



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, 2020.

In response to the COVID-19 pandemic, Mile High United Way hosted the Colorado COVID Relief Fund and the City of Denver Small Business Emergency Relief Fund, which distributed grants of \$16.2 million and \$4.2 million, respectively, during the year end June 30, 2020.

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 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 Plante Moran, PLLC, independent external auditors, and an unmodified (i.e. clean) opinion was issued on the financial statements.

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 \$43.9 million. During the fiscal year, net assets increased by \$5.1 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. Included within \$5.1 million net asset increase for Mile High United Way, were \$2.7 million of Colorado COVID Relief Funds that were distributed after June 30, 2020.

Included within the notes to the audited financial statements (Note 3) is our liquidity disclosure, which notes that Mile High United Way had \$17.6 million in financial assets available at June 30, 2020 to meet cash needs for general expenditures within one year, an increase of \$2.3 million of the previous year.

Statement of Activities

Mile High United Way had \$41.6 million in net fundraising revenue in fiscal year 2020 (after deducting donor designated contributions and small business emergency relief grants of \$12.7 million), and total revenue of \$42.9 million. The \$23.4 million net increase in total revenue from prior year was primarily due from Colorado COVID Relief Fund (\$19.0 million) and increases in government and foundation revenue \$1.2 million and \$1.6 million, respectively.

Mile High United Way expenses at \$39.7 million increased by \$20.0 million this fiscal year from increased spending in grant distributions of \$19.1 million and additional program personnel and investments. Total program expenses were \$35.0 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 and small business grant distributions, are 91% of total expense; while 9% of expenses go to fundraising and administration.

Mile High United Way, Inc. and Subsidiary

**Consolidated Financial Statements
with Supplemental Information
June 30, 2020 and 2019**

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Mile High United Way, Inc. and Subsidiary (United Way), which comprise the consolidated statement of financial position as of June 30, 2020 and 2019 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.

Auditor's 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 auditor considers 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, 2020 and 2019 and the changes in their net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the consolidated financial statements, Mile High United Way, Inc. and Subsidiary have been impacted by the ongoing worldwide COVID-19 pandemic.

Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Plante & Moran, PLLC".

October 16, 2020

Mile High United Way, Inc. and Subsidiary

Consolidated Statement of Financial Position

	June 30, 2020 and 2019	
	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,015,584	\$ 4,966,760
Restricted cash and cash equivalents (Note 2)	7,286,869	57,286
Short-term investments (Note 4)	6,782,580	8,156,827
Receivables - Net of allowances:		
Current portion of pledges receivable - Net (Note 7)	4,722,397	5,067,328
Accounts and grants receivable	509,911	392,477
Receivable - Market Place Program (Note 1)	500,000	-
Prepaid expenses and other current assets	714,143	581,309
	<u>27,531,484</u>	<u>19,221,987</u>
Noncurrent Assets		
Pledges receivable - Net of current portion (Note 7)	2,133,632	739,479
Legacy gift fund investments - Board designated (Note 4)	9,651,210	9,226,473
Note receivable - UWW (Note 6)	160,000	160,000
Notes receivable (Note 9)	12,882,070	12,882,070
	<u>17,503,815</u>	<u>17,917,394</u>
Capital Assets - Net (Note 8)		
	<u>42,330,727</u>	<u>40,925,416</u>
	<u>\$ 69,862,211</u>	<u>\$ 60,147,403</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,185,719	\$ 696,836
Small business emergency relief funds payable (Note 1)	1,279,661	-
Accrued designations	1,425,405	1,673,964
Deferred revenue	487,202	166,189
Recoverable grant payable to Colorado Health Foundation (Note 1)	1,900,000	-
Grant advance - Paycheck Protection Program (Note 1)	1,467,800	-
Current portion of long-term debt (Note 9)	356,637	-
	<u>8,102,424</u>	<u>2,536,989</u>
Noncurrent Liabilities - Long-term debt - Net (Note 9)	<u>17,844,501</u>	<u>18,181,952</u>
	25,946,925	20,718,941
Net Assets (Note 10)		
Without donor restrictions	33,689,818	35,271,576
With donor restrictions	10,225,468	4,156,886
	<u>43,915,286</u>	<u>39,428,462</u>
	<u>\$ 69,862,211</u>	<u>\$ 60,147,403</u>

