



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, 2018.

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.

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 \$39.6 million. During the fiscal year, net assets increased by \$0.02 million for Mile High United Way, Inc., whereas, Mile High United Way Curtis Park net assets decreased by \$0.6 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 \$17.9 million at June 30, 2018.

Statement of Activities

Mile High United Way had \$15.8 million in net fundraising revenue in fiscal year 2018 (after deducting donor designated contributions of \$10.4 million), and total revenue of \$17.3 million. The net change in total revenue from prior year was primarily the result of the planned reduction in government revenue from the Social Innovation Fund, a federal program that concluded in fiscal year 2017, and from the transfer of the Colorado Reading Corp program to another 501(c)(3) organization early in fiscal year 2018.

Mile High United Way expenses at \$17.9 million declined by \$2.0 million this fiscal year, proportionate to revenue and in line with the reduction of government program expenses mentioned above. Total program expenses were \$12.8 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 82% of total expense; while 18% 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 Supplemental Information
For the Years Ended June 30, 2018 and 2017**

EKS&H

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

We have audited the accompanying consolidated financial statements of Mile High United Way, Inc. and Subsidiary (the "United Way"), which are comprised of the consolidated statements of financial position as of June 30, 2018 and 2017, 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, 2018 and 2017, 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 MATTERS

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated 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, change in net assets, and cash flows of the individual entities and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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.

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Denver, Colorado
October 17, 2018

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

	June 30,	
	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 5,158,917	\$ 6,720,807
Restricted cash	92,081	126,889
Short-term investments	8,829,005	7,706,197
Current portion of pledges receivable, net	5,663,635	6,298,344
Accounts and grants receivable	349,617	1,048,928
Prepaid expenses and other current assets	509,739	401,383
Total current assets	20,602,994	22,302,548
Non-current assets		
Legacy gift fund investments - Board-designated	8,329,664	7,193,947
Investment in UWDH	400,000	400,000
Receivables restricted for the Center, net of current portion	155,560	392,644
Pledges receivable, net of current portion	20,000	95,000
Notes receivable	12,882,070	12,882,070
Capital assets, net	18,234,268	18,770,688
Total non-current assets	40,021,562	39,734,349
Total assets	\$ 60,624,556	\$ 62,036,897
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 611,327	\$ 1,077,812
Deferred revenue	105,918	63,555
Accrued designations	1,921,825	2,230,431
Current portion of long-term debt	80,000	80,000
Total current liabilities	2,719,070	3,451,798
Non-current liabilities		
Long-term debt, net	18,322,766	18,383,580
Total liabilities	21,041,836	21,835,378
Commitments and contingencies		
Net assets		
Unrestricted	14,899,397	15,198,340
Board-designated legacy gift fund	8,329,664	7,193,947
Capital assets	12,953,572	13,509,178
Total unrestricted net assets	36,182,633	35,901,465
Temporarily restricted	3,400,087	4,300,054
Total net assets	39,582,720	40,201,519
Total liabilities and net assets	\$ 60,624,556	\$ 62,036,897

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Activities

For the Years Ended June 30.

