



Annual Audited Financial Statements

Financial Highlights

The following is intended to highlight aspects of Mile High United Way's financial results for the fiscal year ended June 30, 2015.

The Mile High United Way consolidated financial statements are comprised of two entities: Mile High United Way, Inc. and Mile High United Way Curtis Park. The Mile High United Way Curtis Park nonprofit entity holds the real estate, fixed assets and related liabilities associated with the Morgridge Center for Community Change, the new mission-driven headquarters for Mile High United Way which opened during this fiscal year.

Please also see our IRS Form 990 for Mile High United Way, Inc. as well as our audited financial statements and 990 for Mile High United Way Curtis Park for a 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 strong, as indicated by the consolidated positive net asset balance of \$40.9 million. During the fiscal year, net assets increased by \$0.4 million for Mile High United Way, Inc., whereas, Mile High United Way Curtis Park net assets decreased by \$0.7 million from depreciation expense and other building costs. Consolidated cash flow was positive by \$0.8 million.

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) was \$17.2 million at June 30, 2015.

Statement of Activities

Mile High United Way had another successful fundraising year in fiscal year 2015, with a total of \$21.4 million net campaign revenue (after deducting donor designated contributions). The previous fiscal year included both a significant capital campaign and major fundraising for flood recovery, and so total fundraising and community distributions were both lower this fiscal year without those non-recurring events.

Mile High United Way led program expenses grew by \$1.5 million this fiscal year, as planned, for the expansion of certain programs as well as the first full year of depreciation and other expenses related to the new Morgridge Center for Community Change. Total program expenses were \$9.8 million.

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 Supplemental Information
For the Years Ended June 30, 2015 and 2014**

EKS&H
AUDIT | TAX | CONSULTING

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, 2015 and 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.

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. 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, 2015 and 2014, 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 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. This 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.

EKS&H LLLP
EKS&H LLLP

October 16, 2015
Denver, Colorado

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

| | June 30, | |
|---|----------------------|----------------------|
| | 2015 | 2014 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 6,266,347 | \$ 5,450,286 |
| Restricted cash | 557,348 | 6,222,764 |
| Short-term investments | 5,573,642 | 5,711,631 |
| Current portion of pledges receivable, net | 7,628,915 | 7,544,421 |
| Accounts and grants receivable | 1,164,927 | 1,038,081 |
| Prepaid expenses and other current assets | <u>321,462</u> | <u>392,237</u> |
| Total current assets | <u>21,512,641</u> | <u>26,359,420</u> |
| Non-current assets | | |
| Legacy gift fund investments - Board-designated | 5,577,296 | 5,380,156 |
| Receivables restricted for the Center | 3,255,463 | 4,847,774 |
| Pledges receivable, net of current portion | 35,800 | 168,976 |
| Notes receivable | 12,882,070 | 12,882,070 |
| Capital assets, net | 20,080,336 | 14,249,920 |
| Deferred financing costs, net | <u>377,792</u> | <u>395,534</u> |
| Total non-current assets | <u>42,208,757</u> | <u>37,924,430</u> |
| Total assets | <u>\$ 63,721,398</u> | <u>\$ 64,283,850</u> |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 1,133,063 | \$ 1,303,563 |
| Deferred revenue | 61,548 | 56,671 |
| Accrued designations | <u>3,147,994</u> | <u>2,856,998</u> |
| Total current liabilities | 4,342,605 | 4,217,232 |
| Non-current liabilities | | |
| Bridge loan | - | 382,070 |
| Long-term debt | <u>18,483,000</u> | <u>18,483,000</u> |
| Total liabilities | <u>22,825,605</u> | <u>23,082,302</u> |
| Commitments and contingencies | | |
| Net assets | | |
| Unrestricted | 13,306,282 | 10,774,966 |
| Board-designated legacy gift fund | 5,577,296 | 5,380,156 |
| Capital assets | <u>14,479,406</u> | <u>14,645,454</u> |
| Total unrestricted net assets | 33,362,984 | 30,800,576 |
| Temporarily restricted | <u>7,532,809</u> | <u>10,400,972</u> |
| Total net assets | <u>40,895,793</u> | <u>41,201,548</u> |
| Total liabilities and net assets | <u>\$ 63,721,398</u> | <u>\$ 64,283,850</u> |

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Activities

For the Years Ended June 30.

