

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, 2016.

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 mission-driven center for Mile High United Way which opened in fiscal year 2015.

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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. 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 \$40.4 million. During the fiscal year, net assets increased by \$0.2 million for Mile High United Way, Inc., whereas, Mile High United Way Curtis Park net assets decreased by \$0.7 million primarily from depreciation expense.

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 \$18.5 million at June 30, 2016, an increase of \$1.3 million from the prior year. This increase, which resulted primarily from the collection of long-term receivables, was invested along with a portion of current cash flow into additional short-term investments of over \$2 million.

Statement of Activities

Mile High United Way had \$19.5 million in net fundraising revenue in fiscal year 2015 (after deducting donor designated contributions of \$11.8 million), and total revenue of \$20.5 million. The previous fiscal year was the final year of the capital campaign for the Morgridge Center for Community Change and also included significant in kind support related to opening the new building, and so total fundraising and community distributions were both lower this fiscal year without those non-recurring events.

Mile High United Way expenses at \$21 million declined by \$2.5 million this fiscal year, proportionate to revenue. Total program expenses were \$15.8 million.

Mile High United Way continues to focus on being an efficient organization as evidenced by our overall expense ratio. Program expenses, including donor designations, are 84% of total expense; while 16% of expenses go to fundraising and administration.



Mile High United Way

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

**Consolidated Financial Statements,
Independent Auditors' Report,
and
Single Audit Reports
For the Years Ended June 30, 2016 and 2015**

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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, 2016 and 2015, 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, 2016 and 2015, 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 audits were 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. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating statements of financial position and activities and the schedule of expenditures of federal awards are 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 audits 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 19, 2016, 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 19, 2016
Denver, Colorado

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

	June 30,	
	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 5,950,688	\$ 6,266,347
Restricted cash	279,810	557,348
Short-term investments	7,695,656	5,573,642
Current portion of pledges receivable, net	6,575,179	7,724,729
Accounts and grants receivable	1,874,907	1,069,113
Prepaid expenses and other current assets	311,858	321,462
Total current assets	22,688,098	21,512,641
Non-current assets		
Legacy gift fund investments - Board-designated	5,854,959	5,577,296
Receivables restricted for the Center	1,500,844	3,255,463
Pledges receivable, net of current portion	427,250	35,800
Notes receivable	12,882,070	12,882,070
Capital assets, net	19,420,080	20,080,336
Total non-current assets	40,085,203	41,830,965
Total assets	\$ 62,773,301	\$ 63,343,606
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,101,381	\$ 1,133,063
Deferred revenue	122,905	61,548
Accrued designations	2,995,532	3,147,994
Total current liabilities	4,219,818	4,342,605
Non-current liabilities		
Long-term debt, net	18,124,394	18,105,208
Total liabilities	22,344,212	22,447,813
Commitments and contingencies		
Net assets		
Unrestricted	15,075,404	12,928,490
Board-designated legacy gift fund	5,854,959	5,577,296
Capital assets	14,177,756	14,857,198
Total unrestricted net assets	35,108,119	33,362,984
Temporarily restricted	5,320,970	7,532,809
Total net assets	40,429,089	40,895,793
Total liabilities and net assets	\$ 62,773,301	\$ 63,343,606

