

UNITED WAY OF SOUTHWEST COLORADO, INC

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2023

UNITED WAY OF SOUTHWEST COLORADO, INC.

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INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

I have audited the financial statements of the United Way of Southwest Colorado, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the notes to the financial statements. In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Way of Southwest Colorado, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The prior year summarized comparative information has been derived from the Organization's financial statements and, in our report dated October 27, 2022; I expressed an unmodified opinion on those financial statements.

Basis for Opinion

I conducted the audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the United Way of Southwest Colorado, Inc. and to meet other ethical responsibilities. In accordance with the relevant ethical requirements relating the audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in my professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Responsibilities of Management for Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way of Southwest Colorado's ability to continue as a going concern.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individual or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Southwest Colorado's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way of Southwest Colorado's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.



Heidi A. Trainor, CPA, PC
October 31, 2023

UNITED WAY OF SOUTHWEST COLORADO, INC.

STATEMENT OF FINANCIAL POSITION
For The Year Ended June 30

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 507,937	\$ 394,962
Contributions Receivable, Net	34,041	31,605
Grants Receivable	50,544	46,888
Other Assets	1,250	2,677
Beneficial Interest In Community Foundation	437,785	395,687
Operating Lease Right of Use	51,233	64,682
Property and Equipment, Net	<u>1,384</u>	<u>1,739</u>
TOTAL ASSETS	<u>\$ 1,084,174</u>	<u>\$ 938,240</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 38,348	\$ 10,573
Payroll Liabilities	20,389	27,654
Paid Leave	33,887	27,486
Unearned Revenue	5,685	12,650
Community Support Payable	112,600	162,211
Current Portion of Operating Lease	<u>13,448</u>	<u>13,448</u>
TOTAL CURRENT LIABILITIES	224,357	254,022
Long Term Liabilities		
Operating Lease Liability	51,233	64,682
Less Current Portion of Long Term Liability	<u>(13,448)</u>	<u>(13,448)</u>
TOTAL LONG TERM LIABILITIES	37,785	51,234
NET ASSETS		
Without Donor Restriction	437,263	302,849
With Donor Restriction	<u>384,769</u>	<u>330,135</u>
TOTAL NET ASSETS	<u>822,032</u>	<u>632,984</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,084,174</u>	<u>\$ 938,240</u>

See accompanying notes to basic financial statements

UNITED WAY OF SOUTHWEST COLORADO, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30

	2023			2022
	Without Donor Restriction	With Donor Restriction	Total	Total
OPERATING ACTIVITIES				
Support and Revenue				
Campaign Contributions	\$ 493,604	\$ --	\$ 493,604	\$ 436,152
Less: Donor Designations To Other Organizations	(3,247)	--	(3,247)	(797)
Provision For Uncollectible Pledges	(15,070)	--	(15,070)	(15,302)
Net Campaign Contributions	475,287	--	475,287	420,053
Grants	--	768,208	768,208	921,362
Other Support and Revenue	334,244	133,085	467,329	474,147
Net Assets Released From Restrictions	846,659	(846,659)	--	--
Total Support and Revenue	1,656,190	54,634	1,710,824	1,815,562
Expenses				
Program Services				
Allocations To Agencies	351,237	--	351,237	395,540
Special Response	192,795	--	192,795	256,602
Other	686,545	--	686,545	906,387
Total Program Services	1,230,577	--	1,230,577	1,558,529
Supporting Services				
Management and General	119,386	--	119,386	98,948
Fundraising	197,730	--	197,730	193,929
Total Supporting Services	317,116	--	317,116	292,877
Total Expenses	1,547,693	--	1,547,693	1,851,406
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES				
	108,497	54,634	163,131	(35,844)
OTHER INCOME (LOSS)				
Realized and Unrealized Gain On Investment	25,917	--	25,917	(45,523)
CHANGE IN NET ASSETS				
	134,414	54,634	189,048	(81,367)
NET ASSETS, Beginning of Year	302,849	330,135	632,984	714,351
NET ASSETS, End of Year	\$ 437,263	\$ 384,769	\$ 822,032	\$ 632,984

See the accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST COLORADO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30