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Gross campaign results, net	\$ 18,763,976	\$ 5,209,325	\$ 23,973,301	\$ 18,441,249	\$ 5,993,643	\$ 24,434,892
Foundations	50,243	359,000	409,243	181,889	504,334	686,223
Government	987,443	-	987,443	2,814,323	-	2,814,323
Fundraising events, net of expenses of \$272,464 (2018) and \$281,951 (2017)	520,171	-	520,171	555,617	-	555,617
Founders' Legacy Society	374,206	-	374,206	142,828	-	142,828
Less donor-designated contributions	(10,444,331)	-	(10,444,331)	(10,736,339)	-	(10,736,339)
Net fundraising revenue	10,251,708	5,568,325	15,820,033	11,399,567	6,497,977	17,897,544
Service fees	162,729	-	162,729	241,956	-	241,956
Investment income	642,660	-	642,660	840,904	-	840,904
In-kind support	270,823	-	270,823	74,911	-	74,911
Other income	337,039	47,036	384,075	561,638	35,706	597,344
	11,664,959	5,615,361	17,280,320	13,118,976	6,533,683	19,652,659
Net assets released from restriction	6,167,045	(6,167,045)	-	6,567,444	(6,567,444)	-
Total revenue	17,832,004	(551,684)	17,280,320	19,686,420	(33,761)	19,652,659
Expenses						
Program services						
Distributions to community agencies	5,808,578	-	5,808,578	6,948,236	-	6,948,236
Donor-designated contributions	10,444,331	-	10,444,331	10,736,339	-	10,736,339
Distributions to community agencies and donor designations	16,252,909	-	16,252,909	17,684,575	-	17,684,575
Less donor-designated contributions	(10,444,331)	-	(10,444,331)	(10,736,339)	-	(10,736,339)
Total distributions to community agencies	5,808,578	-	5,808,578	6,948,236	-	6,948,236
Community Impact Division	1,781,388	-	1,781,388	2,227,613	-	2,227,613
2-1-1 Help Center	1,937,184	-	1,937,184	1,703,563	-	1,703,563
Colorado Reading Corps	154,006	-	154,006	1,290,071	-	1,290,071
Bridging the Gap	824,979	-	824,979	782,670	-	782,670
Early Literacy	-	-	-	90,660	-	90,660
United Neighborhoods	1,334,768	-	1,334,768	835,842	-	835,842
Fiscal Sponsor	141,440	-	141,440	125,393	-	125,393
Curtis Park	863,963	-	863,963	875,213	-	875,213
Total Mile-High-United-Way-led programs	7,037,728	-	7,037,728	7,931,025	-	7,931,025
Total program services	12,846,306	-	12,846,306	14,879,261	-	14,879,261
Supporting services						
Management and general	928,939	-	928,939	840,982	-	840,982
Funds development	4,123,874	-	4,123,874	4,159,986	-	4,159,986
Total supporting services	5,052,813	-	5,052,813	5,000,968	-	5,000,968
Total expenses	17,899,119	-	17,899,119	19,880,229	-	19,880,229
Change in net assets from operations	(67,115)	(551,684)	(618,799)	(193,809)	(33,761)	(227,570)
Capital campaign net assets released from restriction	348,283	(348,283)	-	987,155	(987,155)	-
Change in net assets	281,168	(899,967)	(618,799)	793,346	(1,020,916)	(227,570)
Net assets, beginning of year	35,901,465	4,300,054	40,201,519	35,108,119	5,320,970	40,429,089
Net assets, end of year	\$ 36,182,633	\$ 3,400,087	\$ 39,582,720	\$ 35,901,465	\$ 4,300,054	\$ 40,201,519

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2018**

	Program Services							Supporting Services			Consolidated Total	
	Community Impact Division	2-1-1 Help Center	Colorado Reading Corps	Bridging the Gap	United Neighborhoods	Fiscal Sponsor	Curtis Park	Total	Management and General	Funds Development		Total
Distributions to community agencies	\$ 15,819,581	\$ 26,869	\$ -	\$ -	\$ 218,924	\$ 187,535	\$ -	\$ 16,252,909	\$ -	\$ -	\$ -	\$ 16,252,909
Less donor-designated contributions	<u>(10,444,331)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,444,331)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,444,331)</u>
Total distributions to community agencies by program	<u>\$ 5,375,250</u>	<u>\$ 26,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,924</u>	<u>\$ 187,535</u>	<u>\$ -</u>	<u>\$ 5,808,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,808,578</u>
Salaries and related expenses												
Salaries and wages	\$ 874,135	\$ 1,143,460	\$ 23,546	\$ 505,436	\$ 879,967	\$ -	\$ -	\$ 3,426,544	\$ 571,985	\$ 2,355,935	\$ 2,927,920	\$ 6,354,464
Employee benefits	130,725	220,263	1,585	76,137	121,545	-	-	550,255	82,469	356,889	439,358	989,613
Payroll taxes and related	<u>67,084</u>	<u>84,462</u>	<u>1,970</u>	<u>38,702</u>	<u>64,641</u>	<u>-</u>	<u>-</u>	<u>256,859</u>	<u>38,117</u>	<u>180,210</u>	<u>218,327</u>	<u>475,186</u>
Total salaries and related expenses	<u>1,071,944</u>	<u>1,448,185</u>	<u>27,101</u>	<u>620,275</u>	<u>1,066,153</u>	<u>-</u>	<u>-</u>	<u>4,233,658</u>	<u>692,571</u>	<u>2,893,034</u>	<u>3,585,605</u>	<u>7,819,263</u>
Other expenses												
Contract services, professional fees, and other	155,607	106,843	117,124	8,236	94,454	54,206	7,550	544,020	84,238	428,704	512,942	1,056,962
Program costs	152,930	646	18	74,624	26,218	56,531	10,000	320,967	-	-	-	320,967
Office expenses	31,698	41,012	934	14,175	15,288	1,757	4,894	109,758	57,497	124,319	181,816	291,574
Occupancy	231,668	66,729	665	32,049	28,190	-	-	359,301	35,100	140,892	175,992	535,293
Public information and advocacy	44,576	10,445	795	4,269	8,640	463	-	69,188	6,791	273,363	280,154	349,342
Information technology	26,051	96,430	368	12,914	18,943	21,580	-	176,286	21,400	78,940	100,340	276,626
Temporary help and other	5,544	23,802	78	2,222	4,150	1,518	-	37,314	2,530	11,778	14,308	51,622
Fundraising functions and materials	-	-	-	-	-	-	-	-	3,559	58,282	61,841	61,841
Conferences, conventions, and meetings	12,842	19,264	522	10,782	12,585	4,175	-	60,170	11,052	40,432	51,484	111,654
Travel	5,605	3,580	96	9,848	3,166	1,210	-	23,505	2,424	14,851	17,275	40,780
United Way Worldwide dues	33,133	94,846	6,244	33,167	54,911	-	-	222,301	9,871	47,478	57,349	279,650
Interest	-	-	-	-	-	-	230,872	230,872	-	-	-	230,872
Depreciation and amortization	<u>9,790</u>	<u>25,402</u>	<u>61</u>	<u>2,418</u>	<u>2,070</u>	<u>-</u>	<u>610,647</u>	<u>650,388</u>	<u>1,906</u>	<u>11,801</u>	<u>13,707</u>	<u>664,095</u>
Total other expenses	<u>709,444</u>	<u>488,999</u>	<u>126,905</u>	<u>204,704</u>	<u>268,615</u>	<u>141,440</u>	<u>863,963</u>	<u>2,804,070</u>	<u>236,368</u>	<u>1,230,840</u>	<u>1,467,208</u>	<u>4,271,278</u>
Total program functional expenses	<u>\$ 1,781,388</u>	<u>\$ 1,937,184</u>	<u>\$ 154,006</u>	<u>\$ 824,979</u>	<u>\$ 1,334,768</u>	<u>\$ 141,440</u>	<u>\$ 863,963</u>	<u>\$ 7,037,728</u>	<u>\$ 928,939</u>	<u>\$ 4,123,874</u>	<u>\$ 5,052,813</u>	<u>\$ 12,090,541</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, 2017**

