	482,468
Net assets released from restriction	16,034,710	9,089,218	25,123,928	16,495,900	7,243,239	23,649,139
Total public support and revenue	25,456,032	(9,391,324)	25,123,928	26,408,091	(10,002,191)	25,649,139
Expenses						
Program services						
Distributions to community agencies	11,359,080	-	11,359,080	11,273,358	-	11,273,358
Donor-designated contributions	10,620,539	-	10,620,539	9,110,345	-	9,110,345
Distributions to community agencies and donor designations	21,979,619	-	21,979,619	20,383,703	-	20,383,703
Less donor designations	(10,620,532)	-	(10,620,532)	(9,110,345)	-	(9,110,345)
Total distributions to community agencies	11,359,080	-	11,359,080	11,273,358	-	11,273,358
Community Impact Services	2,618,730	-	2,618,730	2,343,296	-	2,343,296
20-1 Information and Referral Call Center	1,321,503	-	1,321,503	1,136,045	-	1,136,045
Colorado Reading Corps	863,270	-	863,270	472,565	-	472,565
Bridging the Gap	609,617	-	609,617	597,448	-	597,448
Performance Collaborative	669,243	-	669,243	151,885	-	151,885
Making Connections	-	-	-	389,392	-	389,392
Early Literacy	1,226,082	-	1,226,082	971,795	-	971,795
Individual Development Accounts	494,600	-	494,600	397,972	-	397,972
Fiscal Sponsor	482,327	-	482,327	608,115	-	608,115
Curtis Park	89,471	-	89,471	-	-	-
Total Mile High United Way led programs	8,374,852	-	8,374,852	7,068,513	-	7,068,513
Total program services	19,733,932	-	19,733,932	18,341,871	-	18,341,871
Supporting services						
Management and general	637,762	-	637,762	679,801	-	679,801
Funds development	4,737,537	-	4,737,537	4,510,536	-	4,510,536
Total supporting services	5,375,299	-	5,375,299	5,190,337	-	5,190,337
Total expenses	25,109,231	-	25,109,231	23,532,208	-	23,532,208
Change in net assets from operations	316,803	(302,106)	14,697	2,875,883	(2,758,952)	116,931
Capital campaign contributions	-	2,537,478	2,537,478	-	5,000,000	5,000,000
Capital campaign net assets released from restriction	3,513,389	(3,513,389)	-	-	-	-
Gain on sale of building	-	-	-	8,876,663	-	8,876,663
Assignment of membership interest in 2595 Larimer MHUW, LLC	-	-	-	116,846	-	116,846
Change in net assets	3,830,192	(1,278,017)	2,552,175	11,869,392	2,241,048	14,110,440
Net assets, beginning of year	26,070,384	11,678,980	38,649,371	15,190,992	9,437,941	24,528,933
Net assets, end of year	30,890,576	10,400,972	41,291,548	26,970,384	11,678,989	38,649,373

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2014

	Program Services						Supporting Services		Consolidated Total			
	Community Impact	2-1-1 Call Center	Colorado Reading Corps	Bridging the Gap	Performance Collaborative	Early Literacy	Individual Development Accounts	Fiscal Sponsor		Curtis Park	Management and General	Funds Development
Distributions to community agencies	\$ 21,979,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,979,619
Less donor-designated contributions	(10,620,539)	-	-	-	-	-	-	-	-	-	-	(10,620,539)
Total distributions to community agencies	11,359,080	-	-	-	-	-	-	-	-	-	-	11,359,080
Salaries and wages	1,588,206	822,446	708,239	328,884	346,092	239,669	76,107	134,778	-	371,198	2,480,792	7,096,411
Employee benefits	188,046	165,613	53,710	57,071	48,907	28,124	16,992	20,863	-	50,500	336,630	387,130
Payroll taxes and related	108,856	64,436	54,453	24,501	25,957	18,375	5,492	8,187	-	26,500	188,185	214,785
Total salaries and related expenses	1,885,108	1,052,495	816,402	410,456	420,956	286,168	98,591	163,828	-	448,198	3,005,607	3,453,905
Contract services and professional fees	50,448	22,675	2,556	7,027	90,908	308,719	4,996	138,704	70,489	78,945	130,492	209,437
Evaluation services	-	-	-	-	22,000	306,849	-	-	-	-	-	328,849
Program costs	83,923	-	4,710	111,692	-	173,928	3,588,947	96,628	-	-	-	830,708
Office expenses	55,249	57,919	3,088	10,460	7,078	3,888	3,333	35,326	-	34,291	292,367	326,658
Occupancy	65,349	51,007	5,016	21,111	13,980	4,544	17,063	17,738	12,278	29,018	181,173	210,191
Public information and advocacy	126,384	623	2,317	50	24,483	3,086	-	11,863	-	2,169	443,543	445,712
Information technology	29,623	59,499	4,882	9,290	57,730	13,425	6,682	2,873	-	11,979	111,335	123,314
Temporary help and other	6,295	2,749	8,458	651	684	211	383	1,517	-	2,503	201,864	204,367
Professional development and materials	-	-	-	-	-	-	-	-	-	-	184,120	184,120
Fundraising functions and meetings	14,541	4,838	3,937	8,387	12,706	4,792	221	4,522	-	5,423	34,359	39,782
Travel	7,661	1,374	4,092	13,587	1,746	115,121	21	4,768	-	1,404	20,515	170,289
United Way Worldwide dues	249,984	-	-	-	-	-	-	-	-	8,622	34,168	42,790
Depreciation and amortization	44,165	68,324	7,821	16,906	16,092	5,351	4,363	318,499	6,704	15,110	97,894	287,390
Total other expenses	733,622	269,008	46,877	199,161	248,287	939,914	396,009	89,471	-	189,464	1,921,930	5,162,242
Total functional expenses	\$ 13,977,810	\$ 1,321,503	\$ 863,279	\$ 609,617	\$ 669,243	\$ 1,226,082	\$ 494,600	\$ 482,327	\$ 89,471	\$ 637,762	\$ 4,737,537	\$ 25,109,231