Mile High United Way, Inc. and Subsidiary

Consolidated Statement of Activities

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Gross campaign results - Net	\$ 17,359,334	\$ 8,343,183	\$ 25,702,517	\$ 17,687,618	\$ 6,652,644	\$ 24,340,262
Foundations	23,715	2,668,621	2,692,336	1,918	1,057,445	1,059,363
Government	6,118,654	-	6,118,654	815,697	-	815,697
Fundraising events - Net of expenses of \$194,783 (2020) and \$225,289 (2019)	526,235	-	526,235	522,731	-	522,731
Founders' Legacy Society	188,619	-	188,619	406,577	-	406,577
COVID-19 relief funds	-	19,021,422	19,021,422	-	-	-
Less donor-designated contributions	(8,534,964)	-	(8,534,964)	(9,636,905)	-	(9,636,905)
Less small business emergency relief funds	(4,145,339)	-	(4,145,339)	-	-	-
Net fundraising revenue	11,536,254	30,033,226	41,569,480	9,797,636	7,710,089	17,507,725
Investment income - Net	466,252	-	466,252	997,463	-	997,463
Other income	352,041	14,667	366,708	476,422	36,926	513,348
In-kind support	442,923	-	442,923	358,816	-	358,816
Service fees	84,906	-	84,906	117,547	-	117,547
Total revenue	12,882,376	30,047,893	42,930,269	11,747,884	7,747,015	19,494,899
Net Assets Released from Restrictions	24,249,816	(24,249,816)	-	6,990,216	(6,990,216)	-
Total revenue and net assets released from restrictions	37,132,192	5,798,077	42,930,269	18,738,100	756,799	19,494,899
Expenses						
Program services:						
Distributions to community agencies	38,562,608	-	38,562,608	16,474,140	-	16,474,140
Less donor-designated contributions	(8,534,964)	-	(8,534,964)	(9,636,905)	-	(9,636,905)
Less small business emergency relief funds	(4,145,339)	-	(4,145,339)	-	-	-
Total distributions	25,882,305	-	25,882,305	6,837,235	-	6,837,235
Community Impact Division	2,527,779	-	2,527,779	2,303,417	-	2,303,417
2-1-1 Help Center	2,861,989	-	2,861,989	2,142,752	-	2,142,752
Bridging the Gap	918,454	-	918,454	955,275	-	955,275
United Neighborhoods	1,886,021	-	1,886,021	1,355,143	-	1,355,143
Fiscal Sponsor	83,864	-	83,864	175,027	-	175,027
Curtis Park	862,636	-	862,636	852,886	-	852,886
Total program services	35,023,048	-	35,023,048	14,621,735	-	14,621,735
Support services:						
Management and general	856,860	-	856,860	1,184,519	-	1,184,519
Funds development	3,774,133	-	3,774,133	3,842,903	-	3,842,903
Total support services	4,630,993	-	4,630,993	5,027,422	-	5,027,422
Total expenses	39,654,041	-	39,654,041	19,649,157	-	19,649,157
Change in Net Assets from Operations	(2,521,849)	5,798,077	3,276,228	(911,057)	756,799	(154,258)
Net Contribution from Foothills United Way (Note 1)	940,091	270,505	1,210,596	-	-	-
Change in Net Assets	(1,581,758)	6,068,582	4,486,824	(911,057)	756,799	(154,258)
Net Assets - Beginning of year	35,271,576	4,156,886	39,428,462	36,182,633	3,400,087	39,582,720
Net Assets - End of year	<u>\$ 33,689,818</u>	<u>\$ 10,225,468</u>	<u>\$ 43,915,286</u>	<u>\$ 35,271,576</u>	<u>\$ 4,156,886</u>	<u>\$ 39,428,462</u>

Mile High United Way, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services						Support Services			Total	
	Community Impact Division	2-1-1 Help Center	Bridging the Gap	United Neighborhoods	Fiscal Sponsor	Curtis Park	Management and General	Funds Development	Total		
Distributions to community agencies	\$ 17,448,346	\$ 67,438	\$ 635	\$ 621,416	\$ 20,424,773	\$ -	\$ 38,562,608	\$ -	\$ -	\$ -	\$ 38,562,608
Less donor-designated contributions	(8,534,964)	-	-	-	-	-	(8,534,964)	-	-	-	(8,534,964)
Less small business emergency relief funds	-	-	-	-	(4,145,339)	-	(4,145,339)	-	-	-	(4,145,339)
Total distributions to community agencies	8,913,382	67,438	635	621,416	16,279,434	-	25,882,305	-	-	-	25,882,305
Salaries and related expenses	854,809	1,773,125	555,210	1,141,830	-	-	4,324,974	488,434	2,325,147	2,813,581	7,138,555
Employee benefits	137,549	325,464	96,156	143,974	-	-	703,143	67,901	359,733	427,634	1,130,777
Payroll taxes and related	64,159	134,254	42,438	85,469	-	-	326,320	38,253	190,586	228,839	555,159
Total salaries and related expenses	1,056,517	2,232,843	693,804	1,371,273	-	-	5,354,437	594,588	2,875,466	3,470,054	8,824,491
Contract services, professional fees, and other	352,523	25,293	28,604	234,831	78,517	19,385	739,153	71,217	258,271	329,488	1,068,641
Program costs	294,130	7,218	92,513	89,069	187	10,000	493,117	-	-	-	493,117
Office expenses	30,047	51,725	14,865	25,402	2,250	-	124,289	67,602	156,022	223,624	347,913
Occupancy	278,420	81,490	32,156	66,714	-	-	458,780	21,507	120,834	142,341	601,121
Public information and advocacy	400,884	14,334	5,667	18,840	-	-	439,725	7,716	54,502	62,218	501,943
Information technology	57,671	344,199	12,929	22,185	-	-	436,984	19,402	86,606	106,008	542,992
Temporary help and other	2,798	9,322	2,033	3,890	1,389	-	19,432	4,118	9,075	13,193	32,625
Fundraising functions and materials	-	-	-	-	-	-	-	3,822	32,385	36,207	36,207
Conferences, conventions, and meetings	4,944	7,883	7,072	5,269	1,382	-	26,550	3,891	37,027	40,918	67,468
Travel	7,087	1,117	7,346	1,986	139	-	17,675	2,517	8,026	10,543	28,218
United Way Worldwide dues	8,683	50,338	15,854	37,544	-	-	112,419	56,189	112,379	168,568	280,987
Interest	-	-	-	-	-	230,872	230,872	-	-	-	230,872
Depreciation and amortization	34,075	36,227	5,611	9,018	-	602,379	687,310	4,291	23,540	27,831	715,141
Total other expenses	1,471,262	629,146	224,650	514,748	83,864	862,636	3,786,306	262,272	898,667	1,160,939	4,947,245
Total functional expenses	\$ 11,441,161	\$ 2,929,427	\$ 919,089	\$ 2,507,437	\$ 16,363,298	\$ 862,636	\$ 35,023,048	\$ 856,860	\$ 3,774,133	\$ 4,630,993	\$ 39,654,041

See notes to consolidated financial statements.