	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	\$ 16,614,292	\$ 15,927	\$ -	\$ -	\$ 846,247	\$ 11,750	\$ 196,359	\$ -	\$ 17,684,575	\$ -	\$ -	\$ -	\$ 17,684,575
Less donor-designated contributions	(10,736,339)	-	-	-	-	-	-	-	(10,736,339)	-	-	-	(10,736,339)
Total distributions to community agencies by program	\$ 5,877,953	\$ 15,927	\$ -	\$ -	\$ 846,247	\$ 11,750	\$ 196,359	\$ -	\$ 6,948,236	\$ -	\$ -	\$ -	\$ 6,948,236
Salaries and related expenses													
Salaries and wages	\$ 1,004,264	\$ 1,051,567	\$ 849,746	\$ 459,361	\$ 42,350	\$ 517,888	\$ -	\$ -	\$ 3,925,176	\$ 493,871	\$ 2,516,199	\$ 3,010,070	\$ 6,935,246
Employee benefits	146,116	199,064	82,133	78,394	8,859	68,640	-	-	583,206	66,969	387,811	454,780	1,037,986
Payroll taxes and related	78,668	89,443	66,985	34,990	3,357	40,216	-	-	313,659	36,713	188,023	224,736	538,395
Total salaries and related expenses	1,229,048	1,340,074	998,864	572,745	54,566	626,744	-	-	4,822,041	597,553	3,092,033	3,689,586	8,511,627
Other expenses													
Contract services, professional fees, and other	529,793	43,090	181,421	23,883	122	109,681	35,278	7,500	930,768	81,222	358,447	439,669	1,370,437
Evaluation services	-	-	-	-	30,166	-	-	-	30,166	-	-	-	30,166
Program costs	85,133	706	8,060	87,298	22	12,893	17,876	10,000	221,988	-	-	-	221,988
Office expenses	36,205	32,357	9,019	12,771	451	10,617	2,022	5,814	109,256	44,592	136,237	180,829	290,085
Occupancy	208,143	50,209	12,478	26,055	2,591	18,809	8,641	-	326,926	53,076	159,918	212,994	539,920
Public information and advocacy	33,492	7,373	5,015	3,361	-	6,679	25,422	-	81,342	4,312	104,880	109,192	190,534
Information technology	48,140	115,594	6,619	11,375	693	8,797	21,040	-	212,258	16,954	87,326	104,280	316,538
Temporary help and other	2,978	15,641	8,771	1,075	65	1,109	12,151	-	41,790	22,539	45,445	67,984	109,774
Fundraising functions and materials	-	-	-	-	-	-	-	-	-	158	77,937	78,095	78,095
Conferences, conventions, and meetings	7,005	8,071	7,083	4,581	1,847	6,342	2,920	-	37,849	7,683	29,915	37,598	75,447
Travel	6,182	3,223	3,120	9,315	60	1,094	43	-	23,037	1,326	16,378	17,704	40,741
United Way Worldwide dues	34,930	66,264	49,307	29,482	-	32,576	-	-	212,559	10,122	48,655	58,777	271,336
Interest	-	-	-	-	-	-	-	230,872	230,872	-	-	-	230,872
Depreciation and amortization	6,564	20,961	314	729	77	501	-	621,027	650,173	1,445	2,815	4,260	654,433
Total other expenses	998,565	363,489	291,207	209,925	36,094	209,098	125,393	875,213	3,108,984	243,429	1,067,953	1,311,382	4,420,366
Total program functional expenses	\$ 2,227,613	\$ 1,703,563	\$ 1,290,071	\$ 782,670	\$ 90,660	\$ 835,842	\$ 125,393	\$ 875,213	\$ 7,931,025	\$ 840,982	\$ 4,159,986	\$ 5,000,968	\$ 12,931,993