| | 2015 | | | 2014 | | |
|--|---------------|------------------------|---------------|---------------|------------------------|---------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Public support and revenue | | | | | | |
| Gross campaign results, net | \$ 20,593,436 | \$ 6,782,362 | \$ 27,375,798 | \$ 21,214,023 | \$ 6,677,153 | \$ 27,891,176 |
| Foundations | 192,070 | 292,720 | 484,790 | 149,256 | 597,371 | 746,627 |
| Government | 3,050,146 | - | 3,050,146 | 2,841,028 | - | 2,841,028 |
| Capital campaign for operations | - | 731,982 | 731,982 | - | 1,748,805 | 1,748,805 |
| Fundraising events, net | 512,660 | - | 512,660 | 451,109 | - | 451,109 |
| Founders' Legacy Society | 37,958 | - | 37,958 | 148,658 | - | 148,658 |
| Less donor-designated contributions | (10,757,710) | - | (10,757,710) | (10,620,539) | - | (10,620,539) |
| Net campaign results | 13,628,560 | 7,807,064 | 21,435,624 | 14,183,535 | 9,023,329 | 23,206,864 |
| Service fees | 509,802 | - | 509,802 | 516,877 | - | 516,877 |
| Investment income | 362,839 | 521 | 363,360 | 801,749 | 374 | 802,123 |
| In-kind support | 409,614 | - | 409,614 | 353,203 | - | 353,203 |
| Other income | 452,870 | 65,515 | 518,385 | 179,346 | 65,515 | 244,861 |
| | 15,363,685 | 7,873,100 | 23,236,785 | 16,034,710 | 9,089,218 | 25,123,928 |
| Net assets released from restriction | 7,491,850 | (7,491,850) | - | 9,391,324 | (9,391,324) | - |
| Total public support and revenue | 22,855,535 | 381,250 | 23,236,785 | 25,426,034 | (302,106) | 25,123,928 |
| Expenses | | | | | | |
| Program services | | | | | | |
| Distributions to community agencies | 8,716,645 | - | 8,716,645 | 11,359,080 | - | 11,359,080 |
| Donor-designated contributions | 10,757,710 | - | 10,757,710 | 10,620,539 | - | 10,620,539 |
| Distributions to community agencies and donor designations | 19,474,355 | - | 19,474,355 | 21,979,619 | - | 21,979,619 |
| Less donor designations | (10,757,710) | - | (10,757,710) | (10,620,539) | - | (10,620,539) |
| Total distributions to community agencies | 8,716,645 | - | 8,716,645 | 11,359,080 | - | 11,359,080 |
| Community Impact Division | 3,236,328 | - | 3,236,328 | 2,618,730 | - | 2,618,730 |
| 2-1-1 Help Center | 1,324,497 | - | 1,324,497 | 1,321,503 | - | 1,321,503 |
| Colorado Reading Corps | 1,040,345 | - | 1,040,345 | 863,279 | - | 863,279 |
| Bridging the Gap | 593,824 | - | 593,824 | 609,617 | - | 609,617 |
| Performance Collaborative | 574,385 | - | 574,385 | 669,243 | - | 669,243 |
| Early Literacy | 1,401,270 | - | 1,401,270 | 1,226,082 | - | 1,226,082 |
| Individual Development Accounts | 265,493 | - | 265,493 | 494,600 | - | 494,600 |
| Fiscal Sponsor | 590,060 | - | 590,060 | 482,327 | - | 482,327 |
| Curtis Park | 822,140 | - | 822,140 | 89,471 | - | 89,471 |
| Total Mile-High-United-Way-led programs | 9,848,342 | - | 9,848,342 | 8,374,852 | - | 8,374,852 |
| Total program services | 18,564,987 | - | 18,564,987 | 19,733,932 | - | 19,733,932 |
| Supporting services | | | | | | |
| Management and general | 560,336 | - | 560,336 | 637,762 | - | 637,762 |
| Funds development | 4,417,217 | - | 4,417,217 | 4,737,537 | - | 4,737,537 |
| Total supporting services | 4,977,553 | - | 4,977,553 | 5,375,299 | - | 5,375,299 |
| Total expenses | 23,542,540 | - | 23,542,540 | 25,109,231 | - | 25,109,231 |
| Change in net assets from operations | (687,005) | 381,250 | (305,755) | 316,803 | (302,106) | 14,697 |
| Capital campaign contributions | - | - | - | - | 2,537,478 | 2,537,478 |
| Capital campaign net assets released from restriction | 3,249,413 | (3,249,413) | - | 3,513,389 | (3,513,389) | - |
| Change in net assets | 2,562,408 | (2,868,163) | (305,755) | 3,830,192 | (1,278,017) | 2,552,175 |
| Net assets, beginning of year | 30,800,576 | 10,400,972 | 41,201,548 | 26,970,384 | 11,678,989 | 38,649,373 |
| Net assets, end of year | \$ 33,362,984 | \$ 7,532,809 | \$ 40,895,793 | \$ 30,800,576 | \$ 10,400,972 | \$ 41,201,548 |