Mile High United Way, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services						Support Services			Total	
	Community Impact Division	2-1-1 Help Center	Bridging the Gap	United Neighborhoods	Fiscal Sponsor	Curtis Park	Management and General	Funds Development	Total		
Distributions to community agencies	\$ 16,107,088	\$ 32,841	\$ -	\$ 334,211	\$ -	\$ -	\$ 16,474,140	\$ -	\$ -	\$ -	\$ 16,474,140
Less donor-designated contributions	(9,636,905)	-	-	-	-	-	(9,636,905)	-	-	-	(9,636,905)
Total distributions to community agencies	6,470,183	32,841	-	334,211	-	-	6,837,235	-	-	-	6,837,235
Salaries and related expenses	1,024,202	1,303,762	574,842	853,782	-	-	3,756,588	681,725	2,315,372	2,997,097	6,753,685
Employee benefits	134,637	248,937	87,782	108,776	-	-	580,132	102,818	354,602	457,420	1,037,552
Payroll taxes and related	73,522	93,962	41,867	89,980	-	-	299,331	44,453	184,729	229,182	528,513
Total salaries and related expenses	1,232,361	1,646,661	704,491	1,052,538	-	-	4,636,051	828,996	2,854,703	3,683,699	8,319,750
Contract services, professional fees, and other	277,664	148,400	52,148	151,856	60,894	7,750	698,712	125,197	369,676	494,873	1,193,585
Program costs	140,244	10,682	79,746	28,802	88,981	10,000	358,455	-	-	-	358,455
Office expenses	32,532	46,795	16,043	17,771	-	1,885	115,026	76,902	108,581	185,483	300,509
Occupancy	254,709	74,053	34,506	29,941	-	-	393,209	37,205	150,799	188,004	581,213
Public information and advocacy	238,446	7,878	3,608	6,097	-	-	256,029	3,645	69,663	73,308	329,337
Information technology	56,314	101,809	14,727	10,177	20,760	-	203,787	21,439	69,901	91,340	295,127
Temporary help and other	6,108	14,471	2,505	2,201	-	-	25,285	3,271	13,557	16,828	42,113
Fundraising functions and materials	-	-	-	-	-	-	-	8,105	107,137	115,242	115,242
Conferences, conventions, and meetings	27,682	8,377	6,313	10,122	3,692	-	56,186	5,581	16,817	22,398	78,584
Travel	3,845	1,753	9,170	2,364	700	-	17,832	421	8,857	9,278	27,110
United Way Worldwide dues	16,466	62,056	27,301	39,313	-	-	145,136	69,813	54,721	124,534	269,670
Interest	-	-	-	-	-	230,872	230,872	-	-	-	230,872
Depreciation and amortization	17,046	19,817	4,717	3,961	-	602,379	647,920	3,944	18,491	22,435	670,355
Total other expenses	1,071,056	496,091	250,784	302,605	175,027	852,886	3,148,449	355,523	988,200	1,343,723	4,492,172
Total functional expenses	\$ 8,773,600	\$ 2,175,593	\$ 955,275	\$ 1,689,354	\$ 175,027	\$ 852,886	\$ 14,621,735	\$ 1,184,519	\$ 3,842,903	\$ 5,027,422	\$ 19,649,157

See notes to consolidated financial statements.

Mile High United Way, Inc. and Subsidiary

Consolidated Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 4,486,824	\$ (154,258)
Adjustments to reconcile increase (decrease) net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	715,140	670,355
Amortization of debt issuance costs	19,186	19,186
Allowance for uncollectible pledge - Net of write-offs	261,776	(252,103)
Net unrealized and realized losses (gains) on investments	114,924	(297,496)
Changes in operating assets and liabilities:		
Receivables and pledges	(1,428,432)	241,631
Receivable - Market Place Program	(500,000)	-
Prepays and other current assets	(132,834)	(71,570)
Accounts payable, accrued expenses, and accrued designations	3,419,985	(162,352)
Deferred revenue	321,013	60,271
Grant advance - Paycheck Protection Program	1,467,800	-
Net cash and cash equivalents provided by operating activities	8,745,382	53,664
Cash Flows from Investing Activities		
Purchases of investments	(665,414)	(1,164,800)
Proceeds from sales of investments	1,500,000	1,237,665
Purchase of capital assets	(301,561)	(353,481)
Net cash and cash equivalents provided by (used in) investing activities	533,025	(280,616)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	9,278,407	(226,952)
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	5,024,046	5,250,998
Cash, Cash Equivalents, and Restricted Cash - End of year	\$ 14,302,453	\$ 5,024,046
Consolidated Statement of Financial Position Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 7,015,584	\$ 4,966,760
Restricted cash and cash equivalents	7,286,869	57,286
Total cash, cash equivalents, and restricted cash	\$ 14,302,453	\$ 5,024,046
Supplemental Cash Flow Information - Interest paid		
Assumption of investment in UWDH by UWW	\$ -	\$ 400,000
Release of note payable for investment in UWDH	-	240,000
Note receivable from UWW for transfer of investment in UWDH	-	160,000

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 1 - Nature of Business

Founded in 1887, Mile High United Way, Inc. (MHUW) is the first United Way in the world. A nonprofit 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 nonprofit partners, government agencies, policymakers, businesses, and individuals to collectively solve complex social issues affecting the seven-county metro Denver community composed of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties. For the year ended June 30, 2020, together with its impact investment partners, MHUW positively impacted more than 321,000 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 50 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 the 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.