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Activities

For the Years Ended June 30,

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Gross campaign results, net	\$ 20,472,226	\$ 5,439,359	\$ 25,911,585	\$ 20,593,436	\$ 6,782,362	\$ 27,375,798
Foundations	269,678	565,500	835,178	192,070	292,720	484,790
Government	2,944,432	-	2,944,432	3,050,146	-	3,050,146
Capital campaign for operations	-	-	-	-	731,982	731,982
Fundraising events, net of expenses of \$360,284 (2016) and \$285,865 (2015)	439,134	-	439,134	512,660	-	512,660
Founders' Legacy Society	1,172,011	-	1,172,011	37,958	-	37,958
Less donor-designated contributions	(11,810,769)	-	(11,810,769)	(10,757,710)	-	(10,757,710)
Net fundraising revenue	13,486,712	6,004,859	19,491,571	13,628,560	7,807,064	21,435,624
Service fees	339,472	-	339,472	509,802	-	509,802
Investment income	402,554	219	402,773	362,839	521	363,360
In-kind support	80,672	-	80,672	409,614	-	409,614
Other income	179,683	37,265	216,948	452,870	65,515	518,385
	14,489,093	6,042,343	20,531,436	15,363,685	7,873,100	23,236,785
Net assets released from restriction	6,576,280	(6,576,280)	-	7,491,850	(7,491,850)	-
Total revenue	21,065,373	(533,937)	20,531,436	22,855,535	381,250	23,236,785
Expenses						
Program services						
Distributions to community agencies	7,294,247	-	7,294,247	8,716,646	-	8,716,646
Donor-designated contributions	11,810,769	-	11,810,769	10,757,710	-	10,757,710
Distributions to community agencies and donor designations	19,105,016	-	19,105,016	19,474,356	-	19,474,356
Less donor designations	(11,810,769)	-	(11,810,769)	(10,757,710)	-	(10,757,710)
Total distributions to community agencies	7,294,247	-	7,294,247	8,716,646	-	8,716,646
Community Impact Division	2,234,357	-	2,234,357	3,002,108	-	3,002,108
2-1-1 Help Center	1,452,308	-	1,452,308	1,643,706	-	1,643,706
Colorado Reading Corps	1,378,785	-	1,378,785	1,395,674	-	1,395,674
Bridging the Gap	788,514	-	788,514	877,625	-	877,625
Early Literacy	439,011	-	439,011	668,436	-	668,436
United Neighborhoods	455,885	-	455,885	-	-	-
Fiscal Sponsor	835,058	-	835,058	1,318,501	-	1,318,501
Curtis Park	873,893	-	873,893	822,140	-	822,140
Total Mile-High-United-Way-led programs	8,457,811	-	8,457,811	9,728,190	-	9,728,190
Total program services	15,752,058	-	15,752,058	18,444,836	-	18,444,836
Supporting services						
Management and general	886,495	-	886,495	649,852	-	649,852
Funds development	4,359,587	-	4,359,587	4,447,852	-	4,447,852
Total supporting services	5,246,082	-	5,246,082	5,097,704	-	5,097,704
Total expenses	20,998,140	-	20,998,140	23,542,540	-	23,542,540
Change in net assets from operations	67,233	(533,937)	(466,704)	(687,005)	381,250	(305,755)
Capital campaign net assets released from restriction	1,677,902	(1,677,902)	-	3,249,413	(3,249,413)	-
Change in net assets	1,745,135	(2,211,839)	(466,704)	2,562,408	(2,868,163)	(305,755)
Net assets, beginning of year	33,362,984	7,532,809	40,895,793	30,800,576	10,400,972	41,201,548
Net assets, end of year	\$ 35,108,119	\$ 5,320,970	\$ 40,429,089	\$ 33,362,984	\$ 7,532,809	\$ 40,895,793

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2016**

	Program Services								Supporting Services			Consolidated Total	
	Community Impact Division	2-1-1 Help Center	Colorado Reading Corps	Bridging the Gap	Early Literacy	United Neighborhoods	Fiscal Sponsor	Curtis Park	Total	Management and General	Funds Development		Total
Distributions to community agencies	\$ 17,678,589	\$ 11,853	\$ -	\$ 10,268	\$ 1,401,273	\$ 3,033	\$ -	\$ -	\$ 19,105,016	\$ -	\$ -	\$ -	\$ 19,105,016
Less donor-designated contributions	<u>(11,810,769)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,810,769)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,810,769)</u>
Total distributions to community agencies by program	<u>\$ 5,867,820</u>	<u>\$ 11,853</u>	<u>\$ -</u>	<u>\$ 10,268</u>	<u>\$ 1,401,273</u>	<u>\$ 3,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,294,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,294,247</u>
Salaries and related expenses													
Salaries and wages	\$ 1,060,076	\$ 862,800	\$ 918,982	\$ 437,732	\$ 94,242	\$ 305,851	\$ -	\$ -	\$ 3,679,683	\$ 481,158	\$ 2,422,432	\$ 2,903,590	\$ 6,583,273
Employee benefits	158,857	167,074	90,232	74,799	15,237	38,728	-	-	544,927	60,452	352,446	412,898	957,825
Payroll taxes and related	<u>78,904</u>	<u>65,151</u>	<u>72,189</u>	<u>33,167</u>	<u>6,277</u>	<u>21,846</u>	<u>-</u>	<u>-</u>	<u>277,534</u>	<u>33,715</u>	<u>182,289</u>	<u>216,004</u>	<u>493,538</u>
Total salaries and related expenses	<u>1,297,837</u>	<u>1,095,025</u>	<u>1,081,403</u>	<u>545,698</u>	<u>115,756</u>	<u>366,425</u>	<u>-</u>	<u>-</u>	<u>4,502,144</u>	<u>575,325</u>	<u>2,957,167</u>	<u>3,532,492</u>	<u>8,034,636</u>
Other expenses													
Contract services, professional fees, and other	354,136	65,407	167,960	35,899	410	38,635	458,674	7,300	1,128,421	137,327	527,139	664,466	1,792,887
Evaluation services	-	-	-	-	306,155	-	-	-	306,155	-	-	-	306,155
Program costs	141,618	452	7,552	92,264	76	376	335,029	10,000	587,367	-	-	-	587,367
Office expenses	42,855	43,957	11,407	16,154	1,003	5,565	33,009	4,694	158,644	52,775	151,352	204,127	362,771
Occupancy	195,416	48,909	12,975	25,901	4,719	14,938	-	-	302,858	51,273	161,972	213,245	516,103
Public information and advocacy	27,302	9,981	9,092	5,953	23	3,034	1,109	-	56,494	8,547	140,208	148,755	205,249
Information technology	82,247	88,390	8,945	10,562	1,322	3,208	-	-	194,674	22,665	92,746	115,411	310,085
Temporary help and other	14,966	6,984	14,172	7,811	291	1,136	-	-	45,360	14,061	98,891	112,952	158,312
Fundraising functions and materials	-	-	-	-	-	-	-	-	-	789	123,666	124,455	124,455
Conferences, conventions, and meetings	13,035	13,139	9,044	5,292	5,045	3,740	3,784	-	53,079	10,335	34,177	44,512	97,591
Travel	3,929	2,196	4,333	11,650	3,980	940	290	-	27,318	1,499	18,869	20,368	47,686
United Way Worldwide dues	53,546	55,764	51,316	30,128	19	17,303	3,163	-	211,239	9,948	48,281	58,229	269,468
Interest	-	-	-	-	-	-	-	230,872	230,872	-	-	-	230,872
Depreciation	<u>7,470</u>	<u>22,104</u>	<u>586</u>	<u>1,202</u>	<u>212</u>	<u>585</u>	<u>-</u>	<u>621,027</u>	<u>653,186</u>	<u>1,951</u>	<u>5,119</u>	<u>7,070</u>	<u>660,256</u>
Total other expenses	<u>936,520</u>	<u>357,283</u>	<u>297,382</u>	<u>242,816</u>	<u>323,255</u>	<u>89,460</u>	<u>835,058</u>	<u>873,893</u>	<u>3,955,667</u>	<u>311,170</u>	<u>1,402,420</u>	<u>1,713,590</u>	<u>5,669,257</u>
Total program functional expenses	<u>\$ 2,234,357</u>	<u>\$ 1,452,308</u>	<u>\$ 1,378,785</u>	<u>\$ 788,514</u>	<u>\$ 439,011</u>	<u>\$ 455,885</u>	<u>\$ 835,058</u>	<u>\$ 873,893</u>	<u>\$ 8,457,811</u>	<u>\$ 886,495</u>	<u>\$ 4,359,587</u>	<u>\$ 5,246,082</u>	<u>\$ 13,703,893</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, 2015**