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2015**

| | Program Services | | | | | | | | | Supporting Services | | | Consolidated Total | |
|---|---------------------------|---------------------|------------------------|-------------------|---------------------------|---------------------|---------------------------------|-------------------|-------------------|----------------------|------------------------|---------------------|---------------------|----------------------|
| | Community Impact Division | 2-1-1 Help Center | Colorado Reading Corps | Bridging the Gap | Performance Collaborative | Early Literacy | Individual Development Accounts | Fiscal Sponsor | Curtis Park | Total | Management and General | Funds Development | | Total |
| Distributions to community agencies | \$ 19,474,355 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 19,474,355 | \$ - | \$ - | \$ - | \$ 19,474,355 |
| Less donor-designated contributions | (10,757,710) | - | - | - | - | - | - | - | - | (10,757,710) | - | - | - | (10,757,710) |
| Total distributions to community agencies | <u>8,716,645</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,716,645</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,716,645</u> |
| Salaries and wages | 1,699,758 | 865,384 | 768,143 | 303,737 | 381,538 | 143,444 | 49,939 | 135,277 | - | 4,347,220 | 303,926 | 2,560,090 | 2,864,016 | 7,211,236 |
| Employee benefits | 224,695 | 187,996 | 74,113 | 62,365 | 59,640 | 19,896 | 9,457 | 21,793 | - | 659,955 | 39,198 | 386,808 | 426,006 | 1,085,961 |
| Payroll taxes and related | 114,711 | 65,239 | 63,395 | 24,995 | 30,292 | 10,002 | 3,778 | 9,923 | - | 322,335 | 20,890 | 201,267 | 222,157 | 544,492 |
| Total salaries and related expenses | <u>2,039,164</u> | <u>1,118,619</u> | <u>905,651</u> | <u>391,097</u> | <u>471,470</u> | <u>173,342</u> | <u>63,174</u> | <u>166,993</u> | <u>-</u> | <u>5,329,510</u> | <u>364,014</u> | <u>3,148,165</u> | <u>3,512,179</u> | <u>8,841,689</u> |
| Contract services, professional fees, and other | 223,548 | 18,211 | 30,510 | 16,187 | 1,983 | 296,953 | 711 | 208,651 | 195,515 | 992,269 | 115,308 | 158,410 | 273,718 | 1,265,987 |
| Evaluation services | - | - | - | - | 1,530 | 382,108 | - | - | - | 383,638 | - | - | - | 383,638 |
| Program costs | 57,635 | 258 | 59,604 | 112,396 | 843 | 529,157 | 189,244 | 77,127 | - | 1,026,264 | - | - | - | 1,026,264 |
| Office expenses | 71,015 | 55,367 | 3,901 | 10,566 | 7,974 | 1,095 | 1,042 | 72,305 | - | 223,265 | 32,263 | 287,123 | 319,386 | 542,651 |
| Occupancy | 142,609 | 38,203 | 7,016 | 16,759 | 14,032 | 521 | 3,248 | 16,340 | - | 238,728 | 16,510 | 150,262 | 166,772 | 405,500 |
| Public information and advocacy | 149,284 | 1,306 | 2,916 | 385 | 11,537 | 151 | 62 | 26,242 | - | 191,883 | 9,545 | 134,884 | 144,429 | 336,312 |
| Information technology | 281,955 | 49,188 | 5,065 | 24,313 | 49,233 | 4,365 | 6,675 | 3,513 | - | 424,307 | 9,500 | 127,657 | 137,157 | 561,464 |
| Temporary help and other | 12,767 | 3,221 | 9,665 | 758 | 859 | 217 | 119 | 818 | - | 28,424 | 1,403 | 162,250 | 163,653 | 192,077 |
| Fundraising functions and materials | - | - | - | - | - | - | - | - | - | - | 4,415 | 143,948 | 148,363 | 148,363 |
| Conferences, conventions, and meetings | 13,311 | 4,228 | 8,244 | 5,999 | 6,879 | 425 | 439 | 7,091 | - | 46,616 | 3,328 | 23,963 | 27,291 | 73,907 |
| Travel | 3,288 | 1,288 | 5,580 | 10,878 | 3,659 | 12,271 | 15 | 9,551 | - | 46,530 | 1,184 | 16,022 | 17,206 | 63,736 |
| United Way Worldwide dues | 224,960 | - | - | - | - | - | - | - | - | 224,960 | - | 36,621 | 36,621 | 261,581 |
| Interest | - | - | - | - | - | - | - | - | 158,764 | 158,764 | - | - | - | 158,764 |
| Depreciation and amortization | 16,792 | 34,608 | 2,193 | 4,486 | 4,386 | 665 | 764 | 1,429 | 467,861 | 533,184 | 2,866 | 27,912 | 30,778 | 563,962 |
| Total other expenses | <u>1,197,164</u> | <u>205,878</u> | <u>134,694</u> | <u>202,727</u> | <u>102,915</u> | <u>1,227,928</u> | <u>202,319</u> | <u>423,067</u> | <u>822,140</u> | <u>4,518,832</u> | <u>196,322</u> | <u>1,269,052</u> | <u>1,465,374</u> | <u>5,984,206</u> |
| Total functional expenses | <u>\$ 11,952,973</u> | <u>\$ 1,324,497</u> | <u>\$ 1,040,345</u> | <u>\$ 593,824</u> | <u>\$ 574,385</u> | <u>\$ 1,401,270</u> | <u>\$ 265,493</u> | <u>\$ 590,060</u> | <u>\$ 822,140</u> | <u>\$ 18,564,987</u> | <u>\$ 560,336</u> | <u>\$ 4,417,217</u> | <u>\$ 4,977,553</u> | <u>\$ 23,542,540</u> |