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	For the Years Ended June 30,	
	2018	2017
Cash flows from operating activities		
Change in net assets	\$ (618,799)	\$ (227,570)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	664,095	654,433
Amortization of debt issuance costs	19,186	19,186
Allowance for uncollectible pledges, net of write-offs	66,754	32,611
Net unrealized and realized gains on investments	(197,727)	(452,819)
Change in cash surrender value of life insurance policies	(37,100)	(68,718)
Changes in operating assets and liabilities		
Receivables and pledges	1,212,476	1,484,415
Prepays and other current assets	(71,256)	(20,807)
Accounts payable, accrued expenses, and accrued designations	(775,091)	(788,670)
Deferred revenue	42,363	(59,350)
	<u>923,700</u>	<u>800,281</u>
Net cash provided by operating activities	<u>304,901</u>	<u>572,711</u>
Cash flows from investing activities		
Net purchases of investments	(2,060,798)	(896,710)
Purchase of investment in UWDH	-	(80,000)
Purchase of capital assets	(127,675)	(5,041)
Net cash used in investing activities	<u>(2,188,473)</u>	<u>(981,751)</u>
Cash flows from financing activities		
Payments received on capital campaign pledges	366,874	1,026,238
Payments on long-term debt	(80,000)	-
Net cash provided by financing activities	<u>286,874</u>	<u>1,026,238</u>
Net change in cash, cash equivalents, and restricted cash	(1,596,698)	617,198
Cash, cash equivalents, and restricted cash - beginning of year	<u>6,847,696</u>	<u>6,230,498</u>
Cash, cash equivalents, and restricted cash - end of year	<u>\$ 5,250,998</u>	<u>\$ 6,847,696</u>

(Continued on the following page)

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

(Continued from the previous page)

Cash, cash equivalents, and restricted cash are presented in the consolidated statements of financial position as follows:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 5,158,917	\$ 6,720,807
Restricted cash	<u>92,081</u>	<u>126,889</u>
	<u>\$ 5,250,998</u>	<u>\$ 6,847,696</u>

Supplemental disclosure of cash flow information:

Interest paid was \$211,686 for each of the years ended June 30, 2018 and 2017.

Supplemental disclosure of non-cash activity:

During the year ended June 30, 2017, United Way financed the purchase of the investment in UWDH with a note payable of \$320,000.

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 fights for the education, health, and financial stability of every person in Metro Denver. MHUW's work is focused around four Community Impact Goals: Giving All Children a Strong Start, Reading Matters, Developing Tomorrow's Talent, and Creating Economic Opportunity for All. 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. For the year ending June 30, 2018, together with its Impact Investment Partners, MHUW positively impacted more than 250,000 people to create sustainable community change.

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 inter-company accounts and transactions have been eliminated in consolidation.

Community Impact Goals

Giving All Children a Strong Start and Reading Matters

United Way is helping ensure that children are entering school ready to learn and are on the right path to read at or above grade level. In Metro Denver, there are only licensed child care spots for 38 percent of children under age 6 who have working parents, and two in three Colorado third graders is not at or above grade level for language and literacy. Quality early childhood education not only improves young children's health but also promotes their development and learning.

Last year, United Way with its Impact Partners served more than 61,000 children. United Way's early childhood work provides parents and caregivers the skills needed to help children build essential preliteracy 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 and community led programs improved the literacy skills of more than 4,100 children and supported more than 2,600 high-quality child care spots.