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

On May 3, 2019, United Way entered into an asset transfer and assumption agreement with Foothills United Way (Foothills). Under the terms of the agreement, Foothills transferred certain assets and liabilities to United Way on July 1, 2019. The remaining assets and liabilities of Foothills were used to settle the remaining liabilities and the final dissolution of Foothills. United Way assumed responsibility for grants and contracts defined in the agreement and will service Broomfield and Boulder counties under the United Way Worldwide model. As part of the transfer, cash and receivables totaling approximately \$1,347,000 were transferred to United Way. Additionally, grants and designations payable of approximately \$137,000 were also transferred, resulting in a contribution recognized of approximately \$1,210,000.

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 licensed child care spots for only 38 percent of children under age 6 who have working parents, and two in three Colorado third graders are below grade level for language and literacy. Quality early childhood education not only improves young children's health, it also promotes their development and learning.

Last year, United Way, with its impact partners, served nearly 53,000 young children under the age of eight years old and approximately 36,000 children, ages eight to eighteen. 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 800 children and supported more than 5,900 high-quality child care spots.

Note 1 - Nature of Business (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 950 in enrolling in post-secondary education and/or training programs. Additionally, United Way provided housing support to 156 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 transitioned 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, such as housing and meals, and resources for financial education and building job skills. United Way's 2-1-1 Help Center received over 110,000 contacts from people around Colorado seeking resources for housing, income support, food assistance, childcare referrals, 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 nonprofit 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.

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

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 156 participants. Independent life coaches also provided life skills support and workforce development assistance.

United Way's 2-1-1 Help Center is a free and confidential community referral service that connects people with resources that provide food, health, shelter, rent assistance, clothing, child care options, legal assistance, and other services to meet basic needs. 2-1-1 Help Center referral specialists are multilingual and available to direct individuals to available community resources. Last year, the 2-1-1 Help Center received over 110,000 contacts from individuals around Colorado.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 1 - Nature of Business (Continued)

United Way's United Neighborhoods™ is a community-based, dual-generational approach that strengthens under-resourced neighborhoods in metro Denver. United for Schools 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 toward self-sufficiency. United for Business helps locally owned businesses realize their growth potential through consultation and professional services from skills-based volunteers in their industry.

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. This year, United Way initiated a number of COVID-related funding programs to provide emergency relief to nonprofits, community-based organizations, and small business.

Colorado COVID Relief Fund

In response to the COVID-19 pandemic and in partnership with the State of Colorado, United Way created the Colorado COVID Relief Fund (the "Fund") to support nonprofit and community-based organizations that were either disproportionately affected by COVID-19 or providing emergency relief services. As of June 30, 2020, the Fund had received cash donations totaling over \$19 million from over 11,000 donors and provided 765 grants statewide totaling over \$16 million. The remaining funds will be granted later in 2020 and are included in restricted cash on the consolidated statement of financial position as of June 30, 2020.

Small Business Emergency Relief Fund

United Way entered into an agreement with the City and County of Denver to provide grants through the Small Business Emergency Relief Program to small businesses adversely impacted by the effects of COVID-19. During the year ended June 30, 2020, United Way distributed grants totaling \$4,145,339 to over 600 recipients. As of June 30, 2020, \$1,279,661 of grants was accrued and paid out subsequent to year end.

Colorado Health Foundation Recoverable Grant

United Way entered into an arrangement with the Colorado Health Foundation and the State of Colorado to enable the funding, procurement, and distribution of essential personal protective equipment (PPE) in response to the COVID-19 outbreak. The Colorado Health Foundation provided \$1,900,000 to United Way under a recoverable grant with a termination date of September 30, 2021. United Way subsequently entered into a funding agreement with OraLabs, Inc. to advance up to \$1,000,000 of the recoverable grant fund for PPE inventory to be purchased by OraLab and sold through their online PPE Market Place. The funding agreement will terminate on November 30, 2020. As of June 30, 2020, United Way advanced \$500,000 to OraLabs, which is recorded as a receivable on the consolidated statement of financial position. The remaining grant funds of \$1,400,000 are included in restricted cash on the consolidated statement of financial position as of June 30, 2020. Subsequent to June 30, 2020 and before the date of the issuance of this report, United Way has returned \$900,000 to the Colorado Health Foundation under the recoverable grant arrangement.