	Program Services							Supporting Services			Consolidated Total	
	Community Impact Division	2-1-1 Help Center	Colorado Reading Corps	Bridging the Gap	Early Literacy	Fiscal Sponsor	Curtis Park	Total	Management and General	Funds Development		Total
Distributions to community agencies	\$ 17,542,806	\$ 25,000	\$ -	\$ -	\$ 1,644,280	\$ 262,270	\$ -	\$ 19,474,356	\$ -	\$ -	\$ -	\$ 19,474,356
Less donor-designated contributions	<u>(10,757,710)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,757,710)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,757,710)</u>
Total distributions to community agencies by program	<u>\$ 6,785,096</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,644,280</u>	<u>\$ 262,270</u>	<u>\$ -</u>	<u>\$ 8,716,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,716,646</u>
Salaries and related expenses												
Salaries and wages	1,434,231	1,036,133	979,960	478,875	184,525	58,242	-	4,171,966	372,187	2,659,260	3,031,447	7,203,413
Employee benefits	212,052	209,483	103,441	86,451	25,679	2,895	-	640,001	48,019	405,736	453,755	1,093,756
Payroll taxes and related	<u>99,015</u>	<u>76,760</u>	<u>78,283</u>	<u>37,583</u>	<u>14,048</u>	<u>4,429</u>	<u>-</u>	<u>310,118</u>	<u>25,413</u>	<u>208,961</u>	<u>234,374</u>	<u>544,492</u>
Total salaries and related expenses	<u>1,745,298</u>	<u>1,322,376</u>	<u>1,161,684</u>	<u>602,909</u>	<u>224,252</u>	<u>65,566</u>	<u>-</u>	<u>5,122,085</u>	<u>445,619</u>	<u>3,273,957</u>	<u>3,719,576</u>	<u>8,841,661</u>
Other expenses												
Contract services, professional fees, and other	244,214	32,259	91,172	23,686	3,200	504,775	7,000	906,306	74,742	188,062	262,804	1,169,110
Evaluation services	-	-	-	-	386,487	-	-	386,487	-	-	-	386,487
Program costs	279,375	2,523	12,560	120,207	3,136	604,745	187,781	1,210,327	-	-	-	1,210,327
Office expenses	49,146	68,760	14,922	17,975	5,891	71,982	734	229,410	37,262	180,163	217,425	446,835
Occupancy	138,984	44,090	12,130	21,473	3,818	3,309	-	223,804	31,976	149,743	181,719	405,523
Public information and advocacy	71,904	11,212	11,172	5,530	4,083	37,080	-	140,981	7,049	183,606	190,655	331,636
Information technology	378,413	54,419	10,597	27,840	6,999	2,224	-	480,492	13,825	117,141	130,966	611,458
Temporary help and other	8,884	8,768	14,288	3,741	2,493	713	-	38,887	15,892	124,587	140,479	179,366
Fundraising functions and materials	-	-	-	-	-	-	-	-	4,223	117,354	121,577	121,577
Conferences, conventions, and meetings	13,116	5,978	10,469	7,918	2,260	6,814	-	46,555	3,450	23,903	27,353	73,908
Travel	5,328	1,481	6,393	11,573	2,161	20,529	-	47,465	860	15,401	16,261	63,726
United Way Worldwide dues	48,916	56,743	47,113	29,635	22,489	-	-	204,896	9,757	46,901	56,658	261,554
Interest	-	-	-	-	-	-	176,506	176,506	-	-	-	176,506
Depreciation	<u>18,530</u>	<u>35,097</u>	<u>3,174</u>	<u>5,138</u>	<u>1,167</u>	<u>764</u>	<u>450,119</u>	<u>513,989</u>	<u>5,197</u>	<u>27,034</u>	<u>32,231</u>	<u>546,220</u>
Total other expenses	<u>1,256,810</u>	<u>321,330</u>	<u>233,990</u>	<u>274,716</u>	<u>444,184</u>	<u>1,252,935</u>	<u>822,140</u>	<u>4,606,105</u>	<u>204,233</u>	<u>1,173,895</u>	<u>1,378,128</u>	<u>5,984,233</u>
Total program functional expenses	<u>\$ 3,002,108</u>	<u>\$ 1,643,706</u>	<u>\$ 1,395,674</u>	<u>\$ 877,625</u>	<u>\$ 668,436</u>	<u>\$ 1,318,501</u>	<u>\$ 822,140</u>	<u>\$ 9,728,190</u>	<u>\$ 649,852</u>	<u>\$ 4,447,852</u>	<u>\$ 5,097,704</u>	<u>\$ 14,825,894</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,	
	2016	2015
Cash flows from operating activities		
Change in net assets	\$ (466,704)	\$ (305,755)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	660,256	546,220
Amortization of debt issuance costs	19,186	17,742
Allowance for uncollectible pledges, net of write-offs	13,750	(78,523)
Net unrealized and realized gains on investments	(14,504)	(48,031)
Change in cash surrender value of life insurance policies	(83,963)	(55,371)
Capital campaign contributions	-	(731,982)
Changes in assets and liabilities		
Receivables and pledges	(4,659)	359
Prepays and other current assets	93,567	126,146
Accounts payable, accrued expenses, and accrued designations	(184,144)	120,496
Deferred revenue	61,357	4,877
	560,846	(98,067)
Net cash provided by (used in) operating activities	94,142	(403,822)
Cash flows from investing activities		
Change in restricted cash	277,538	5,665,416
Net proceeds from short-term investments	19,479	133,446
Net purchase of legacy gift fund investments	(301,202)	(144,566)
Net purchase/sales of short-term investments	(2,103,450)	-
Purchase of capital assets	-	(6,376,636)
Net cash used in investing activities	(2,107,635)	(722,340)
Cash flows from financing activities		
Change in bridge loan	-	(382,070)
Payments received on capital campaign pledges	1,697,834	2,324,293
Net cash provided by financing activities	1,697,834	1,942,223
Net change in cash and cash equivalents	(315,659)	816,061
Cash and cash equivalents - beginning of year	6,266,347	5,450,286
Cash and cash equivalents - end of year	\$ 5,950,688	\$ 6,266,347