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										Supporting Services		Consolidated Total
	Community Impact	2-1-1 Call Center	Colorado Reading Corps	Bridging the Gap	Performance Collaborative	Making Connections	Early Literacy	Individual Development Accounts	Fiscal Sponsor	Management and (General)	Funds Development	Total	
Distributions to community agencies	\$ 20,383,703	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,383,703
Less donor-designated contributions	(9,110,345)	-	-	-	-	-	-	-	-	-	-	-	(9,110,345)
Total distributions to community agencies	11,273,358	-	-	-	-	-	-	-	-	-	-	-	11,273,358
Salaries and wages	1,193,747	708,370	343,677	352,580	85,858	363,103	276,048	76,332	121,773	366,508	2,348,373	2,714,881	6,236,369
Employee benefits	190,357	135,751	24,567	46,998	37,881	2,224	12,130	20,060	18,397	50,212	324,290	374,502	862,867
Payroll taxes and related	115,878	62,553	31,095	22,458	20,739	1,348	11,700	6,865	6,366	29,659	200,056	229,715	509,717
Total salaries and related expenses	1,499,982	906,674	391,339	422,036	144,478	366,675	299,878	103,257	146,536	446,379	2,872,719	3,319,098	7,599,553
Contract services and professional fees	166,790	16,185	33,829	7,660	-	3,199	165,722	5,473	330,284	118,003	157,215	275,218	1,004,360
Evaluation services	-	-	-	-	-	-	273,499	-	-	-	-	-	273,499
Program costs	31,622	24	18,355	86,535	-	-	173,869	248,873	33,529	-	-	-	592,807
Office expenses	57,785	34,721	3,484	11,455	2,593	947	2,797	3,451	39,468	34,542	324,939	359,481	516,182
Occupancy	104,576	43,716	3,622	19,536	-	4,434	3,942	16,660	6,536	24,496	169,349	193,845	398,867
Public information and advocacy	64,607	67	667	313	-	4	1,340	7	11,688	1,624	249,562	251,186	329,879
Information technology	45,939	53,244	3,248	11,368	949	11,385	21,674	7,406	30,161	12,022	108,818	120,840	306,214
Temporary help and other	18,146	20,222	5,824	3,143	18	395	1,315	1,181	-	3,675	225,992	229,667	279,911
Fundraising functions and materials	-	-	-	-	-	-	-	-	-	1,169	185,096	186,265	186,265
Professional development and meetings	29,332	5,192	4,177	3,871	3,365	38	8,570	1,638	3,390	9,362	37,582	46,944	106,517
Travel	797	879	2,534	9,959	482	-	6,440	31	1,319	1,725	24,437	26,162	48,603
United Way Worldwide dues	253,381	-	-	-	-	-	7,153	-	-	9,151	36,998	46,149	308,683
Depreciation and amortization	70,339	55,121	5,486	21,572	-	2,315	5,596	9,095	5,204	17,653	117,829	135,482	311,110
Total other expenses	843,314	279,371	81,236	175,412	7,407	22,717	671,917	294,715	461,579	233,472	1,637,817	1,871,239	4,658,897
Total functional expenses	\$ 13,616,654	\$ 1,136,045	\$ 472,565	\$ 597,448	\$ 1,51,885	\$ 389,392	\$ 971,795	\$ 397,972	\$ 608,115	\$ 679,801	\$ 4,510,536	\$ 1,190,337	\$ 23,532,208