Paycheck Protection Program

During the year ended June 30, 2020, United Way received \$1,467,800 through the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. United Way has accounted for these funds following accounting guidance for conditional contributions; as a result, a liability (refundable grant) is recorded as of June 30, 2020, given all measurable barriers were not substantially met by year end. These funds are presented as a payable on the consolidated statement of financial position as of June 30, 2020. The measurable barriers under the program require that United Way expend the funds for certain payroll, interest, rent, and utility costs over a 24-week period. In the event that the barriers are not met and future repayment is required, the funds will accrue interest at 1 percent and require monthly payments of approximately \$83,000 from August 2021, with the remaining balance due upon maturity of April 2022.

Note 1 - Nature of Business (Continued)

Curtis Park

In September 2014, MHUW opened the Morgridge Center for Community Change, 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, 2020, the Center hosted over 700 meetings and events, resulting in over 4,200 individuals from the nonprofit, government, and business communities using the Center. Due to the COVID-19 closure in mid-March, this was far less than the usual average of nearly 20,000 individuals annually. As part of the Center's mission, the Center rents space to five nonprofit 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.

Note 2 - Significant Accounting Policies

Adoption of New Accounting Pronouncement

As of July 1, 2019, United Way adopted Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. United Way elected to apply the new ASU using a prospective approach. The adoption did not have a material impact on the consolidated financial statements, and United Way's revenue recognition and granting practices were substantially unchanged as a result of applying the ASU.

Classification of Net Assets

Net assets of United Way are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of United Way.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of United Way or by the passage of time.

Reclassification

Certain 2019 amounts have been reclassified to conform to the 2020 presentation.

Cash Equivalents

For the purpose of the accompanying consolidated financial statements, United Way considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents unless held for reinvestment as part of the investment portfolio. At times throughout the year, United Way's cash balances exceeded federally insured limits.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Restricted Cash

Restricted cash consists of amounts held for specific purposes based on donor intent, and include amounts held by United Way as part of the Colorado COVID Relief Fund, amounts received in advance for the City of Denver Small Business Emergency Relief Program, funds held as part of the Colorado Health Foundation recoverable grant, funds received as part of the CARES Act Paycheck Protection Program, and cash held for the operations of the Center. United Way expects approximately \$7,100,000 of the restricted cash to be used in fiscal year 2021, with the remaining \$187,000 of funds being used in the next five years.

Investments

Short-term and legacy gift fund investments are carried at fair value. Net realized and unrealized gains and losses on investments are included in the consolidated statement 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 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, 2020 and 2019.

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.

Capital Assets

Capital assets consist of land, building, equipment, and computer software and are capitalized at purchased cost or fair value at the date of acquisition or donation. Depreciation and amortization are computed over the estimated useful lives using the straight-line method.

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.

	Depreciable Life - Years
Buildings	35
Furniture and fixtures	3-8
Computer equipment and software	3-5

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Deferred Revenue

Deferred revenue consists of grant 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 without donor restrictions 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 statement 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, 2020 and 2019 that relate to national accounts outside of United Way's region are not reflected on the accompanying consolidated statement of activities. The revenue is reflected in the consolidated financial statements of 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 statement 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 1 percent of donor-designated contributions for each of the years ended June 30, 2020 and 2019.

Functional Allocation of Expenses

Costs of providing program and support services have been reported on a functional basis in the consolidated statement of activities. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Costs have been allocated between the various programs and support services on several bases and estimates. Certain salaries and related benefits have been allocated based on time and effort. Facilities costs have been allocated based on square footage. IT expenses are allocated based on the number of full-time equivalent employees. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Note 2 - Significant Accounting Policies (Continued)

Donated Services

Community volunteers have donated significant amounts of time assisting United Way in achieving its campaign goals and in supporting various program activities. The expansion of corporate volunteer days of service and the power lunch program has grown the community volunteer effort. Nearly 8,950 hours from 9,950 volunteers were volunteered through United Way during the year ended June 30, 2020. 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 Expense

Advertising expense is expensed in the year in which it is incurred. Advertising expense for the years ended June 30, 2020 and 2019 was \$28,069 and \$44,982, respectively.

Change in Net Assets from Operations

Change in net assets from operations does not include capital campaign contributions or the net contribution from Foothills United Way, as they are not related to United Way's major and ongoing activities.

Income Taxes

MHUW and Curtis Park are not-for-profit corporations and are exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncement

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which provides clearer financial information about important noncash contributions charities and other not-for-profit organizations receive, known as gifts-in-kind (GIKs). The standard provides new presentation and disclosure requirements about contributed nonfinancial assets for nonprofits, including additional disclosure rules for recognized contributed services. The new guidance will be effective for United Way's year ending June 30, 2022 and will be applied using the retrospective method. The amendments will not change the recognition and measurement requirements for those assets.

Change to Economic Environment

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. The outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. As a result of the pandemic, United Way transitioned many of its employees to a remote working environment. As discussed in Note 1, United Way was able to expand its program activities to assist with the Colorado COVID Relief Fund, City and County of Denver Small Business Emergency Relief Fund, and the statewide Market Place Program for PPE equipment. United Way also received funding of \$1,467,800 through the Paycheck Protection Program under the CARES Act (see Note 1).