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 Division | 2-1-1 Help Center | Colorado Reading Corps | Bridging the Gap | Performance Collaborative | Early Literacy | Individual Development Accounts | Fiscal Sponsor | Curtis Park | Total | Management and General | Funds Development | | Total |
| Distributions to community agencies | \$ 21,979,619 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 21,979,619 | \$ - | \$ - | \$ - | \$ 21,979,619 |
| Less donor-designated contributions | (10,620,539) | - | - | - | - | - | - | - | - | (10,620,539) | - | - | - | (10,620,539) |
| Total distributions to community agencies | <u>11,359,080</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,359,080</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,359,080</u> |
| Salaries and wages | 1,588,206 | 822,446 | 708,239 | 328,884 | 346,092 | 239,669 | 76,107 | 134,778 | - | 4,244,421 | 371,198 | 2,480,792 | 2,851,990 | 7,096,411 |
| Employee benefits | 188,046 | 165,613 | 53,710 | 57,071 | 48,907 | 28,124 | 16,992 | 20,863 | - | 579,326 | 50,500 | 336,630 | 387,130 | 966,456 |
| Payroll taxes and related | 108,856 | 64,436 | 54,453 | 24,501 | 25,957 | 18,375 | 5,492 | 8,187 | - | 310,257 | 26,600 | 188,185 | 214,785 | 525,042 |
| Total salaries and related expenses | <u>1,885,108</u> | <u>1,052,495</u> | <u>816,402</u> | <u>410,456</u> | <u>420,956</u> | <u>286,168</u> | <u>98,591</u> | <u>163,828</u> | <u>-</u> | <u>5,134,004</u> | <u>448,298</u> | <u>3,005,607</u> | <u>3,453,905</u> | <u>8,587,909</u> |
| Contract services, professional fees, and other | 50,448 | 22,675 | 2,556 | 7,027 | 90,908 | 308,719 | 4,996 | 138,704 | 70,489 | 696,522 | 78,945 | 130,492 | 209,437 | 905,959 |
| Evaluation services | - | - | - | - | 22,000 | 306,849 | - | - | - | 328,849 | - | - | - | 328,849 |
| Program costs | 83,923 | - | 4,710 | 111,692 | 880 | 173,928 | 358,947 | 96,628 | - | 830,708 | - | - | - | 830,708 |
| Office expenses | 55,249 | 57,919 | 3,088 | 10,460 | 7,078 | 3,888 | 3,333 | 35,326 | - | 176,341 | 34,291 | 292,367 | 326,658 | 502,999 |
| Occupancy | 65,349 | 51,007 | 5,016 | 21,111 | 13,980 | 4,544 | 17,063 | 17,738 | 12,278 | 208,086 | 29,018 | 181,173 | 210,191 | 418,277 |
| Public information and advocacy | 126,384 | 623 | 2,317 | 50 | 24,483 | 3,086 | - | 11,863 | - | 168,806 | 2,169 | 443,543 | 445,712 | 614,518 |
| Information technology | 29,623 | 59,499 | 4,882 | 9,290 | 57,730 | 13,425 | 6,682 | 2,873 | - | 184,004 | 11,979 | 111,335 | 123,314 | 307,318 |
| Temporary help and other | 6,295 | 2,749 | 8,458 | 651 | 684 | 211 | 383 | 1,517 | - | 20,948 | 2,503 | 201,864 | 204,367 | 225,315 |
| Fundraising functions and materials | - | - | - | - | - | - | - | - | - | - | - | 184,120 | 184,120 | 184,120 |
| Conferences, conventions, and meetings | 14,541 | 4,838 | 3,937 | 8,387 | 12,706 | 4,792 | 221 | 4,522 | - | 53,944 | 5,423 | 34,359 | 39,782 | 93,726 |
| Travel | 7,661 | 1,374 | 4,092 | 13,587 | 1,746 | 115,121 | 21 | 4,768 | - | 148,370 | 1,404 | 20,515 | 21,919 | 170,289 |
| United Way Worldwide dues | 249,984 | - | - | - | - | - | - | - | - | 249,984 | 8,622 | 34,168 | 42,790 | 292,774 |
| Depreciation and amortization | 44,165 | 68,324 | 7,821 | 16,906 | 16,092 | 5,351 | 4,363 | 4,560 | 6,704 | 174,286 | 15,110 | 97,994 | 113,104 | 287,390 |
| Total other expenses | <u>733,622</u> | <u>269,008</u> | <u>46,877</u> | <u>199,161</u> | <u>248,287</u> | <u>939,914</u> | <u>396,009</u> | <u>318,499</u> | <u>89,471</u> | <u>3,240,848</u> | <u>189,464</u> | <u>1,731,930</u> | <u>1,921,394</u> | <u>5,162,242</u> |
| Total functional expenses | <u>\$ 13,977,810</u> | <u>\$ 1,321,503</u> | <u>\$ 863,279</u> | <u>\$ 609,617</u> | <u>\$ 669,243</u> | <u>\$ 1,226,082</u> | <u>\$ 494,600</u> | <u>\$ 482,327</u> | <u>\$ 89,471</u> | <u>\$ 19,733,932</u> | <u>\$ 637,762</u> | <u>\$ 4,737,537</u> | <u>\$ 5,375,299</u> | <u>\$ 25,109,231</u> |

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>2015</u> | <u>2014</u> |
| Cash flows from operating activities | | |
| Change in net assets | \$ (305,755) | \$ 2,552,175 |
| Adjustments to reconcile change in net assets to net cash used in operating activities | | |
| Depreciation and amortization | 563,962 | 287,390 |
| Allowance for uncollectible pledges, net of write-offs | (78,523) | (395,000) |
| Net unrealized and realized gains on investments | (48,031) | (589,915) |
| Capital campaign contributions | (731,982) | (4,286,283) |
| Changes in assets and liabilities | | |
| Receivables and pledges | 359 | 1,310,844 |
| Prepays and other current assets | 70,775 | (186,448) |
| Accounts payable, accrued expenses, and accrued designations | 120,496 | (856,941) |
| Deferred revenue | 4,877 | (34,011) |
| | <u>(98,067)</u> | <u>(4,750,364)</u> |
| Net cash used in operating activities | <u>(403,822)</u> | <u>(2,198,189)</u> |
| Cash flows from investing activities | | |
| Change in restricted cash | 5,665,416 | (5,100,928) |
| Change in Board-designated cash | - | 9,331,432 |
| Net proceeds from short-term investments | 133,446 | 232,930 |
| Net purchase of legacy gift fund investments | (144,566) | (199,711) |
| Purchase of capital assets | (6,376,636) | (13,158,943) |
| Investment in notes receivable | - | (12,882,070) |
| Net cash used in investing activities | <u>(722,340)</u> | <u>(21,777,290)</u> |
| Cash flows from financing activities | | |
| Change in bridge loan | (382,070) | 382,070 |
| Proceeds from long-term debt | - | 18,483,000 |
| Payments received on capital campaign pledges | 2,324,293 | 3,438,509 |
| Net cash provided by financing activities | <u>1,942,223</u> | <u>22,303,579</u> |
| Net change in cash and cash equivalents | 816,061 | (1,671,900) |
| Cash and cash equivalents - beginning of year | <u>5,450,286</u> | <u>7,122,186</u> |
| Cash and cash equivalents - end of year | <u>\$ 6,266,347</u> | <u>\$ 5,450,286</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 almost 350,000 people were impacted 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. MHUW is governed by a Board of Trustees (the "Board") of approximately 40 community and business leaders.