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>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 2,552,175	\$ 14,110,440
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	287,390	311,110
Allowance for uncollectible pledges, net of write-offs	(395,000)	365,000
Net unrealized and realized gains on investments	(589,915)	(305,083)
Capital campaign contributions	(4,286,283)	(5,000,000)
Assignment of membership interest in 2595 Larimer MHUW, LLC	-	(116,846)
Gain on sale of building	-	(8,876,663)
Changes in assets and liabilities		
Receivables and pledges	1,310,844	1,119,819
Prepays and other current assets	(186,448)	88,549
Accounts payable, accrued expenses, and accrued designations	(856,941)	894,448
Deferred revenue	(34,011)	(338,300)
	<u>(4,750,364)</u>	<u>(11,857,966)</u>
Net cash (used in) provided by operating activities	<u>(2,198,189)</u>	<u>2,252,474</u>
Cash flows from investing activities		
Change in restricted cash	(5,100,928)	(64,380)
Change in Board-designated cash	9,331,432	(9,331,432)
Net proceeds from (purchase of) short-term investments	232,930	(559,618)
Net purchase of legacy gift investments	(199,711)	(96,837)
Purchase of capital assets	(13,158,943)	(463,023)
Investment in notes receivable	(12,882,070)	-
Proceeds on sale of building	-	9,690,908
Net proceeds from assignment of member interests in 2595 Larimer MHUW, LLC	-	556,846
Net cash used in investing activities	<u>(21,777,290)</u>	<u>(267,536)</u>
Cash flows from financing activities		
Proceeds from bridge loan	382,070	-
Proceeds from long-term debt	18,483,000	-
Payments received on capital campaign pledges	3,438,509	-
Net cash provided by financing activities	<u>22,303,579</u>	<u>-</u>
Net change in cash and cash equivalents	(1,671,900)	1,984,938
Cash and cash equivalents - beginning of year	<u>7,122,186</u>	<u>5,137,248</u>
Cash and cash equivalents - end of year	<u>\$ 5,450,286</u>	<u>\$ 7,122,186</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. ("MHUW") is the first United Way in the country. MHUW serves as a catalyst for social change creating a better life for individuals, children and families in the community. Its mission is to unite people, ideas, and resources to advance the common good. MHUW 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 fundamental building blocks for a good quality of life. Last year over 400,000 people were served by MHUW and its Impact Partners that are working to create sustainable community change. While MHUW works in partnership with hundreds of local non-profit partners, government agencies, policy makers, and businesses to collectively solve complex social issues affecting the community, MHUW focuses its efforts in Adams, Arapahoe, Denver, Douglas, and Jefferson counties.

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

Mile High United Way Curtis Park ("Curtis Park") was formed in 2013 to construct, finance, and own Mile High United Way Morgridge Center for Community Change (the "Center"). The Center is used by MHUW as its headquarters and community hub. MHUW is the sole voting member of Curtis Park and has the right to appoint Members of the Board of Directors.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of MHUW and Curtis Park (herein collectively referred to as "United Way"). All intercompany accounts and transactions have been eliminated in consolidation.

Key Areas of Investment

School Readiness

United Way is working to ensure that children are ready for school, ready to learn, and reading at grade level by the end of third grade. Currently, 32% percent of third graders in Metro Denver are not proficient in reading.

Last year over 50,000 children were served through United Way's School Readiness initiative. These programs are primarily focused on providing parents and caregivers the skills needed to help children, beginning at birth, build essential pre-literacy skills so they enter kindergarten properly prepared to learn. Training on how to support their children's physical and mental health was provided to over 20,000 parents and caregivers, and over 15,000 educational early literacy-related home visits were conducted.

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)

Key Areas of Investment (continued)

Youth Success

United Way is committed to helping youth graduate from high school prepared for work or college. In Metro Denver, one in four high school students does not graduate on time. Last year over 90,000 youth were served through United Way's Youth Success Initiative, including over 21,000 youth who received mentoring support and over 10,000 youth who received tutoring help. Additionally, 188 former foster care youth were provided with stable housing and one-on-one support to help them navigate essential life skills such as earning a GED or high school degree, attending college, applying for or maintaining employment, learning about financial literacy, and understanding proper child care support.

Adult Self-Sufficiency

United Way gives individuals and families the opportunity to progress toward economic stability. Currently, one in five children in Colorado is living in poverty. Last year, over 140,000 individuals were served through United Way's Adult Self-Sufficiency initiative, including assistance with finding safe and stable housing and building job skills. Additionally, 108,000 calls were received by United Way's 2-1-1 call center.

Community Investment

The Community Impact Division ("CID") of United Way is responsible for the development of an investment strategy for the Metro Denver Area. CID staff work to identify needs and gaps in the community, collect and aggregate data to make informed funding decisions, work to develop and evaluate best practice strategies, and convene community members, agencies, and state and local government entities to address issues and develop solutions for complex social problems in the Metro Denver community. United Way funds a portfolio of partner agencies working on getting Metro Denver's youngest learners ready for school and reading on grade level by the third grade, helping students to succeed in school both academically and socially so they may graduate from high school and be prepared for post-secondary education/vocational opportunities. United Way also assists families in being able to build assets in home ownership, education, and business that will ensure economic stability. In fiscal year 2014, United Way provided financial support to its Community Impact Partners that are all working within the areas of School Readiness, Youth Success or Adult Self-Sufficiency.