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Due to the pandemic, investment markets experienced an increase in volatility. Management has reviewed the fair value of the investment portfolio for significant declines subsequent to year end and determined that no impairments should be recorded. United Way has shifted certain future fundraising events to be virtual. The effects of the ongoing pandemic on United Way's future revenue, expenses, cash flows, and financial condition cannot be estimated at this time.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 16, 2020, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The following reflects United Way's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2020	2019
Cash and cash equivalents	\$ 7,015,584	\$ 4,966,760
Restricted cash and cash equivalents	7,286,869	57,286
Accounts and grants receivable	509,911	392,477
Receivable - Market Place Program	500,000	-
Pledges receivable - Current portion	4,722,397	5,067,328
Short-term investments	6,782,580	8,156,827
Financial assets - At year end	26,817,341	18,640,678
Less those unavailable for general expenditures within one year due to:		
Assets not available for general operating use	7,786,869	1,628,140
Accrued designations included in pledges receivable	1,466,536	1,695,407
Financial assets available to meet cash needs for general expenditures within one year	\$ 17,563,936	\$ 15,317,131

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date.

As part of United Way's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets in excess of this reserve requirement are invested in short-term investments, including certificates of deposit, money market funds, and highly liquid mutual funds. United Way maintains a funded stabilization reserve at a level determined after taking the annual program funding and costs of operating and maintaining the organization into account.

United Way also has a committed line of credit in the amount of \$2,000,000 (see Note 15) upon which it can draw if needed for liquidity. The legacy gift fund investments are intended to fund projects and initiatives not considered in the annual operating budget and can be drawn upon to meet liquidity needs with consent and board resolution.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 4 - Investments

Short-term Investments

Short-term investments consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 307,732	\$ 68,378
Certificates of deposit	101,650	100,000
Equity mutual funds	2,575,753	3,244,851
Bond mutual fund	3,797,445	4,743,598
Total	<u>\$ 6,782,580</u>	<u>\$ 8,156,827</u>

Board-designated Legacy Gift Fund Investments

Board-designated legacy gift fund investments consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 595,153	\$ 62,635
Equity mutual funds	7,809,615	7,836,029
Bond mutual funds	1,246,442	1,327,809
Total	<u>\$ 9,651,210</u>	<u>\$ 9,226,473</u>

Investment Returns

Investment returns consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Dividends and interest - Net of fees	\$ 581,176	\$ 699,967
Net realized and unrealized (losses) gains	(114,924)	297,496
Total	<u>\$ 466,252</u>	<u>\$ 997,463</u>

Note 5 - Fair Value Measurements

United Way categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. United Way's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

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, and bond mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Mile High United Way, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 5 - Fair Value Measurements (Continued)

Certificates of deposit: Valued based on prices currently available on comparable securities.

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

United Way has the following recurring fair value measurements as of June 30, 2020:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020			
	Quoted Prices in			Balance at June 30, 2020
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets				
Money market funds	\$ 902,885	\$ -	\$ -	\$ 902,885
Certificates of deposit	-	101,650	-	101,650
Domestic equity mutual funds	6,941,804	-	-	6,941,804
International equity mutual funds	3,443,564	-	-	3,443,564
Domestic bond mutual funds	5,043,887	-	-	5,043,887
Total assets at fair value	<u>\$ 16,332,140</u>	<u>\$ 101,650</u>	<u>\$ -</u>	<u>\$ 16,433,790</u>

United Way has the following recurring fair value measurements as of June 30, 2019:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2019			
	Quoted Prices in			Balance at June 30, 2019
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets				
Money market funds	\$ 131,013	\$ -	\$ -	\$ 131,013
Certificates of deposit	-	100,000	-	100,000
Domestic equity mutual funds	7,604,487	-	-	7,604,487
International equity mutual funds	3,476,393	-	-	3,476,393
Domestic bond mutual funds	4,819,011	-	-	4,819,011
International bond mutual funds	1,252,396	-	-	1,252,396
Total assets at fair value	<u>\$ 17,283,300</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 17,383,300</u>

Note 6 - Investment in UWDH and Note Receivable from UWW

In February 2017, MHUW purchased a 3 percent 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. MHUW does not have the ability to exert significant influence over UWDH's operating and financing activities and, therefore, accounted for the investment under the cost method of accounting.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 6 - Investment in UWDH and Note Receivable from UWW (Continued)

On December 31, 2018, United Way Worldwide (UWW) entered into an exchange agreement with United Way to repurchase its 3 percent membership interest in UWDH. As of December 31, 2018, United Way had paid \$160,000 to UWDH and had an outstanding promissory note of \$240,000. The promissory note was assumed by UWW, and UWW issued a promissory note to United Way for the remaining \$160,000. The UWW promissory note accrues interest at 2.72 percent. Interest will be paid monthly, and principal shall be paid in four equal installments of \$40,000 beginning on December 1, 2020, with the remaining outstanding principal and any accrued and unpaid interest due in full on December 1, 2023. As of June 30, 2020, \$160,000 is due from UWW.

Note 7 - Pledges Receivable

Annual fundraising campaigns commence each fall, with pledges being collected over the following calendar year. The majority of fundraising campaign pledges from campaign years 2019 and 2018 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 as of June 30:

	<u>2020</u>	<u>2019</u>
Multiyear campaign pledges	\$ 3,362,981	\$ 1,118,228
Multiyear pledges restricted for the Center	-	54,369
2019 fundraising campaign	4,457,313	-
2018 fundraising campaign	-	5,336,699
Allowance for uncollectible pledges	<u>(964,265)</u>	<u>(702,489)</u>
Total pledges receivable - Net	<u>\$ 6,856,029</u>	<u>\$ 5,806,807</u>
Less than one year	\$ 4,722,397	\$ 5,067,328
One to five years	<u>2,133,632</u>	<u>739,479</u>
Total	<u>\$ 6,856,029</u>	<u>\$ 5,806,807</u>

During the year ended June 30, 2020, United Way increased the allowance for uncollectible amounts by approximately \$106,000 for Foothills receivable balances.