Mile High United Way Curtis Park ("Curtis Park") was formed in 2013, as a subsidiary of MHUW, 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 appoints members to the Curtis Park 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, 31% percent of third graders in metro Denver are not proficient in reading.

Last year, approximately 32,000 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 11,000 parents and caregivers, and over 14,000 educational early literacy-related home visits were conducted. Additionally, approximately 1,300 students in 40 schools across metro Denver received tutoring through the Colorado Reading Corps program.

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, approximately one in four high school students does not graduate on time. Last year, over 70,000 youth were served through United Way's Youth Success initiative, including nearly 14,000 youth who received mentoring support and over 10,000 youth who received tutoring help. Additionally, 160 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, 113,000 individuals were served through United Way's Adult Self-Sufficiency initiative, including assistance with finding safe and stable housing and building job skills. Additionally, nearly 80,000 calls were received by United Way's 2-1-1 Help Center.

Community Investment

The Community Impact Division ("CID") of United Way is responsible for developing 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; 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 who ensure metro Denver's youngest learners are ready for school and reading at grade level by 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 2015, United Way provided financial support to its Community Impact Partners that are all working within the areas of School Readiness, Youth Success, and 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. Based on a proven national model of bringing together best-in-their-field resources in a centralized location, both Centers offer programs and resources customized to 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 Help Center 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 nearly 80,000 calls that helped individuals in the community with basic needs. Additionally, 2-1-1 is available as a Help Center during natural disasters/emergencies to connect people in need with services and help coordinate relief. During the year ended June 30, 2014, the Help Center was used to help with flood relief in Colorado. As a result, United Way raised and distributed approximately \$1,226,000 related to flood relief efforts, which is included in distributions to community agencies on the consolidated statement of activities.
- 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 are AmeriCorps members who help students become strong readers by providing 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 2015, 50 tutors served approximately 1,300 students in 40 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 2015, the program provided safe and stable housing and support to 160 participants. Independent life coaches also provided life skills support and workforce development assistance.
- The Performance Collaborative is United Way's program that helps non-profit organizations 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 2015, seven 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 2015, 140 participants had open IDAs.
- 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.

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.

Financial Instruments and Credit Risk

Financial instruments, which potentially subject United Way to credit risk, consist primarily of cash, restricted cash, short-term investments, legacy gift fund 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.

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, | |
|--|-------------------|---------------------|
| | 2015 | 2014 |
| Amounts held for construction and operations of the Center | \$ 196,537 | \$ 5,777,279 |
| Individual Development Account funds | 159,655 | 370,218 |
| Other programs | <u>201,156</u> | <u>75,267</u> |
| Total restricted cash | <u>\$ 557,348</u> | <u>\$ 6,222,764</u> |

Investments

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

Accounts and Grants Receivable

Accounts and grants receivable consist of amounts due from grantors. 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, 2015 and 2014.

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

In May 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 was designed to facilitate MHUW's unique role as a convener and leader of collaborative engagement with community partners. The Mile High United Way Morgridge Center for Community Change (the "Center") opened its doors in September 2014. During the year ended June 30, 2015, the Center hosted over 900 meetings and events, resulting in approximately 23,000 individuals from the non-profit, government, and business community using the Center. As part of the Center's mission, the Center rents space to three non-profit 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)

Curtis Park (continued)

The building project was financed by a combination of the proceeds of the sale of its previous building, new market tax credits, and the capital campaign. As of June 30, 2015, MHUW raised approximately \$10,000,000 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.

Capital Assets

Capital assets consist of land, equipment, computer software, 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> |
|-----------|-----------------------------------|
| Building | 35 years |
| Equipment | 3-8 years |
| Software | 3 years |

Capital assets are capitalized at purchased cost or fair value at the date of acquisition or donation. United Way follows the practice of capitalizing expenditures and donations 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 on the consolidated statements of activities. Designations are paid 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)

Custodial Funds

United Way administers national fundraising campaigns for 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, 2015 and 2014 that relate to national accounts outside of United Way's region are not reflected on the accompanying consolidated statements of activities. The revenue is reflected in the consolidated financial statements of the United Way organizations serving those regions. Pledges collected and payable to other agencies at June 30 are recorded as a liability on the accompanying consolidated statements of financial position. Any portion of the pledged contributions that is not collected is not distributed to the designated agency.

Service Fees

United Way may withhold fees from donor-designated contributions to cover costs. These amounts are recorded as service fee revenue when the designation is paid. Service fees collected averaged 4.7% and 4.9% of donor-designated contributions for the years ended June 30, 2015 and 2014, respectively.

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.

Unrestricted

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

Board-Designated Legacy Gift Fund

The Legacy Gift Fund is comprised of gifts received through bequests, trusts, and memorials. These funds are designated by the Board whereby the principal amount and related net investment earnings are maintained as a reserve fund.

Capital Assets

This class is used to account for United Way's investment in capital assets, net of depreciation, less related notes receivable and long-term debt.

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).

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)

Temporarily Restricted (continued)

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 on 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 on 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 evaluates community needs, gaps in services, and trends in the community on a regular basis. This data and agency performance are evaluated annually to determine awards for Community Impact grants. In addition, United Way awards grants to other non-profit organizations through community collaboratives and Mile-High-United-Way-led programs. These distributions are recognized as an expense in the year distributed.