Within CID, United Way funds two Centers for Family Opportunity located at College View Elementary in Southwest Denver and the Mountain Resource Center in Conifer. Designed based on a proven national model of bringing together best-in-their-field resources in a centralized location, both offer programs and resources customized based on the needs of the communities they serve. Resources provided include free English-language and GED classes, tax preparation, financial coaching, legal assistance, veteran services, and more.

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)

United Way's direct service programs include the following:

- United Way's 2-1-1 is a free and confidential community referral service that connects callers with resources that provide food, shelter, rent assistance, clothing, child care options, legal assistance, and other services to meet basic needs. Trained referral specialists are multi-lingual and available to help individuals with real-time resources in the community. Last year, 2-1-1 answered over 108,000 calls that helped individuals in the community with basic needs. During the September 2013 floods that devastated many Colorado communities, 2-1-1 was activated and received 6,000 statewide calls from people looking for help as well as to connect people wanting to donate funds, products, and services to those affected by the floods.
- Colorado Reading Corps integrates diverse, smart, passionate, and trained tutors into elementary school classrooms to help improve reading proficiency in kindergarten through third grade. Reading Corps tutors who are AmeriCorps members help students become strong readers by providing the students access to additional reading support in the form of one-on-one tutoring. The program uses proven literacy interventions to help students improve their reading to grade level. In fiscal year 2014, 50 tutors served approximately 1,300 students in 26 schools in Jefferson County Public Schools, Adams 12 Five Star Schools, and Aurora Public Schools.
- United Way's Bridging the Gap is a transformative program that helps improve the lives of young adults who were formerly in foster care by addressing their needs related to education, employment, financial literacy, health, and leadership development. In fiscal year 2014, the program provided safe and stable housing and support to 188 participants. Independent life coaches also provided life skills support and workforce development assistance.
- The Performance Collaborative is United Way's program that helps non-profits strengthen their ability to collect and evaluate data to make decisions that improve the effectiveness of their programs. The Performance Collaborative at United Way strives to influence change on an organizational level. By offering multiple learning opportunities, United Way teaches organizations to more systematically use data to advance learning and improvement within their organizations.

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)

- United Way is dedicated to ensuring that from birth, children are provided the opportunities needed to build pre-literacy skills so that they enter kindergarten ready to read and succeed. The Social Innovation Fund is one example that invests in early literacy programs across the state of Colorado to deliver effective interventions using data to drive program improvements and expand services to children from birth to age eight. In fiscal year 2014, ten sub-grantees received funds through the Social Innovation Fund serving nearly 4,000 children and families.
- The Individual Development Accounts Program ("IDA") is a matched savings program designed to help low-income individuals and families build financial assets to purchase a home, start or grow a small business, or pay for college tuition or vocational education. During fiscal year 2014, 252 participants had open IDAs, including 56 new IDAs opened during the year. Twenty-six individuals purchased homes, 35 started or expanded small businesses, and 49 used IDAs to pursue post-secondary education.
- 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.

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 and grants 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.

At times throughout the year, United Way's cash balances exceeded federally insured limits.

Cash and Cash Equivalents

For purposes of the Consolidated Statements of Financial Position and 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.

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)

Restricted Cash

Restricted cash consists of the following:

	June 30,	
	2014	2013
Restricted cash held for construction of the Center Individual Development Account funds	\$ 5,777,279	\$ -
Restricted cash for other programs	370,218	971,005
	<u>75,267</u>	<u>150,831</u>
Total restricted cash	<u>\$ 6,222,764</u>	<u>\$ 1,121,836</u>

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 are written off in the period they are deemed uncollectible. No allowance is deemed necessary as of June 30, 2014 and 2013.

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.

Curtis Park

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

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)

Curtis Park (continued)

The building project is being financed by a combination of the proceeds of the sale of its building, new market tax credits, and the capital campaign. In April 2013, MHUW sold its 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. During the year ended June 30, 2014, Curtis Park reimbursed MHUW \$300,000 for closing costs, which has been reflected in the Consolidating Statement of Activities as gain on sale of building and has been eliminated upon consolidation. As part of the sale, MHUW received a letter of credit, which was paid out to MHUW on a prorated basis in September 2014, since MHUW vacated the existing building prior to April 2015. MHUW occupied the Center on September 29, 2014 and is leasing the facility from Curtis Park.

As of June 30, 2014, MHUW raised approximately \$9,286,000 for the capital campaign. The capital campaign is separate and distinct from MHUW's annual fundraising activities that provide support to meet the community's most pressing needs.