Note 8 - Capital Assets

Capital assets consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,534,934	\$ 1,534,934
Buildings	18,114,509	18,114,509
Furniture and fixtures	1,385,764	1,008,111
Computer equipment and software	357,279	172,068
Construction in progress	<u>2,159</u>	<u>263,461</u>
Total	21,394,645	21,093,083
Accumulated depreciation	<u>(3,890,830)</u>	<u>(3,175,689)</u>
Total	<u>\$ 17,503,815</u>	<u>\$ 17,917,394</u>

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was \$715,140 and \$670,355, respectively.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 9 - Long-term Debt and Deferred Financing Costs

In order to raise funds for the construction of the Center, MHUW and Curtis Park entered into financing arrangements (the "Agreements") with investors using New Market Tax Credits (the "NMTC Financing"). In connection with the NMTC Financing, MHUW lent approximately \$12,882,000 to MHUW Investment Fund, LLC (the "Fund") at 1.0 percent interest, which matures in 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 (the "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, totaling \$18,483,000, all of which was used to build the Center. The notes payable accrue interest at 1.1453 percent 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 \$281,862 and \$301,048 as of June 30, 2020 and 2019, respectively, have been netted against the notes payable in the consolidated statement 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 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.

The balance of the above debt matures as follows:

<u>Years Ending</u>	<u>Amount</u>
2021	\$ 356,637
2022	719,427
2023	727,709
2024	736,087
2025	744,563
Thereafter	15,198,577
Unamortized debt discount	<u>(281,862)</u>
Total	<u>\$ 18,201,138</u>

Mile High United Way, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 10 - Net Assets

Net assets without donor restrictions

	2020	2019
Board-designated net assets:		
Legacy gift fund	\$ 9,651,210	\$ 9,226,473
Capital assets	12,184,745	12,617,512
Donor-advised funds	240,563	93,177
Total board-designated net assets	22,076,518	21,937,162
Undesignated net assets	11,613,300	13,334,414
Total net assets without donor restrictions	\$ 33,689,818	\$ 35,271,576

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2020	2019
Subject to expenditures for a specified purpose:		
Multi year pledges	\$ 3,381,067	\$ 1,116,161
Capital campaign for operations	24,385	34,710
COVID-19 relief funds	2,790,517	-
Giving All Children a Strong Start/Reading Matters	1,260,271	1,196,418
Developing Tomorrow's Talent	160,665	190,914
Creating Economic Opportunity for All	2,072,167	1,525,700
United Neighborhoods	536,396	92,983
Total	\$ 10,225,468	\$ 4,156,886

Note 11 - Distribution 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 Division grants. In addition, United Way awards grants to other nonprofit organizations through community collaboratives and United Way-led programs. These distributions are recognized as an expense in the year distributed.

	2020	2019
Donor-designated contributions	\$ 8,534,964	\$ 9,636,905
COVID-19 relief funds	16,249,435	-
Small business emergency relief grants	4,145,339	-
Community Impact Division grants	6,969,707	6,452,510
Other initiatives	2,663,163	384,725
Total	\$ 38,562,608	\$ 16,474,140

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 11 - Distribution to Community Agencies (Continued)

During 2020, due to the COVID-19 pandemic, additional distributions are included in the consolidated financial statements. The most important funds are COVID-19-related and small business emergency relief funds. Other initiatives include grants from the community inclusivity fund, ACTS; the Colorado Department of Public Health and Environment; and other minor grants.

Note 12 - 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 nonelective safe harbor contribution to participant accounts of 3 percent of eligible participant compensation. Additionally, United Way may make matching contributions to the Plan equal to 50 percent of participant elective contributions to the Plan up to 6 percent of participant contributions, not to exceed 3 percent of total participant compensation for the plan year. United Way contributed \$337,573 and \$323,992 to the Plan during the years ended June 30, 2020 and 2019, respectively.

Note 13 - Government Contracts

United Way receives certain revenue 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.

Note 14 - Operating Leases

United Way leases equipment under operating leases expiring at various dates through February 2023. United Way is responsible for repairs and maintenance on certain leases. The monthly lease payments range from \$120 to \$2,600.

Rent expense for these leases was \$40,598 and \$41,491 for the years ended June 30, 2020 and 2019, respectively.

Future minimum annual commitments under these operating leases are as follows:

Years Ending June 30	Amount
2021	\$ 19,669
2022	15,186
Total	<u>\$ 34,855</u>

Note 15 - Line of Credit

Under a line of credit agreement with a bank, United Way has available borrowings of \$2,000,000. The line of credit accrues interest at the one-month LIBOR plus 2.75 percent (2.91 percent at June 30, 2020) and expires in February 2021. There were no amounts outstanding as of June 30, 2020 and 2019.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 16 - 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 from July 2018 through June 2021. During the years ended June 30, 2020 and 2019, United Way paid approximately \$276,000 and \$117,000, respectively. MHUW's maximum commitment for the remaining years of the agreement is estimated at approximately \$414,000. Future annual commitments will be recalculated annually based on various performance factors.