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 world. A non-profit organization, its mission is to unite people, ideas, and resources to advance the common good. MHUW works to create a better life for individuals, children, and families by uniting the full force of the community to tackle the complex issues facing Metro Denver. MHUW's work is focused around three initiatives: School Readiness, Youth Success, and Adult Self-Sufficiency. MHUW works in partnership with hundreds of local non-profit partners, government agencies, policy makers, businesses, and individuals to collectively solve complex social issues affecting the five-county Metro Denver community, comprised of Adams, Arapahoe, Denver, Douglas, and Jefferson counties. Last year, with its Impact Investment Partners, MHUW positively impacted more than 350,000 people to create sustainable community change.

Mile High United Way 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 inter-company accounts and transactions have been eliminated in consolidation.

Key Areas of Investment

School Readiness

United Way is helping ensure that children are entering school ready to succeed and are on the right path to read at grade level. In Metro Denver, there are only licensed child care spots for 41 percent of children under age 6 who have working parents and one in four Colorado third graders is not reading proficiently at grade level. Quality early childcare not only improves young children's health but also promotes their development and learning.

Last year, United Way with its Impact Partners served 44,800 children. United Way's early childhood work provides parents and caregivers the skills needed to help children build essential pre-literacy skills so they enter kindergarten prepared to learn and ensures that elementary school children are reading proficiently by the end of third grade. United Way-led and community-led programs provided training to more than 11,400 parents and caregivers, funded more than 11,200 high-quality child care spots, and placed AmeriCorps members in three school districts serving approximately 1,200 students.

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 by supporting programs that offer out-of-school activities, mentoring, and educational support. In Metro Denver, approximately one in four high school students does not graduate on time. Last year, United Way with its partners served nearly 70,000 youth, providing mentoring to more than 8,800 youth, and tutoring to more than 9,500 youth. Additionally, United Way provided housing support to 165 youth formerly in the child welfare system, while also offering career- and life-skills resources and one-on-one coaching to help them as they transition to independent living.