In order to raise additional financing for the Center, MHUW and Curtis Park entered into financing arrangements with investors using new market tax credits ("NMTC Financing"). In connection with the NMTC Financing, MHUW lent \$12,882,000 to the MHUW Investment Fund, LLC (the "Fund"). Third-party NMTC investors invested approximately \$6,118,000 in the Fund in exchange for new market tax credits. As part of the NMTC Financing, the Fund invested a majority of the funds in qualified community development entities ("CDEs"). The CDEs loaned to Curtis Park substantially all of the proceeds of investments made in them by the Fund, net of fees of \$517,000, in the aggregate amount of approximately \$18,483,000 ("Project Loans"), and Curtis Park executed and delivered to the CDEs loan agreements, promissory notes and deeds of trusts in connection with the Project Loans. The new market tax credits have a seven-year compliance period.

Capital Assets

Capital assets consist of land, equipment, computer software, deferred financing costs and construction in progress. Depreciation and amortization 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
Deferred financing costs	30 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 over \$5,000. Expenditures for maintenance, repairs, and minor replacements for lesser amounts are charged to operations. Deferred financing costs represent costs incurred with the issuance of debt related to the NMTC Financing.

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)

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 up to a maximum of 15% of donor-designated contributions to cover costs of processing. These amounts are recorded as service fee revenue when the pledge is collected.

Custodial Funds

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

Pledged contributions for the years ended June 30, 2014 and 2013 that relate to national accounts outside of United Way's region of \$2,756,434 and \$3,035,040, and CCC contributions of \$698,466 and \$967,422, are not reflected in the accompanying Consolidated Statements of Activities. The revenue is reflected in the financial statements of the United Way organizations serving those regions. Any portion of the pledged contributions that is not collected is not distributed to the designated agency.

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 to United Way organizations for the years ended June 30, 2014 and 2013 of \$2,682,476 and \$2,886,006, and CCC distributions of \$461,961 and \$727,407, are not reflected in the accompanying Consolidated Statements of Activities.

United Way generally withholds up to a maximum of 15% of pledges collected to cover the costs of processing custodial funds. These amounts are recorded as service fee revenue when the pledge is collected.

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)

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

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

Board-Designated Legacy Gift Fund

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.

Board-Designated Funds for the Center

This class is used to account for funds designated by the Board to be used for construction of the Mile High United Way Morgridge Center for Community Change.

Capital Assets

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

Temporarily Restricted

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

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.

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)

Distributions to Community Agencies

United Way evaluates community need, gaps in services, and trends in the community on a regular basis. This data and agency performance is evaluated annually to determine awards for Community Impact grants. 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. The expansion of the Colorado Reading Corps and Power Lunch programs have grown the community volunteer effort. Over 120,000 hours were volunteered through United Way during the year ended June 30, 2014. 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, 2014 and 2013 were \$327,054 and \$273,611, respectively. Included in these amounts are in-kind advertising of \$199,500 and \$104,600, respectively.

Income Taxes

MHUW and Curtis Park are exempt from federal income tax under Section 501(a) as organizations 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.

MHUW and Curtis Park apply 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, 2014 and 2013. 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, 2014 and 2013. Tax years that remain subject to examination include 2011 through the current year for MHUW and the current year for Curtis Park.

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 and 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.

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)

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.

Note 2 - Investments

Short-Term Investments

Short-term investments consist of the following:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Money market funds	\$ 159,471	\$ 45,044
Certificates of deposit	<u>5,552,160</u>	<u>5,902,994</u>
Total	<u>\$ 5,711,631</u>	<u>\$ 5,948,038</u>

Board-Designated Legacy Gift Investments

Board-designated legacy gift investments consist of the following:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Money market funds	\$ 324,699	\$ 141,301
Equity mutual funds	1,301,279	1,178,052
Bond mutual funds	868,313	706,873
Bond securities	956,416	860,587
Equity securities	1,910,763	1,667,028
Real estate funds	<u>18,686</u>	<u>33,212</u>
Total	<u>\$ 5,380,156</u>	<u>\$ 4,587,053</u>

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 2 - Investments (continued)

Investment Returns

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

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Dividends and interest, net of fees	\$ 212,208	\$ 150,183
Net realized gains	105,067	102,378
Net unrealized gains on investments reported at fair value	<u>484,848</u>	<u>202,705</u>
Total	<u>\$ 802,123</u>	<u>\$ 455,266</u>

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, and equity securities: 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: Valued based on prices currently available on comparable securities.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 3 - Fair Value Measurement (continued)

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

Financial assets, including short-term and Board-designated legacy gift investments, are carried at fair value as of June 30, 2014 and 2013 and are classified in the tables below in one of the three categories described above.