Distributions to community agencies consisted of the following:

| | <u>June 30,</u> | |
|--------------------------------|----------------------|----------------------|
| | <u>2015</u> | <u>2014</u> |
| Community Impact grants | \$ 6,702,625 | \$ 6,835,961 |
| Donor-designated contributions | 10,757,710 | 10,620,539 |
| Other initiatives | <u>2,014,020</u> | <u>4,523,119</u> |
| | <u>\$ 19,474,355</u> | <u>\$ 21,979,619</u> |

Other initiatives include the Social Innovation Fund, Denver's Road Home, and other fiscal sponsor organizations and flood relief programs for fiscal year 2014.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

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

Donated Services

Community volunteers have donated significant amounts of time assisting United Way in achieving its campaign goals and in supporting various program activities. The expansion of the Colorado Reading Corps and Power Lunch programs have grown the community volunteer effort. Over 140,000 hours were volunteered through United Way during the year ended June 30, 2015. 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, 2015 and 2014 were \$128,103 and \$327,054, 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 only 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, 2015 and 2014. 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, 2015 and 2014.

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 2 - Investments

Short-Term Investments

Short-term investments consist of the following:

| | <u>June 30,</u> | |
|-------------------------|---------------------|---------------------|
| | <u>2015</u> | <u>2014</u> |
| Money market funds | \$ 4,408 | \$ 159,471 |
| Certificates of deposit | 5,549,755 | 5,552,160 |
| Equity mutual funds | <u>19,479</u> | <u>-</u> |
| Total | <u>\$ 5,573,642</u> | <u>\$ 5,711,631</u> |

Board-Designated Legacy Gift Fund Investments

Board-designated legacy gift fund investments consist of the following:

| | <u>June 30,</u> | |
|---------------------|---------------------|---------------------|
| | <u>2015</u> | <u>2014</u> |
| Money market funds | \$ 120,246 | \$ 324,699 |
| Equity mutual funds | 1,374,118 | 1,301,279 |
| Bond mutual funds | 523,809 | 868,313 |
| Bond securities | 1,644,568 | 956,416 |
| Equity securities | 1,902,544 | 1,910,763 |
| Real estate funds | <u>12,011</u> | <u>18,686</u> |
| Total | <u>\$ 5,577,296</u> | <u>\$ 5,380,156</u> |

Investment Returns

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

| | <u>June 30,</u> | |
|---|-------------------|-------------------|
| | <u>2015</u> | <u>2014</u> |
| Dividends and interest, net of fees | \$ 315,329 | \$ 212,208 |
| Net realized gains | 77,918 | 105,067 |
| Net unrealized (losses) gains on investments reported at fair value | <u>(29,887)</u> | <u>484,848</u> |
| Total | <u>\$ 363,360</u> | <u>\$ 802,123</u> |

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 3 - Fair Value Measurement

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

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

In determining fair value, United Way utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and 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.

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

Financial assets, including short-term and Board-designated legacy gift fund investments, are carried at fair value as of June 30, 2015 and 2014 and are classified in the following tables in one of the three categories described above.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 3 - Fair Value Measurement (continued)

Assets at fair value as of June 30, 2015 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 | \$ - | \$ 124,654 | \$ - | \$ 124,654 |
| Certificates of deposit | - | 5,549,755 | - | 5,549,755 |
| Equity mutual funds | | | | |
| Domestic mutual funds | 754,841 | - | - | 754,841 |
| International mutual funds | 638,756 | - | - | 638,756 |
| Bond mutual funds | | | | |
| Domestic mutual funds | 77,297 | - | - | 77,297 |
| International mutual funds | 446,512 | - | - | 446,512 |
| Bond securities | - | 1,644,568 | - | 1,644,568 |
| Equity securities | | | | |
| Domestic equities | 1,588,760 | - | - | 1,588,760 |
| International equities | 313,784 | - | - | 313,784 |
| Real estate funds | - | 12,011 | - | 12,011 |
| Total assets at fair value | <u>\$ 3,819,950</u> | <u>\$ 7,330,988</u> | <u>\$ -</u> | <u>\$ 11,150,938</u> |

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> |

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 4 - Pledges Receivable

Annual fundraising campaigns commence each fall with pledges being collected over the following calendar year. The majority of the fundraising campaign years of 2014 and 2013 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.

Pledges receivable consist of the following:

| | June 30, | |
|--|----------------------|----------------------|
| | 2015 | 2014 |
| Multi-year campaign pledges | \$ 660,734 | \$ 868,263 |
| Multi-year pledges restricted for the Center | 3,255,463 | 4,847,774 |
| 2014 fundraising campaign | 7,845,458 | - |
| 2013 fundraising campaign | - | 7,765,134 |
| Allowance for uncollectible pledges | (841,477) | (920,000) |
| Total pledges receivable, net | \$ 10,920,178 | \$ 12,561,171 |
| Amounts due in | | |
| Less than one year | \$ 7,628,915 | \$ 8,369,671 |
| One to five years | 3,291,263 | 4,191,500 |
| Total | \$ 10,920,178 | \$ 12,561,171 |

Pledges receivable are reflected on the consolidated statements of financial position as follows:

| | June 30, | |
|--|----------------------|----------------------|
| | 2015 | 2014 |
| Current portion of campaign pledges receivable, net | \$ 7,628,915 | \$ 7,544,421 |
| Multi-year receivables restricted for the Center | 3,255,463 | 4,847,774 |
| Long-term pledges receivable, net of current portion | 35,800 | 168,976 |
| Total | \$ 10,920,178 | \$ 12,561,171 |

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>2015</u> | <u>2014</u> |
| Land | \$ 1,534,934 | \$ 1,534,934 |
| Building and improvements | 18,114,509 | - |
| Equipment | 1,178,218 | 452,056 |
| Software | <u>779,502</u> | <u>686,404</u> |
| | 21,607,163 | 2,673,394 |
| Less accumulated depreciation and amortization | <u>(1,526,827)</u> | <u>(980,305)</u> |
| | 20,080,336 | 1,693,089 |
| Construction in progress | <u>-</u> | <u>12,556,831</u> |
| Total | <u>\$ 20,080,336</u> | <u>\$ 14,249,920</u> |

Depreciation expense for the years ended June 30, 2015 and 2014 was \$546,220 and \$280,686, respectively. Construction in progress represented 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 Agreement

Bridge Loan

In December 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. As of June 30, 2014, \$382,070 was drawn on the loan. The loan was paid in full during fiscal year 2015.