Adult Self-Sufficiency

United Way is committed to creating economic opportunity for all so that individuals and families can meet their basic needs and have the opportunity to move toward economic success. The increasing cost of living in Metro Denver is forcing families to make hard decisions such as whether to pay for food or rent. Last year, United Way with its partners served more than 113,300 individuals and their families by providing for basic needs, like housing and meals, and resources for financial education and building job skills. Mile High United Way's 2-1-1 Help Center received nearly 75,000 contacts from people in 11 Colorado counties seeking resources for housing, income support, and utility assistance, among other needs.

Community Investment and Impact

United Way's Community Impact Division ("CID") leads its community investment and impact strategy. 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; advocate to policymakers on behalf of the community; and convene community members, agencies, and state and local government entities to address issues and develop solutions for complex social problems in Metro Denver.

As part of this work, United Way funds a portfolio of partner organizations implementing strategies directly aligned with its Community Impact Goals. United Way also funds two Centers for Family Opportunity where best-in-class adult education providers lead classes to support economic opportunity in under-resourced communities. United Way also operates programs to support the non-profit sector in serving Metro Denver communities by strengthening their ability to collect and evaluate data to make decisions that improve the effectiveness of their programs. The United Way Performance Collaborative is one such program, and, last year, five participating non-profit organizations completed a two-year United Way program that enabled them to build their capacity and improve their evaluation capabilities.

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 and Impact (continued)

United Way's direct-service programs include the following:

- *Colorado Reading Corps*, a strategic initiative of Mile High United Way, integrates trained AmeriCorps members into classrooms to help improve reading proficiency in kindergarten through third grade students. The program uses evidence-based interventions to help students improve their literacy skills. In fiscal year 2016, 50 tutors served more than 1,200 students in three Metro Denver school districts.
- *Mile High United Way's Bridging the Gap* is a transformative program that helps improve the lives of young adults who were formerly in the child welfare system by addressing their needs related to housing, education, employment, financial literacy, health, and leadership development. In fiscal year 2016, the program provided safe and stable housing and support to 165 participants. Independent life coaches also provided life skills support and workforce development assistance.
- *Mile High United Way's 2-1-1 Help Center* is a free and confidential community referral service that connects people with resources that provide food, shelter, rent assistance, clothing, child care options, legal assistance, and other services to meet basic needs. 2-1-1 referral specialists are multilingual and available to direct individuals to available community resources. Last year, 2-1-1 received nearly 75,000 contacts from individuals in 11 Colorado counties.
- *Mile High United Way's United Neighborhoods™* initiative works to revitalize the most under-resourced neighborhoods in Metro Denver by partnering with community members who care deeply about eliminating poverty in their community. Last year, United Way worked closely with three neighboring communities to identify their needs and priorities and developed four community goals: Housing, Health, Workforce, and Education.
- The *Mile High United Way Social Innovation Fund* invests in early literacy programs across the state of Colorado to deliver effective data-driven interventions that drive program improvements and expand services to children from birth to age 8. In fiscal year 2016, six sub-grantees received funding through the Social Innovation Fund and served nearly 7,000 children and families in 32 schools.
- *Fiscal Sponsor* programs are those for which United Way maintains legal and fiduciary responsibility for groups that conduct activities related to United Way's mission. Sponsored projects include Share Fair Nation and Denver's Road Home.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

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

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 that 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.

Restricted Cash

Restricted cash consists of the following:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Amounts held for operations of the Center	\$ 161,717	\$ 196,537
Individual Development Account funds	118,093	159,655
Other programs	<u>-</u>	<u>201,156</u>
Total restricted cash	<u>\$ 279,810</u>	<u>\$ 557,348</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, 2016 and 2015.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

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

Pledges Receivable

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

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

Curtis Park

In September 2014, MHUW opened the Morgridge Center for Community Change (the "Center"), 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. During the year ended June 30, 2016, the Center hosted over 1,200 meetings and events, resulting in approximately 33,000 individuals from the non-profit, government, and business communities using the Center. As part of the Center's mission, the Center rents space to four non-profit organizations.

The building project was financed by a combination of the proceeds of the sale of its previous building, new market tax credits, and a \$10 million capital campaign, which concluded in 2015. The capital campaign was 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, building, equipment, and computer software. 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.

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 results and deducts them from revenue on the consolidated statements of activities. Designations are paid when the pledge is collected.

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, 2016 and 2015 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 2.9% and 4.7% of donor-designated contributions for the years ended June 30, 2016 and 2015, respectively.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

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

Classes of Net Assets

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

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 for future strategic initiatives.

Capital Assets

This class is used to account for United Way's investment in capital assets, net of depreciation, plus related notes receivable, less net 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 7).

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported 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.

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 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 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>2016</u>	<u>2015</u>
Community Impact grants	\$ 5,799,688	\$ 6,702,625
Donor-designated contributions	11,810,769	10,757,710
Other initiatives	<u>1,494,559</u>	<u>2,014,021</u>
	<u>\$ 19,105,016</u>	<u>\$ 19,474,356</u>

Other initiatives include the Social Innovation Fund, Denver's Road Home, and other fiscal sponsor organizations.