Assets at fair value as of June 30, 2014 are as follows:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at fair value				
Money market funds	\$ -	\$ 484,170	\$ -	\$ 484,170
Certificates of deposit	-	5,552,160	-	5,552,160
Equity mutual funds				
Domestic mutual funds	692,618	-	-	692,618
International mutual funds	608,661	-	-	608,661
Bond mutual funds				
Domestic mutual funds	364,257	-	-	364,257
International mutual funds	504,056	-	-	504,056
Bond securities	-	956,416	-	956,416
Equity securities				
Domestic equities	1,556,789	-	-	1,556,789
International equities	353,974	-	-	353,974
Real estate funds	-	18,686	-	18,686
Total assets at fair value	<u>\$ 4,080,355</u>	<u>\$ 7,011,432</u>	<u>\$ -</u>	<u>\$ 11,091,787</u>

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>
Assets at fair value				
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 mutual funds	1,398,341	-	-	1,398,341
International mutual funds	268,687	-	-	268,687
Real estate funds	-	33,212	-	33,212
Total assets at fair value	<u>\$ 3,551,953</u>	<u>\$ 6,983,138</u>	<u>\$ -</u>	<u>\$ 10,535,091</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,	
	2014	2013
Multi-year campaign pledges	\$ 868,263	\$ 1,338,804
Multi-year pledges restricted for the Center	4,847,774	5,000,000
Completed 2013 fundraising campaign	7,765,134	-
Completed 2012 fundraising campaign	-	8,599,092
Allowance for uncollectible pledges	(920,000)	(1,315,000)
Total pledges receivable, net	\$ 12,561,171	\$ 13,622,896
Amounts due in		
Less than one year	\$ 8,369,671	\$ 10,014,896
One to five years	4,191,500	3,608,000
Total	\$ 12,561,171	\$ 13,622,896

Pledges receivable are reflected in the Consolidated Statements of Financial Position as follows:

	June 30,	
	2014	2013
Current portion of campaign pledges receivable, net	\$ 7,544,421	\$ 8,014,896
Multi-year receivables restricted for the Center	4,847,774	5,000,000
Long-term pledges receivable, net of current portion	168,976	608,000
Total	\$ 12,561,171	\$ 13,622,896

The majority of the fundraising campaign years of 2013 and 2012 campaign pledges received by United Way are paid via payroll deductions and corporate match payments. These individual 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 5 - Capital Assets

Capital assets consist of the following:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 1,534,934	\$ -
Equipment	452,056	560,779
Software	686,404	700,424
Deferred financing costs	402,238	-
	<u>3,075,632</u>	<u>1,261,203</u>
Less accumulated depreciation and amortization	<u>(987,009)</u>	<u>(891,729)</u>
	2,088,623	369,474
Construction in progress	<u>12,556,831</u>	<u>404,427</u>
Total	<u>\$ 14,645,454</u>	<u>\$ 773,901</u>

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was \$287,390 and \$311,110, respectively. Construction in progress represents costs incurred for the building of the Center. The Center was placed into service in September 2014, at which time the assets began depreciating.

Note 6 - Operating Credit Agreements

Bridge Loan

On December 11, 2013, United Way entered into a revolving loan agreement with a bank for up to \$2,500,000 to be used to assist in funding construction of the Center. The loan is collateralized by pledges receivable related to the capital campaign and bears interest at LIBOR plus 1.75% (1.92% at June 30, 2014). The first principal payment of the lesser of the principal balance outstanding or \$1,000,000 is due December 2015, with the remaining principal and accrued interest balance due December 2016. The balance of the bridge loan as of June 30, 2014 was \$382,070.

Line-of-Credit

United Way has a \$1,500,000 unsecured line-of-credit. Interest accrues at LIBOR plus 3%, with a minimum interest rate floor of 5%. No amounts were outstanding on the line-of-credit at June 30, 2014 and 2013.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 7 - Long-Term Debt

In December 2013, Curtis Park received the proceeds of six notes payable from three separate CDEs related to the NMTC Financing. Three of the notes payable total \$12,882,000. The remaining three notes payable total \$5,601,000. These three notes payable have a put option at the end of the NMTC Financing seven-year compliance period. The combined total of the six notes payable is \$18,483,000, all of which was used to build the Center. The notes payable accrue interest at 1.1453% and require quarterly interest-only payments through February 2021. Beginning in March 2021, quarterly principal and interest payments will be made through September 11, 2043, at which time all remaining notes payable balances become due. The notes payable are secured by deeds of trust on the property and assignment of leases and rents.

Note 8 - Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Multi-year pledges	\$ 1,029,796	\$ 1,609,510
Capital campaign (capital assets and operations)	5,772,894	5,000,000
School Readiness	2,015,990	2,758,671
Youth Success	701,685	1,071,410
Adult Self-Sufficiency	867,752	1,181,587
Other	12,855	57,811
	<u>\$ 10,400,972</u>	<u>\$ 11,678,989</u>

Note 9 - 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 year 2011, the membership interest was impaired by approximately \$960,000, which resulted in a recovery of \$116,846 that is reflected in the Consolidated Statements of Activities for fiscal year 2013.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 10 - 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 \$258,837 and \$263,234 to the Plan during the years ended June 30, 2014 and 2013, respectively. Approximately \$48,000 and \$38,000 of United Way's match was forfeited by participants who did not meet the vesting criteria during the years ended June 30, 2014 and 2013, respectively.