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 Impact Goals (continued)

Developing Tomorrow's Talent

United Way is committed to helping youth graduate from high school ready for post-secondary education or entry into the workforce by supporting programs that offer out-of-school activities, mentoring, and educational support. In Metro Denver, approximately one in five high school students does not graduate on time. Last year, United Way with its partners served more than 40,000 youth, supporting over 600 youth in graduating from high school and over 200 in enrolling in post-secondary education and/or training programs. Additionally, United Way provided housing support to 130 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.

Creating Economic Opportunity for All

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 nearly 250,000 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 211 Help Center received nearly 80,000 contacts from people around Colorado 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.

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:

- *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. Last year, the program provided safe and stable housing and support to 130 participants. Independent life coaches also provided life skills support and workforce development assistance.
- *Mile High United Way's 211 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. 211 referral specialists are multilingual and available to direct individuals to available community resources. Last year, 211 received nearly 80,000 contacts from individuals around Colorado.
- *Mile High United Way's United Neighborhoods™* is a community-based dual-generational approach that strengthens under-resourced neighborhoods in Metro Denver. This approach invests in children and families to foster academic growth and economic opportunities so that all children arrive at school ready to learn and families can move towards self-sufficiency.
- *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. All program responsibilities and grant funding for Colorado Reading Corps transitioned over to Colorado Youth for a Change, another 501c(3), effective October 2017.
- *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 Take Note Colorado, Hope for Houston, My Brother's Keeper, 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. 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)

Financial Instruments and Credit Risk

Financial instruments that potentially subject United Way to credit risk consist primarily of cash, restricted cash, money market accounts, investment securities, mutual funds, 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 money market accounts with creditworthy, high-quality institutions. Credit risk with respect to receivables is considered low due to the creditworthiness of donors.

Restricted Cash

Restricted cash consists of amounts held for the operations of the Center.

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. Investments are managed by investment advisors who are retained by the Board. United Way has adopted investment and spending policies for the purpose of financial stability and to fund strategic initiatives. The legacy gift fund is invested in a manner that is intended to produce results that exceed indexed returns while assuming a moderate level of investment risk with a long-term outlook. The short-term fund's objective is moderate returns with high liquidity with a two- to five-year time horizon. Though the market value of investments is subject to fluctuations on a year-to-year basis, the Board believes that the investment policy is prudent for the long-term welfare of the United Way.

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, 2018 and 2017.

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.

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

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, 2018, the Center hosted approximately 500 meetings and events, resulting in approximately 28,700 individuals from the non-profit, government, and business communities using the Center. As part of the Center's mission, the Center rents space to five 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.

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.

Investment in UWDH

In February 2017, MHUW purchased a 3% membership interest in United Way Digital Holdings, LLC ("UWDH") for \$400,000. UWDH is a for-profit limited liability company formed for the purpose of designing, developing, and operating a digital philanthropic employee engagement platform across the United Way network. MHUW paid \$80,000 and financed the remaining \$320,000 with a promissory note (Note 6). MHUW does not have the ability to exert significant influence over UWDH's operating and financing activities and therefore accounts for the investment under the cost method of accounting. The investment is periodically assessed for impairment. No impairment was recorded during the years ended June 30, 2018 and 2017.

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 for programs in which the expenses will be incurred in a future period or for sponsorships of future fundraising 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, 2018 and 2017 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 accrued designations (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 approximately 2% of donor-designated contributions for each of the years ended June 30, 2018 and 2017.

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>2018</u>	<u>2017</u>
Community Impact grants	\$ 5,506,174	\$ 5,818,925
Donor-designated contributions	10,444,331	10,736,339
Other initiatives	<u>302,404</u>	<u>1,129,311</u>
	<u>\$ 16,252,909</u>	<u>\$ 17,684,575</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 corporate volunteer Days of Service and the Power Lunch program has grown the community volunteer effort. Over 20,700 hours were volunteered through United Way during the year ended June 30, 2018. 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, 2018 and 2017 were \$45,993 and \$52,123, 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, 2018 and 2017. 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, 2018 and 2017.

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.

Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment applies to not-for-profit entities. The amendment reduces the classes of net assets to *net assets with donor restrictions* and *net assets without donor restrictions*; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on cash or other asset donations and requires disclosure of expenses by both their natural and functional classification on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with donor restrictions, discussion of liquidity for the year following year-end, discussion of liquidity of financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds. The amendment is effective for all fiscal years beginning after December 15, 2017. Entities should apply the amendment in this update retrospectively to all periods presented.