Note 7 - Long-Term Debt and Deferred Financing Costs

NMTC Financing

In order to raise funds for the construction of the Center, MHUW and Curtis Park entered into financing arrangements ("Agreements") 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 into three 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.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 7 - Long-Term Debt and Deferred Financing Costs (continued)

NMTC Financing (continued)

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. 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. MHUW pays rent to Curtis Park to cover the debt servicing payments required under the notes payable.

The three notes payable totaling \$5,601,000 have put and call options that can be exercised at the end of the NMTC Financing seven-year compliance period. If either option is exercised, MHUW will purchase the third-party NMTC investor interests in the MHUW Investment Fund, LLC at an amount as defined in the Agreements. Once the option is exercised and the agreed upon consideration is paid, all notes payable related to the NMTC Financing will be considered settled in full and ownership of the Center will transfer from Curtis Park to MHUW.

Deferred Financing Costs

Deferred financing costs represent costs incurred with the issuance of debt related to the NMTC Financing and are being amortized over a 30-year period. Amortization expense recognized during the years ended June 30, 2015 and 2014 was \$17,742 and \$6,704, respectively.

Note 8 - Net Assets

Temporarily restricted net assets are available for the following purposes:

| | <u>June 30,</u> | |
|--|---------------------|----------------------|
| | <u>2015</u> | <u>2014</u> |
| Multi-year pledges | \$ 1,074,982 | \$ 1,029,796 |
| Capital campaign (capital assets and operations) | 3,255,463 | 5,772,894 |
| School Readiness | 1,975,711 | 2,015,990 |
| Youth Success | 681,688 | 701,685 |
| Adult Self-Sufficiency | 544,965 | 867,752 |
| Other | - | 12,855 |
| | <u>\$ 7,532,809</u> | <u>\$ 10,400,972</u> |

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 9 - Employee Benefit Plan

United Way has a defined contribution plan (the "Plan") available to all eligible full-time employees after six months of employment. United Way makes a non-elective safe harbor contribution to participant accounts of 3% of eligible participant compensation. Additionally, United Way may make matching contributions to the Plan equal to 50% of participant elective contributions to the Plan up to 6% of participant contributions, not to exceed 3% of total participant compensation for the Plan year. United Way contributed \$287,166 and \$258,837 to the Plan during the years ended June 30, 2015 and 2014, respectively.

Note 10 - 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 approximately \$200 to \$3,100.

Rent expense for these leases was \$55,812 and \$45,697 for 2015 and 2014, respectively.

Future minimum lease payments under these leases are as follows:

Year Ending June 30,

| | | |
|------|----|----------------|
| 2016 | \$ | 39,037 |
| 2017 | | 39,037 |
| 2018 | | <u>24,344</u> |
| | \$ | <u>102,418</u> |

Note 11 - 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, and noted the following item requiring disclosure:

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 11 - Subsequent Events (continued)

In August 2015, United Way established a \$2,000,000 unsecured line-of-credit agreement with a bank. The line accrues interest at LIBOR plus 2.75% and expires in August 2017. There are currently no amounts outstanding.