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.

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 \$45,697 and \$47,926 for 2014 and 2013, respectively.

Future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	
2015	\$ 13,394
2016	2,521
2017	<u>2,521</u>
	<u>\$ 18,436</u>

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 12 - 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, 2014 and 2013, amounts due from the CCC to United Way of \$123,181 and \$130,436, 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, 2014 and 2013, amounts due from the CCC of \$31,562 and \$49,057, 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, 2014 and 2013, total designated gifts received from the CCC specifically for United Way's campaign region of \$205,304 and \$220,284, respectively, are included in gross campaign revenue in the accompanying Consolidated Statements of Activities. United Way's contract to administer the CCC ended December 31, 2013.

ACCOMPANYING SUPPLEMENTAL INFORMATION

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

**Consolidating Statement of Financial Position
As of June 30, 2014**

	<u>Mile High United Way, Inc.</u>	<u>Mile High United Way Curtis Park</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 5,445,040	\$ 5,246	\$ -	\$ 5,450,286
Restricted cash	1,368,928	4,853,836	-	6,222,764
Short-term investments	5,711,631	-	-	5,711,631
Current portion of pledges receivable, net	7,544,421	-	-	7,544,421
Accounts and grants receivable	1,038,081	-	-	1,038,081
Prepaid expenses and other current assets	392,237	-	-	392,237
Intercompany receivable	-	1,678,415	(1,678,415)	-
Total current assets	<u>21,500,338</u>	<u>6,537,497</u>	<u>(1,678,415)</u>	<u>26,359,420</u>
Non-current assets				
Legacy gift investments - Board-designated	5,380,156	-	-	5,380,156
Receivables restricted for the Center	4,847,774	-	-	4,847,774
Pledges receivable, net of current portion	168,976	-	-	168,976
Notes receivable	12,882,070	-	-	12,882,070
Capital assets, net	158,155	14,487,299	-	14,645,454
Total non-current assets	<u>23,437,131</u>	<u>14,487,299</u>	<u>-</u>	<u>37,924,430</u>
Total assets	<u>\$ 44,937,469</u>	<u>\$ 21,024,796</u>	<u>\$ (1,678,415)</u>	<u>\$ 64,283,850</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,303,563	\$ -	\$ -	\$ 1,303,563
Intercompany payable	1,678,415	-	(1,678,415)	-
Deferred revenue	56,671	-	-	56,671
Accrued designations	2,856,998	-	-	2,856,998
Total current liabilities	<u>5,895,647</u>	<u>-</u>	<u>(1,678,415)</u>	<u>4,217,232</u>
Non-current liabilities				
Bridge loan	382,070	-	-	382,070
Long-term debt	-	18,483,000	-	18,483,000
Total liabilities	<u>6,277,717</u>	<u>18,483,000</u>	<u>(1,678,415)</u>	<u>23,082,302</u>
Net assets				
Unrestricted	9,838,399	936,567	-	10,774,966
Board-designated legacy gift fund	5,380,156	-	-	5,380,156
Curtis Park NMTC Financing	12,882,070	(12,882,070)	-	-
Capital assets	158,155	14,487,299	-	14,645,454
	<u>28,258,780</u>	<u>2,541,796</u>	<u>-</u>	<u>30,800,576</u>
Temporarily restricted	10,400,972	-	-	10,400,972
Total net assets	<u>38,659,752</u>	<u>2,541,796</u>	<u>-</u>	<u>41,201,548</u>
Total liabilities and net assets	<u>\$ 44,937,469</u>	<u>\$ 21,024,796</u>	<u>\$ (1,678,415)</u>	<u>\$ 64,283,850</u>