Supplemental Information

Independent Auditor's Report on Supplemental Information

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

We have audited the consolidated financial statements of Mile High United Way, Inc. and Subsidiary (United Way) as of and for the years ended June 30, 2020 and 2019 and have issued our report thereon dated October 16, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the 2020 consolidated financial statements as a whole. The supplemental consolidating statement of financial position and consolidating statement of activities are presented for the purpose of additional analysis rather than to present the financial position and changes in net assets of the individual organizations 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 2020 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 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 2020 consolidated financial statements as a whole.

Plante & Moran, PLLC

October 16, 2020

Mile High United Way, Inc. and Subsidiary

Consolidating Statement of Financial Position

June 30, 2020

	Mile High United Way, Inc.	Mile High United Way Curtis Park	Eliminating Entries	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 6,796,638	\$ 218,946	\$ -	\$ 7,015,584
Restricted cash and cash equivalents	7,264,501	22,368	-	7,286,869
Short-term investments	6,782,580	-	-	6,782,580
Receivables - Net of allowances:				
Current portion of pledges receivable - Net	4,722,397	-	-	4,722,397
Accounts and grants receivable	509,911	-	-	509,911
Receivable - Market Place Program	500,000	-	-	500,000
Prepaid expenses and other current assets	714,143	-	-	714,143
Total current assets	27,290,170	241,314	-	27,531,484
Noncurrent Assets				
Pledges receivable - Net of current portion	2,133,632	-	-	2,133,632
Legacy gift fund investments - Board designated	9,651,210	-	-	9,651,210
Note receivable - UWW	160,000	-	-	160,000
Notes receivable	12,882,070	-	-	12,882,070
Capital Assets - Net	742,688	16,761,127	-	17,503,815
Total noncurrent assets	25,569,600	16,761,127	-	42,330,727
Total assets	\$ 52,859,770	\$ 17,002,441	\$ -	\$ 69,862,211
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	\$ 1,083,117	\$ 102,602	\$ -	\$ 1,185,719
Small business emergency relief funds payable	1,279,661	-	-	1,279,661
Accrued designations	1,425,405	-	-	1,425,405
Deferred revenue	487,202	-	-	487,202
Recoverable grant payable to Colorado Health Foundation	1,900,000	-	-	1,900,000
Grant advance - Paycheck Protection Program	1,467,800	-	-	1,467,800
Current portion of long-term debt	-	356,637	-	356,637
Total current liabilities	7,643,185	459,239	-	8,102,424
Noncurrent Liabilities - Long-term debt - Net	-	17,844,501	-	17,844,501
Total liabilities	7,643,185	18,303,740	-	25,946,925
Net Assets (Deficiency in Net Assets)				
Without donor restrictions	34,991,117	(1,301,299)	-	33,689,818
With donor restrictions	10,225,468	-	-	10,225,468
Total net assets (deficiency in net assets)	45,216,585	(1,301,299)	-	43,915,286
Total liabilities and net assets	\$ 52,859,770	\$ 17,002,441	\$ -	\$ 69,862,211

Consolidating Statement of Activities

For the Year Ended June 30, 2020

	Mile High United Way, Inc.	Mile High United Way Curtis Park	Eliminating Entries	Total
Revenue				
Gross campaign results, net	\$ 25,702,517	\$ -	\$ -	\$ 25,702,517
Foundations	2,692,336	-	-	2,692,336
Government	6,118,654	-	-	6,118,654
Fundraising events, net of expenses of \$194,783	526,235	-	-	526,235
Founders' Legacy Society	188,619	-	-	188,619
COVID-19 relief funds	19,021,422	-	-	19,021,422
Less donor-designated contributions	(8,534,964)	-	-	(8,534,964)
Less small business emergency relief funds	(4,145,339)	-	-	(4,145,339)
Net fundraising revenue	41,569,480	-	-	41,569,480
Investment income	465,878	374	-	466,252
Other income	366,708	299,683	(299,683)	366,708
In-kind support	442,923	-	-	442,923
Service fees	84,906	-	-	84,906
Total revenue	42,929,895	300,057	(299,683)	42,930,269
Expenses				
Program expenses:				
Distributions to community agencies	38,562,608	-	-	38,562,608
Less donor-designated contributions	(8,534,964)	-	-	(8,534,964)
Less donor-designated contributions	(4,145,339)	-	-	(4,145,339)
Total distributions to community agencies	25,882,305	-	-	25,882,305
Community Impact Division	2,527,779	-	-	2,527,779
2-1-1 Help Center	2,861,989	-	-	2,861,989
Bridging the Gap	918,454	-	-	918,454
United Neighborhoods	1,886,021	-	-	1,886,021
Fiscal Sponsor	83,864	-	-	83,864
Curtis Park	-	862,636	-	862,636
Total program services	34,160,412	862,636	-	35,023,048
Supporting services				
Management and general	1,156,543	-	(299,683)	856,860
Funds development	3,774,133	-	-	3,774,133
Total supporting services	4,930,676	-	(299,683)	4,630,993
Total expenses	39,091,088	862,636	(299,683)	39,654,041
Change in net assets from operations	3,838,807	(562,579)	-	3,276,228
Net contribution from acquisition of Foothills United Way	1,210,596	-	-	1,210,596
Change in net assets	5,049,403	(562,579)	-	4,486,824
Net assets, beginning of year	40,167,182	(738,720)	-	39,428,462
Net assets, end of year	\$ 45,216,585	\$ (1,301,299)	\$ -	\$ 43,915,286