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)

Recently Issued Accounting Pronouncements (continued)

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes current revenue recognition requirements and industry-specific guidance. The codification was amended through additional ASUs and, as amended, requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods and services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU No. 2014-09 is effective for annual reporting in fiscal years that begin after December 15, 2018.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application of this amendment is permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

In August 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard clarifies and improves current guidance to determine whether a transaction is a contribution or an exchange transaction, in order for an entity to identify which revenue recognition guidance is applicable. The standard also provides additional guidance to classify contributions as conditional or unconditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2018.

United Way is currently evaluating the impact of the new standards above on the consolidated financial statements.

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

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 2 - Investments

Short-Term Investments

Short-term investments consist of the following:

	June 30,	
	2018	2017
Money market funds	\$ 38,619	\$ 141,287
Certificates of deposit	1,150,834	5,151,243
Equity mutual funds	2,964,417	-
Bond mutual fund	3,860,062	-
Bond securities	815,073	2,413,667
Total	<u>\$ 8,829,005</u>	<u>\$ 7,706,197</u>

Board-Designated Legacy Gift Fund Investments

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

	June 30,	
	2018	2017
Money market funds	\$ 36,236	\$ 135,776
Equity mutual funds	7,065,890	1,841,792
Bond mutual funds	1,027,465	636,937
Bond securities	200,073	2,154,413
Equity securities	-	2,425,029
Total	<u>\$ 8,329,664</u>	<u>\$ 7,193,947</u>

Investment Returns

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

	June 30,	
	2018	2017
Dividends and interest, net of fees	\$ 438,938	\$ 388,085
Net realized gains	151,938	226,895
Net unrealized gains on investments reported at fair value	45,789	225,924
Total	<u>\$ 636,665</u>	<u>\$ 840,904</u>

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 3 - Fair Value Measurement

United Way follows 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:

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 and bond securities: 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, 2018 and 2017 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)

Financial assets at fair value as of June 30, 2018 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	\$ 74,855	\$ -	\$ -	\$ 74,855
Certificates of deposit	-	1,150,834	-	1,150,834
Equity mutual funds				
Domestic mutual funds	6,176,024	-	-	6,176,024
International mutual funds	3,854,283	-	-	3,854,283
Bond mutual funds				
Domestic mutual funds	3,729,247	-	-	3,729,247
International mutual funds	1,158,280	-	-	1,158,280
Bond securities	-	1,015,146	-	1,015,146
Total assets at fair value	<u>\$ 14,992,689</u>	<u>\$ 2,165,980</u>	<u>\$ -</u>	<u>\$ 17,158,669</u>

Financial assets at fair value as of June 30, 2017 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	\$ 277,063	\$ -	\$ -	\$ 277,063
Certificates of deposit	-	5,151,243	-	5,151,243
Equity mutual funds				
Domestic mutual funds	1,081,470	-	-	1,081,470
International mutual funds	760,322	-	-	760,322
Bond mutual funds				
Domestic mutual funds	214,225	-	-	214,225
International mutual funds	422,712	-	-	422,712
Bond securities	-	4,568,080	-	4,568,080
Equity securities				
Domestic equities	2,025,781	-	-	2,025,781
International equities	399,248	-	-	399,248
Total assets at fair value	<u>\$ 5,180,821</u>	<u>\$ 9,719,323</u>	<u>\$ -</u>	<u>\$ 14,900,144</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 2017 and 2016 campaign pledges received by United Way are paid via payroll deductions and corporate match payments. These individual pledges are deducted from individuals' paychecks each pay period by their employers and remitted to United Way throughout the year.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 4 - Pledges Receivable (continued)

Pledges receivable consist of the following:

	June 30,	
	2018	2017
Multi-year campaign pledges	\$ 347,021	\$ 847,959
Multi-year pledges restricted for the Center	260,331	627,205
2017 fundraising campaign	6,186,435	-
2016 fundraising campaign	-	6,198,662
Allowance for uncollectible pledges	(954,592)	(887,838)
Total pledges receivable, net	<u>\$ 5,839,195</u>	<u>\$ 6,785,988</u>
Amounts due in		
Less than one year	\$ 5,663,635	\$ 6,298,344
One to five years	175,560	487,644
Total	<u>\$ 5,839,195</u>	<u>\$ 6,785,988</u>

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

	June 30,	
	2018	2017
Current portion of pledges receivable, net	\$ 5,663,635	\$ 6,298,344
Multi-year receivables restricted for the Center	155,560	392,644
Long-term pledges receivable, net of current portion	20,000	95,000
Total	<u>\$ 5,839,195</u>	<u>\$ 6,785,988</u>

Note 5 - Capital Assets

Capital assets consist of the following:

	June 30,	
	2018	2017
Land	\$ 1,534,934	\$ 1,534,934
Building and improvements	18,114,509	18,114,509
Equipment	947,186	922,567
Software	136,100	39,917
Construction in progress	6,872	-
	20,739,601	20,611,927
Less accumulated depreciation and amortization	(2,505,333)	(1,841,239)
Total	<u>\$ 18,234,268</u>	<u>\$ 18,770,688</u>

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 5 - Capital Assets (continued)

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 was \$664,095 and \$654,433, 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") at 1.0% interest rate that matures September 2043 and is reflected as a note receivable to MHUW. 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.