ACCOMPANYING SUPPLEMENTAL INFORMATION

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

**Consolidating Statement of Financial Position
As of June 30, 2015**

| | <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 | \$ 6,130,623 | \$ 135,724 | \$ - | \$ 6,266,347 |
| Restricted cash | 360,811 | 196,537 | - | 557,348 |
| Short-term investments | 5,573,642 | - | - | 5,573,642 |
| Current portion of pledges receivable, net | 7,628,915 | - | - | 7,628,915 |
| Accounts and grants receivable | 1,164,927 | - | - | 1,164,927 |
| Prepaid expenses and other current assets | <u>375,212</u> | <u>-</u> | <u>(53,750)</u> | <u>321,462</u> |
| Total current assets | <u>21,234,130</u> | <u>332,261</u> | <u>(53,750)</u> | <u>21,512,641</u> |
| Non-current assets | | | | |
| Legacy gift fund investments - Board- designated | 5,577,296 | - | - | 5,577,296 |
| Receivables restricted for the Center | 3,255,463 | - | - | 3,255,463 |
| Pledges receivable, net of current portion | 35,800 | - | - | 35,800 |
| Notes receivable | 12,882,070 | - | - | 12,882,070 |
| Intercompany receivable | 95,393 | - | (95,393) | - |
| Capital assets, net | 261,751 | 19,818,585 | - | 20,080,336 |
| Deferred financing costs, net | <u>-</u> | <u>377,792</u> | <u>-</u> | <u>377,792</u> |
| Total non-current assets | <u>22,107,773</u> | <u>20,196,377</u> | <u>(95,393)</u> | <u>42,208,757</u> |
| Total assets | <u>\$ 43,341,903</u> | <u>\$ 20,528,638</u> | <u>\$ (149,143)</u> | <u>\$ 63,721,398</u> |
| Liabilities and Net Assets | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued expenses | \$ 1,080,812 | \$ 52,251 | \$ - | \$ 1,133,063 |
| Deferred revenue | 61,548 | 53,750 | (53,750) | 61,548 |
| Accrued designations | <u>3,147,994</u> | <u>-</u> | <u>-</u> | <u>3,147,994</u> |
| Total current liabilities | 4,290,354 | 106,001 | (53,750) | 4,342,605 |
| Non-current liabilities | | | | |
| Intercompany payable | - | 95,393 | (95,393) | - |
| Long-term debt | <u>-</u> | <u>18,483,000</u> | <u>-</u> | <u>18,483,000</u> |
| Total liabilities | <u>4,290,354</u> | <u>18,684,394</u> | <u>(149,143)</u> | <u>22,825,605</u> |
| Net assets | | | | |
| Unrestricted | 12,797,623 | 508,659 | - | 13,306,282 |
| Board-designated legacy gift fund | 5,577,296 | - | - | 5,577,296 |
| Capital assets and NMTC financing, net | <u>13,143,821</u> | <u>1,335,585</u> | <u>-</u> | <u>14,479,406</u> |
| Total unrestricted net assets | 31,518,740 | 1,844,244 | - | 33,362,984 |
| Temporarily restricted | <u>7,532,809</u> | <u>-</u> | <u>-</u> | <u>7,532,809</u> |
| Total net assets | <u>39,051,549</u> | <u>1,844,244</u> | <u>-</u> | <u>40,895,793</u> |
| Total liabilities and net assets | <u>\$ 43,341,903</u> | <u>\$ 20,528,638</u> | <u>\$ (149,143)</u> | <u>\$ 63,721,398</u> |

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

**Consolidating Statement of Activities
For the Year Ended June 30, 2015**

| | <u>Mile High United Way, Inc.</u> | <u>Mile High United Way Curtis Park</u> | <u>Eliminations</u> | <u>Total</u> |
|--|---|---|---------------------|----------------------|
| Public support and revenue | | | | |
| Gross campaign results, net | \$ 27,375,798 | \$ - | \$ - | \$ 27,375,798 |
| Foundations | 484,790 | - | - | 484,790 |
| Government | 3,050,146 | - | - | 3,050,146 |
| Capital campaign for operations | 731,982 | - | - | 731,982 |
| Fundraising events, net | 512,660 | - | - | 512,660 |
| Founders' Legacy Society | 37,958 | - | - | 37,958 |
| Less donor-designated contributions | <u>(10,757,710)</u> | <u>-</u> | <u>-</u> | <u>(10,757,710)</u> |
| Net campaign results | 21,435,624 | - | - | 21,435,624 |
| Service fees | 509,802 | - | - | 509,802 |
| Investment income | 361,722 | 1,638 | - | 363,360 |
| In-kind support | 409,614 | - | - | 409,614 |
| Other income | <u>518,385</u> | <u>122,950</u> | <u>(122,950)</u> | <u>518,385</u> |
| Total public support and revenue | <u>23,235,147</u> | <u>124,588</u> | <u>(122,950)</u> | <u>23,236,785</u> |
| Expenses | | | | |
| Program services | | | | |
| Distributions to community agencies | 8,716,645 | - | - | 8,716,645 |
| Donor-designated contributions | <u>10,757,710</u> | <u>-</u> | <u>-</u> | <u>10,757,710</u> |
| Distributions to community agencies and donor designations | 19,474,355 | - | - | 19,474,355 |
| Less donor designations | <u>(10,757,710)</u> | <u>-</u> | <u>-</u> | <u>(10,757,710)</u> |
| Total distributions to community agencies | <u>8,716,645</u> | <u>-</u> | <u>-</u> | <u>8,716,645</u> |
| Community Impact Division | 3,236,328 | - | - | 3,236,328 |
| 2-1-1 Help Center | 1,324,497 | - | - | 1,324,497 |
| Colorado Reading Corps | 1,040,345 | - | - | 1,040,345 |
| Bridging the Gap | 593,824 | - | - | 593,824 |
| Performance Collaborative | 574,385 | - | - | 574,385 |
| Early Literacy | 1,401,270 | - | - | 1,401,270 |
| Individual Development Accounts | 265,493 | - | - | 265,493 |
| Fiscal Sponsor | 590,060 | - | - | 590,060 |
| Curtis Park | - | 822,140 | - | 822,140 |
| Total Mile-High-United-Way-led programs | <u>9,026,202</u> | <u>822,140</u> | <u>-</u> | <u>9,848,342</u> |
| Total program services | <u>17,742,847</u> | <u>822,140</u> | <u>-</u> | <u>18,564,987</u> |
| Supporting services | | | | |
| Management and general | 683,286 | - | (122,950) | 560,336 |
| Funds development | <u>4,417,217</u> | <u>-</u> | <u>-</u> | <u>4,417,217</u> |
| Total supporting services | <u>5,100,503</u> | <u>-</u> | <u>(122,950)</u> | <u>4,977,553</u> |
| Total expenses | <u>22,843,350</u> | <u>822,140</u> | <u>(122,950)</u> | <u>23,542,540</u> |
| Change in net assets | 391,797 | (697,552) | - | (305,755) |
| Net assets, beginning of year | <u>38,659,752</u> | <u>2,541,796</u> | <u>-</u> | <u>41,201,548</u> |
| Net assets, end of year | <u>\$ 39,051,549</u> | <u>\$ 1,844,244</u> | <u>\$ -</u> | <u>\$ 40,895,793</u> |