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 has grown the community volunteer effort. Over 114,000 hours were volunteered through United Way during the year ended June 30, 2016. 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, 2016 and 2015 were \$94,628 and \$128,103, 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.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

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

Income Taxes (continued)

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, 2016 and 2015. 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, 2016 and 2015.

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.

Reclassifications

Certain reclassifications have been made to the consolidated financial statements for the year ended June 30, 2015 to conform to the 2016 presentation.

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. There were no material subsequent events that required recognition or disclosure in the consolidated financial statements.

Note 2 - Investments

Short-Term Investments

Short-term investments consist of the following:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Money market funds	\$ 445,639	\$ 4,408
Certificates of deposit	5,627,363	5,549,755
Bond securities	1,622,654	-
Equity mutual funds	-	19,479
Total	<u>\$ 7,695,656</u>	<u>\$ 5,573,642</u>

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 2 - Investments (continued)

Board-Designated Legacy Gift Fund Investments

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

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Money market funds	\$ 384,858	\$ 120,246
Equity mutual funds	1,317,890	1,374,118
Bond mutual funds	577,939	523,809
Bond securities	1,702,258	1,644,568
Equity securities	1,869,354	1,902,544
Real estate funds	<u>2,660</u>	<u>12,011</u>
Total	<u>\$ 5,854,959</u>	<u>\$ 5,577,296</u>

Investment Returns

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

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Dividends and interest, net of fees	\$ 388,269	\$ 315,329
Net realized gains	12,932	77,918
Net unrealized gains (losses) on investments reported at fair value	<u>1,572</u>	<u>(29,887)</u>
Total	<u>\$ 402,773</u>	<u>\$ 363,360</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.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 3 - Fair Value Measurement (continued)

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

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

Money market funds, 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.

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, 2016 and 2015 and are classified in the following tables in one of the three categories described above.

Assets at fair value as of June 30, 2016 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	\$ 830,497	\$ -	\$ -	\$ 830,497
Certificates of deposit	-	5,627,363	-	5,627,363
Equity mutual funds				
Domestic mutual funds	821,192	-	-	821,192
International mutual funds	496,698	-	-	496,698
Bond mutual funds				
Domestic mutual funds	218,810	-	-	218,810
International mutual funds	359,129	-	-	359,129
Bond securities	-	3,324,912	-	3,324,912
Equity securities				
Domestic equities	1,640,482	-	-	1,640,482
International equities	228,872	-	-	228,872
Real estate funds	-	2,660	-	2,660
Total assets at fair value	<u>\$ 4,595,680</u>	<u>\$ 8,954,935</u>	<u>\$ -</u>	<u>\$ 13,550,615</u>

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>\$ 3,944,604</u>	<u>\$ 7,206,334</u>	<u>\$ -</u>	<u>\$ 11,150,938</u>

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 2015 and 2014 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:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Multi-year campaign pledges	\$ 873,035	\$ 660,734
Multi-year pledges restricted for the Center	1,653,443	3,351,277
2015 fundraising campaign	6,832,022	-
2014 fundraising campaign	-	7,845,458
Allowance for uncollectible pledges	<u>(855,227)</u>	<u>(841,477)</u>
Total pledges receivable, net	<u>\$ 8,503,273</u>	<u>\$ 11,015,992</u>
Amounts due in		
Less than one year	\$ 6,575,179	\$ 7,724,729
One to five years	<u>1,928,094</u>	<u>3,291,263</u>
Total	<u>\$ 8,503,273</u>	<u>\$ 11,015,992</u>

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 4 - Pledges Receivable (continued)

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

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Current portion of pledges receivable, net	\$ 6,575,179	\$ 7,724,729
Multi-year receivables restricted for the Center	1,500,844	3,255,463
Long-term pledges receivable, net of current portion	<u>427,250</u>	<u>35,800</u>
Total	<u>\$ 8,503,273</u>	<u>\$ 11,015,992</u>

Note 5 - Capital Assets

Capital assets consist of the following:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 1,534,934	\$ 1,534,934
Building and improvements	18,114,509	18,114,509
Equipment	917,527	1,178,218
Software	<u>39,917</u>	<u>779,502</u>
	20,606,887	21,607,163
Less accumulated depreciation and amortization	<u>(1,186,807)</u>	<u>(1,526,827)</u>
Total	<u>\$ 19,420,080</u>	<u>\$ 20,080,336</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$660,256 and \$546,220, respectively.

Note 6 - 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 6 - 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.

United Way incurred costs in connection with the NMTC Financing. These costs are being amortized over the term of the long-term debt using the effective interest method. Unamortized costs of \$358,606 and \$377,792 as of June 30, 2016 and 2015, respectively, have been netted against the notes payable in the statements of financial position.

The notes payable 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.