In December 2013, Curtis Park received the proceeds of six notes payable from three separate CDEs related to the NMTC Financing, totalling \$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 \$320,234 and \$339,420 as of June 30, 2018 and 2017, respectively, have been netted against the notes payable in the statements of financial position.

The NMTC third-party investment of \$6,118,000 has 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. The put option has a purchase price of \$1,000, and the call option amount would be determined at fair market value, as defined in the agreement. 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 may transfer from Curtis Park to MHUW.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 6 - Long-Term Debt and Deferred Financing Costs (continued)

UWDH Promissory Note

MHUW entered into a \$320,000 promissory note for the purchase of a membership interest in UWDH. The note accrues interest at 4% per annum and is payable in four equal annual installments of \$80,000 beginning February 1, 2018.

The long-term debt matures as follows:

<u>Year Ending June 30,</u>	<u>UWDH</u>	<u>NMTC</u>	<u>Total</u>
2019	\$ 80,000	\$ -	\$ 80,000
2020	80,000	-	80,000
2021	80,000	356,637	436,637
2022	-	719,427	719,427
2023	-	727,709	727,709
Thereafter	-	<u>16,679,227</u>	<u>16,679,227</u>
	<u>\$ 240,000</u>	<u>\$ 18,483,000</u>	18,723,000
Less deferred financing costs			<u>(320,234)</u>
			18,402,766
Less current portion			<u>(80,000)</u>
Long-term portion			<u>\$ 18,322,766</u>

Note 7 - Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Multi-year pledges	\$ 732,304	\$ 1,145,976
Capital campaign for operations	220,022	577,906
Giving All Children a Strong Start/Reading Matters	1,408,413	1,824,258
Developing Tomorrow's Talent	136,210	222,161
Creating Economic Opportunity For All	562,034	326,679
United Neighborhoods	<u>341,104</u>	<u>203,074</u>
	<u>\$ 3,400,087</u>	<u>\$ 4,300,054</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 employees on the first day of the month following 60 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 \$301,074 and \$294,498 to the Plan during the years ended June 30, 2018 and 2017, 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 expiring at various dates through April 2022. United Way is responsible for repairs and maintenance on certain leases. The monthly lease payments range from approximately \$120 to \$2,300.

Rent expense for these leases was \$41,924 and \$44,915 for the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments under these leases are as follows:

Year Ending June 30,

2019	\$	32,444
2020		26,618
2021		2,526
2022		<u>2,105</u>
	\$	<u><u>63,693</u></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 one-month LIBOR plus 2.75% and expires in February 2019. There are currently no amounts outstanding.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 9 - Commitments and Contingencies (continued)

Purchase Agreement

MHUW has entered into a partner agreement with United Way Worldwide to purchase software licenses for resale to third parties for software being developed by UWDH. The agreement requires MHUW to purchase a minimum number of licenses during the period July 2018 through June 2021. MHUW's maximum commitment for the first year of the agreement is estimated at approximately \$117,000. Future annual commitments will be recalculated annually based on various performance factors.