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

**Consolidating Statement of Activities
For the Year Ended June 30, 2014**

	Mile High United Way, Inc.	Mile High United Way Curtis Park	Eliminations	Total
Public support and revenue				
Gross campaign results, net	\$ 27,891,176	\$ -	\$ -	\$ 27,891,176
Foundations	746,627	-	-	746,627
Government	2,841,028	-	-	2,841,028
Capital campaign for operations	1,748,805	-	-	1,748,805
Fundraising events, net	451,109	-	-	451,109
Founders' Legacy Society	148,658	-	-	148,658
Less donor-designated contributions	<u>(10,620,539)</u>	<u>-</u>	<u>-</u>	<u>(10,620,539)</u>
Net campaign results	23,206,864	-	-	23,206,864
Service fees	516,877	-	-	516,877
Investment income	795,999	6,124	-	802,123
In-kind support	353,203	-	-	353,203
Other income	<u>344,861</u>	<u>-</u>	<u>(100,000)</u>	<u>244,861</u>
Total public support and revenue	<u>25,217,804</u>	<u>6,124</u>	<u>(100,000)</u>	<u>25,123,928</u>
Expenses				
Program services				
Distributions to community agencies	11,359,080	-	-	11,359,080
Donor-designated contributions	<u>10,620,539</u>	<u>-</u>	<u>-</u>	<u>10,620,539</u>
Distributions to community agencies and donor designations	21,979,619	-	-	21,979,619
Less donor designations	<u>(10,620,539)</u>	<u>-</u>	<u>-</u>	<u>(10,620,539)</u>
Total distributions to community agencies	<u>11,359,080</u>	<u>-</u>	<u>-</u>	<u>11,359,080</u>
Community Impact Services	2,618,730	-	-	2,618,730
2-1-1 Information and Referral Call Center	1,321,503	-	-	1,321,503
Colorado Reading Corps	863,279	-	-	863,279
Bridging the Gap	609,617	-	-	609,617
Performance Collaborative	669,243	-	-	669,243
Early Literacy	1,226,082	-	-	1,226,082
Individual Development Accounts	494,600	-	-	494,600
Fiscal Sponsor	482,327	-	-	482,327
Curtis Park	<u>-</u>	<u>489,471</u>	<u>(400,000)</u>	<u>89,471</u>
Total Mile High United Way-led programs	<u>8,285,381</u>	<u>489,471</u>	<u>(400,000)</u>	<u>8,374,852</u>
Total program services	<u>19,644,461</u>	<u>489,471</u>	<u>(400,000)</u>	<u>19,733,932</u>
Supporting services				
Management and general	637,762	-	-	637,762
Funds development	<u>4,737,537</u>	<u>-</u>	<u>-</u>	<u>4,737,537</u>
Total supporting services	<u>5,375,299</u>	<u>-</u>	<u>-</u>	<u>5,375,299</u>
Total expenses	<u>25,019,760</u>	<u>489,471</u>	<u>(400,000)</u>	<u>25,109,231</u>
Changes in net assets from operations	198,044	(483,347)	300,000	14,697
Capital campaign contributions	2,537,478	-	-	2,537,478
Contributions from MHUW	-	3,025,143	(3,025,143)	-
Grants to Curtis Park	(3,025,143)	-	3,025,143	-
Gain on sale of building	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>
Change in net assets	10,379	2,541,796	-	2,552,175
Net assets, beginning of year	<u>38,649,373</u>	<u>-</u>	<u>-</u>	<u>38,649,373</u>
Net assets, end of year	<u>\$ 38,659,752</u>	<u>\$ 2,541,796</u>	<u>\$ -</u>	<u>\$ 41,201,548</u>

**INDEPENDENT AUDITORS' 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, 2014, 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 23, 2014.

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 23, 2014
Denver, Colorado

**INDEPENDENT AUDITORS' 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, 2014. 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.

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, 2014.

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 23, 2014
Denver, Colorado

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued - *Unmodified*

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 - *Unmodified*

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>
AmeriCorps	94.006
Assets for Family Independence Demonstration Program	93.602
Dollar threshold used to distinguish between type A and B programs:	\$300,000
Auditee qualified as a low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Section II - Findings - Financial Statement Audit

None.

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

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, 2014

Federal Grantor/Pass-Through Grantor	Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Expenditures During the Year Ended June 30, 2014
Corporation for National & Community Services Direct awards					
	Social Innovation Fund	94.019		\$ 7,258,824	\$ 1,693,679
Pass-through awards State of Colorado	AmeriCorps* Subtotal - Corporation for National & Community Services	94.006	13ESHCO0010001	\$ 630,389	<u>588,239</u> <u>2,281,918</u>
U.S. Department of Health and Human Services Direct awards	Assets for Independence Demonstration Program*	93.602		\$ 705,882	163,680
Pass-through awards City and County of Denver Qualistar	Temporary Assistance for Needy Families Childcare and Development Block Grant Subtotal - U.S. Department of Health and Human Services	93.558 93.575	CE53067 SDA17	\$ 350,000 91,645	31,888 <u>91,645</u> <u>287,213</u>
U.S. Department of Housing and Urban Development Pass-through awards City and County of Denver City and County of Denver City and County of Denver City and County of Denver City of Lakewood	Community Development Block Grant Community Development Block Grant Community Development Block Grant Community Development Block Grant Community Development Block Grant Subtotal - U.S. Department of Housing and Urban Development	14.218 14.218 14.218 14.218 14.218	OEDEV-201309744-00 GE61145-1 GE81089 GE11058-00 Not Provided	\$ 75,000 \$ 211,500 \$ 529,000 \$ 60,000 \$ 59,800	36,633 920 32,636 2,000 <u>16,185</u> <u>88,374</u>
Total federal awards				\$	<u>2,657,505</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, 2014:

Federal revenue	\$ 2,657,505
Non-federal revenue	<u>183,523</u>
Government support	<u>\$ 2,841,028</u>
Government grant towards capital campaign	<u>\$ 1,000,000</u>