Note 7 - Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Multi-year pledges	\$ 1,017,293	\$ 1,074,982
Capital campaign for operations	1,579,061	3,255,463
School Readiness	1,833,812	1,975,711
Youth Success	329,064	681,688
Adult Self-Sufficiency	333,668	544,965
United Neighborhoods	<u>228,072</u>	<u>-</u>
	<u>\$ 5,320,970</u>	<u>\$ 7,532,809</u>

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 8 - Employee Benefit Plan

United Way has a defined contribution plan (the "Plan") available to all eligible full-time employees after six months of employment. Effective January 1, 2016, the Plan was amended to allow all eligible full-time employees to participate after 30 days 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 \$259,107 and \$287,166 to the Plan during the years ended June 30, 2016 and 2015, respectively.

Note 9 - Commitments and Contingencies

Government Contracts

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

Operating Leases

United Way leases equipment under operating leases that expire through September 2019. United Way is responsible for repairs and maintenance on certain leases. The monthly lease payments range from approximately \$100 to \$3,100.

Rent expense for these leases was \$61,830 and \$55,812 for 2016 and 2015, respectively.

Future minimum lease payments under these leases are as follows:

Year Ending June 30,

2017	\$	40,916
2018		22,997
2019		1,440
2020		<u>360</u>
	\$	<u>65,713</u>

Line-of-Credit

United Way has a \$2,000,000 unsecured line-of-credit agreement with a bank. The line-of-credit 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, 2016**

	<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	\$ 5,863,121	\$ 87,567	\$ -	\$ 5,950,688
Restricted cash	118,093	161,717	-	279,810
Short-term investments	7,695,656	-	-	7,695,656
Current portion of pledges receivable, net	6,575,179	-	-	6,575,179
Accounts and grants receivable	1,874,907	-	-	1,874,907
Prepaid expenses and other current assets	<u>311,858</u>	<u>-</u>	<u>-</u>	<u>311,858</u>
Total current assets	<u>22,438,814</u>	<u>249,284</u>	<u>-</u>	<u>22,688,098</u>
Non-current assets				
Legacy gift fund investments - Board-designated	5,854,959	-	-	5,854,959
Receivables restricted for the Center	1,500,844	-	-	1,500,844
Pledges receivable, net of current portion	427,250	-	-	427,250
Notes receivable	12,882,070	-	-	12,882,070
Intercompany receivable	135,204	-	(135,204)	-
Capital assets, net	<u>222,522</u>	<u>19,197,558</u>	<u>-</u>	<u>19,420,080</u>
Total non-current assets	<u>21,022,849</u>	<u>19,197,558</u>	<u>(135,204)</u>	<u>40,085,203</u>
Total assets	<u>\$ 43,461,663</u>	<u>\$ 19,446,842</u>	<u>\$ (135,204)</u>	<u>\$ 62,773,301</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,101,381	\$ -	\$ -	\$ 1,101,381
Deferred revenue	122,905	-	-	122,905
Accrued designations	<u>2,995,532</u>	<u>-</u>	<u>-</u>	<u>2,995,532</u>
Total current liabilities	4,219,818	-	-	4,219,818
Non-current liabilities				
Intercompany payable	-	135,204	(135,204)	-
Long-term debt, net	<u>-</u>	<u>18,124,394</u>	<u>-</u>	<u>18,124,394</u>
Total liabilities	<u>4,219,818</u>	<u>18,259,598</u>	<u>(135,204)</u>	<u>22,344,212</u>
Net assets				
Unrestricted	14,961,324	114,080	-	15,075,404
Board-designated legacy gift fund	5,854,959	-	-	5,854,959
Capital assets and NMTC financing, net	<u>13,104,592</u>	<u>1,073,164</u>	<u>-</u>	<u>14,177,756</u>
Total unrestricted net assets	33,920,875	1,187,244	-	35,108,119
Temporarily restricted	<u>5,320,970</u>	<u>-</u>	<u>-</u>	<u>5,320,970</u>
Total net assets	<u>39,241,845</u>	<u>1,187,244</u>	<u>-</u>	<u>40,429,089</u>
Total liabilities and net assets	<u>\$ 43,461,663</u>	<u>\$ 19,446,842</u>	<u>\$ (135,204)</u>	<u>\$ 62,773,301</u>