ACCOMPANYING SUPPLEMENTAL INFORMATION

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

**Consolidating Statement of Financial Position
As of June 30, 2018**

	Mile High United Way, Inc.	Mile High United Way Curtis Park	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 5,061,412	\$ 97,505	\$ -	\$ 5,158,917
Restricted cash	-	92,081	-	92,081
Short-term investments	8,829,005	-	-	8,829,005
Current portion of pledges receivable, net	5,663,635	-	-	5,663,635
Accounts and grants receivable	349,617	-	-	349,617
Prepaid expenses and other current assets	509,739	-	-	509,739
Total current assets	20,413,408	189,586	-	20,602,994
Non-current assets				
Legacy gift fund investments - Board-designated	8,329,664	-	-	8,329,664
Investment in UWDH	400,000	-	-	400,000
Receivables restricted for the Center	155,560	-	-	155,560
Pledges receivable, net of current portion	20,000	-	-	20,000
Notes receivable	12,882,070	-	-	12,882,070
Intercompany receivable	102,227	-	(102,227)	-
Capital assets, net	268,384	17,965,884	-	18,234,268
Total non-current assets	22,157,905	17,965,884	(102,227)	40,021,562
Total assets	\$ 42,571,313	\$ 18,155,470	\$ (102,227)	\$ 60,624,556
Liabilities and Net Assets (Deficit)				
Current liabilities				
Accounts payable and accrued expenses	\$ 611,327	\$ -	\$ -	\$ 611,327
Deferred revenue	105,918	-	-	105,918
Accrued designations	1,921,825	-	-	1,921,825
Current portion of note payable	80,000	-	-	80,000
Total current liabilities	2,719,070	-	-	2,719,070
Non-current liabilities				
Intercompany payable	-	102,227	(102,227)	-
Long-term debt, net	160,000	18,162,766	-	18,322,766
Total liabilities	2,879,070	18,264,993	(102,227)	21,041,836
Net assets (deficit)				
Unrestricted	14,812,038	87,359	-	14,899,397
Board-designated legacy gift fund	8,329,664	-	-	8,329,664
Capital assets and NMTC financing, net	13,150,454	(196,882)	-	12,953,572
Total unrestricted net assets (deficit)	36,292,156	(109,523)	-	36,182,633
Temporarily restricted	3,400,087	-	-	3,400,087
Total net assets (deficit)	39,692,243	(109,523)	-	39,582,720
Total liabilities and net assets (deficit)	\$ 42,571,313	\$ 18,155,470	\$ (102,227)	\$ 60,624,556

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

**Consolidating Statement of Activities
For the Year Ended June 30, 2018**

	Mile High United Way, Inc.	Mile High United Way Curtis Park	Eliminations	Total
Revenue				
Gross campaign results, net	\$ 23,973,301	\$ -	\$ -	\$ 23,973,301
Foundations	409,243	-	-	409,243
Government	987,443	-	-	987,443
Fundraising events, net of expenses of \$272,464	520,171	-	-	520,171
Founders' Legacy Society	374,206	-	-	374,206
Less donor-designated contributions	<u>(10,444,331)</u>	<u>-</u>	<u>-</u>	<u>(10,444,331)</u>
Net fundraising revenue	15,820,033	-	-	15,820,033
Service fees	162,729	-	-	162,729
Investment income	640,298	2,362	-	642,660
In-kind support	270,823	-	-	270,823
Other income	<u>384,075</u>	<u>220,968</u>	<u>(220,968)</u>	<u>384,075</u>
Total revenue	<u>17,277,958</u>	<u>223,330</u>	<u>(220,968)</u>	<u>17,280,320</u>
Expenses				
Program services				
Distributions to community agencies	5,808,578	-	-	5,808,578
Donor-designated contributions	<u>10,444,331</u>	<u>-</u>	<u>-</u>	<u>10,444,331</u>
Distributions to community agencies and donor designations	16,252,909	-	-	16,252,909
Less donor-designated contributions	<u>(10,444,331)</u>	<u>-</u>	<u>-</u>	<u>(10,444,331)</u>
Total distributions to community agencies	<u>5,808,578</u>	<u>-</u>	<u>-</u>	<u>5,808,578</u>
Community Impact Division	1,781,388	-	-	1,781,388
2-1-1 Help Center	1,937,184	-	-	1,937,184
Colorado Reading Corps	154,006	-	-	154,006
Bridging the Gap	824,979	-	-	824,979
United Neighborhoods	1,334,768	-	-	1,334,768
Fiscal Sponsor	141,440	-	-	141,440
Curtis Park	<u>-</u>	<u>863,963</u>	<u>-</u>	<u>863,963</u>
Total Mile-High-United-Way-led programs	<u>6,173,765</u>	<u>863,963</u>	<u>-</u>	<u>7,037,728</u>
Total program services	<u>11,982,343</u>	<u>863,963</u>	<u>-</u>	<u>12,846,306</u>
Supporting services				
Management and general	1,149,907	-	(220,968)	928,939
Funds development	<u>4,123,874</u>	<u>-</u>	<u>-</u>	<u>4,123,874</u>
Total supporting services	<u>5,273,781</u>	<u>-</u>	<u>(220,968)</u>	<u>5,052,813</u>
Total expenses	<u>17,256,124</u>	<u>863,963</u>	<u>(220,968)</u>	<u>17,899,119</u>
Change in net assets	21,834	(640,633)	-	(618,799)
Net assets, beginning of year	<u>39,670,409</u>	<u>531,110</u>	<u>-</u>	<u>40,201,519</u>
Net assets, end of year	<u>\$ 39,692,243</u>	<u>\$ (109,523)</u>	<u>\$ -</u>	<u>\$ 39,582,720</u>