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

**Consolidating Statement of Activities
For the Year Ended June 30, 2016**

	<u>Mile High United Way, Inc.</u>	<u>Mile High United Way Curtis Park</u>	<u>Eliminations</u>	<u>Total</u>
Revenue				
Gross campaign results, net	\$ 25,911,585	\$ -	\$ -	\$ 25,911,585
Foundations	835,178	-	-	835,178
Government	2,944,432	-	-	2,944,432
Fundraising events, net of expenses of \$360,284	439,134	-	-	439,134
Founders' Legacy Society	1,172,011	-	-	1,172,011
Less donor-designated contributions	<u>(11,810,769)</u>	<u>-</u>	<u>-</u>	<u>(11,810,769)</u>
Net fundraising revenue	19,491,571	-	-	19,491,571
Service fees	339,472	-	-	339,472
Investment income	402,494	279	-	402,773
In-kind support	80,672	-	-	80,672
Other income	<u>216,948</u>	<u>216,614</u>	<u>(216,614)</u>	<u>216,948</u>
Total revenue	<u>20,531,157</u>	<u>216,893</u>	<u>(216,614)</u>	<u>20,531,436</u>
Expenses				
Program services				
Distributions to community agencies	7,294,247	-	-	7,294,247
Donor-designated contributions	<u>11,810,769</u>	<u>-</u>	<u>-</u>	<u>11,810,769</u>
Distributions to community agencies and donor designations	19,105,016	-	-	19,105,016
Less donor designations	<u>(11,810,769)</u>	<u>-</u>	<u>-</u>	<u>(11,810,769)</u>
Total distributions to community agencies	<u>7,294,247</u>	<u>-</u>	<u>-</u>	<u>7,294,247</u>
Community Impact Division	2,337,371	-	(103,014)	2,234,357
2-1-1 Help Center	1,472,634	-	(20,326)	1,452,308
Colorado Reading Corps	1,383,835	-	(5,050)	1,378,785
Bridging the Gap	800,039	-	(11,525)	788,514
Early Literacy	439,011	-	-	439,011
United Neighborhoods	465,613	-	(9,728)	455,885
Fiscal Sponsor	835,058	-	-	835,058
Curtis Park	<u>-</u>	<u>873,893</u>	<u>-</u>	<u>873,893</u>
Total Mile-High-United-Way-led programs	<u>7,733,561</u>	<u>873,893</u>	<u>(149,643)</u>	<u>8,457,811</u>
Total program services	<u>15,027,808</u>	<u>873,893</u>	<u>(149,643)</u>	<u>15,752,058</u>
Supporting services				
Management and general	909,262	-	(22,767)	886,495
Funds development	<u>4,403,791</u>	<u>-</u>	<u>(44,204)</u>	<u>4,359,587</u>
Total supporting services	<u>5,313,053</u>	<u>-</u>	<u>(66,971)</u>	<u>5,246,082</u>
Total expenses	<u>20,340,861</u>	<u>873,893</u>	<u>(216,614)</u>	<u>20,998,140</u>
Change in net assets	190,296	(657,000)	-	(466,704)
Net assets, beginning of year	<u>39,051,549</u>	<u>1,844,244</u>	<u>-</u>	<u>40,895,793</u>
Net assets, end of year	<u>\$ 39,241,845</u>	<u>\$ 1,187,244</u>	<u>\$ -</u>	<u>\$ 40,429,089</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, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 19, 2016.

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 an opinion on the 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 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.

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 Organization'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 19, 2016
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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EKS&H LLLP
EKS&H LLLP

October 19, 2016
Denver, Colorado

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

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 that are not considered to be material weaknesses? Yes None reported
- Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

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

Any audit findings disclosed that are required to be reported under the Uniform Guidance? Yes None

Identification of major programs:

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

Dollar threshold used to distinguish between type A and B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes No

Section II - Findings - Financial Statement Audit

None.

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

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, 2016**

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Award Amount</u>	<u>Amounts Provided to Subrecipients</u>	<u>Expenditures During the Year Ended June 30, 2016</u>
Corporation for National & Community Services Direct awards						
	Social Innovation Fund*	94.019	N/A - Direct	\$ 8,572,750	\$ 962,656	\$ 962,656
Pass-through awards						
State of Colorado	AmeriCorps	94.006	13ESHCO0010001	\$ 668,212	-	630,400
State of Colorado	AmeriCorps	94.006	13ESHCO0010001	\$ 58,199	-	39,715
	Subtotal - Corporation for National & Community Services				<u>962,656</u>	<u>1,632,771</u>
U.S. Department of Health and Human Services Direct awards						
	Assets for Independence Demonstration Program	93.602	N/A - Direct	\$ 352,941	-	19,839
Pass-through awards						
Qualistar	Child Care and Development Fund	93.575	SDA17	\$ 91,645	-	45,648
Colorado Department of Human Services	Child Care and Development Fund	93.575	IHIA12904	\$ 45,824	-	45,824
	Subtotal - U.S. Department of Health and Human Services				<u>-</u>	<u>111,311</u>
U.S. Department of Justice Direct awards						
	Building Community Resilience	Not Available	N/A - Direct	\$ 500,000	-	55,636
Total federal awards					<u>\$ 962,656</u>	<u>\$ 1,799,718</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
For the Year Ended June 30, 2016**

(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 the Uniform Guidance.

(2) Reconciliation to Consolidated Financial Statements

United Way receives grant revenue from sources other than the federal government. The following analysis reconciles expenditures on the accompanying schedule to government revenue reflected on United Way's consolidated statements of activities for the year ended June 30, 2016:

Federal revenue	\$ 1,799,718
Non-federal revenue	<u>1,144,714</u>
Government support	<u>\$ 2,944,432</u>

(3) Indirect Cost Rate

United Way did not elect to use the 10% de minimis indirect cost rate. United Way used indirect cost rates specified in the individual grant documents.