	2023				2022	
	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORT SERVICES	TOTAL EXPENSES	TOTAL EXPENSES
COMPENSATION AND RELATED EXPENSES						
Salaries	\$ 397,588	\$ 63,521	\$ 50,831	\$ 114,352	\$ 511,940	\$ 553,849
Payroll Taxes	36,132	5,074	5,923	10,997	47,129	48,564
Employee Benefits	22,397	5,469	3,696	9,165	31,562	28,918
TOTAL COMPENSATION AND RELATED EXPENSES	456,117	74,064	60,450	134,514	590,631	631,331
OTHER						
Agency Allocations	351,237	--	--	--	351,237	395,540
Special Response	192,795	--	--	--	192,795	256,602
2-1-1 Program	7,119	--	--	--	7,119	2,667
Collaborative Impact	113,848	--	--	--	113,848	382,691
Insurance	18,596	4,263	--	4,263	22,859	4,010
Depreciation	--	355	--	355	355	355
Dues and Subscriptions	--	2,796	--	2,796	2,796	7,158
United Way World Wide Dues	4,783	4,783	4,783	9,566	14,349	21,777
Marketing	16,709	--	6,371	6,371	23,080	15,967
Office Supplies	19,347	6,166	8,373	14,539	33,886	15,448
Repairs and Maintenance	--	942	--	942	942	2,446
Postage	3,877	971	246	1,217	5,094	2,860
Professional Fees	7,645	14,789	--	14,789	22,434	14,941
Rent	12,680	4,866	6,825	11,691	24,371	24,148
Telephone	--	2,730	--	2,730	2,730	2,520
Special Events	--	--	110,231	110,231	110,231	56,591
Training	8,957	2,005	--	2,005	10,962	3,417
Travel	16,867	422	451	873	17,740	10,703
Total Other	774,460	45,088	137,280	182,368	956,828	1,219,841
TOTAL EXPENSES BEFORE IN-KIND	1,230,577	119,152	197,730	316,882	1,547,459	1,851,172
In-kind	--	234	--	234	234	234
TOTAL EXPENSES	<u>\$ 1,230,577</u>	<u>\$ 119,386</u>	<u>\$ 197,730</u>	<u>\$ 317,116</u>	<u>\$ 1,547,693</u>	<u>\$ 1,851,406</u>

See the accompanying notes to the financial statements

UNITED WAY OF SOUTHWEST COLORADO, INC.

STATEMENT OF CASH FLOWS
For the Year Ended June 30

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Contributors	\$ 705,204	\$ 921,305
Cash Received From Grantors	996,712	898,076
Cash Received From Interest and Dividends	21,791	13,633
Cash Paid To Agencies	(351,237)	(395,540)
Cash Paid For Program Expenses	(949,841)	(1,171,362)
Cash Paid For Fundraising Expenses	(197,730)	(193,929)
Cash Paid For Administrative Expenses	<u>(91,611)</u>	<u>(126,356)</u>
Net Cash Provided By Operating Activities	<u>133,288</u>	<u>(54,173)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Received From The Sale Of Equities	4,365	--
Cash Paid for Purchase Of Investments	<u>(24,678)</u>	<u>--</u>
Net Cash Provided By Investing Activities	<u>(20,313)</u>	<u>--</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	112,975	(54,173)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, Beginning of year	<u>394,962</u>	<u>449,135</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, End of year	<u>\$ 507,937</u>	<u>\$ 394,962</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change In Net Assets	\$ 189,048	\$ (81,367)
Adjustments To Reconcile Change In Net Assets To Net Cash Provided By Operating Activities		
Depreciation and Amortization	355	355
Other Non-Cash Items	(21,785)	36,895
(Increase) Decrease In:		
Accounts Receivable	(6,092)	1,586
Prepaid Expenses	1,427	(1,427)
Increase (Decrease) In:		
Accounts Payable	27,775	(23,887)
Other Accrued Liabilities	<u>(57,440)</u>	<u>13,672</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 133,288</u>	<u>\$ (54,173)</u>

See the accompanying notes to the financial statements

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (a) **Mission Statement and Activity** - United Way of Southwest Colorado strives to positively impact the community by supporting local agencies and programs that promote education, health and self reliance.
- (b) **New Accounting Pronouncement** – During the year ended December 31, 2018, The United Way adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2016-14-*Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities* (ASU2016-14). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 11)
- (c) **Basis of Presentation** – The financial statements of the Organization are prepared using the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreased in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

- (d) **Contributions** – Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until such time as the conditions are substantially met. Contributions of non-cash assets are recognized at their estimated fair market value on the date of contribution. Contributions to be collected in future years are recorded at fair value when the promise is made.

The Organization receives contributions via its annual fundraising campaigns that are donor-designated for other agencies. These revenues are included in total campaign contributions and are deducted from total campaign contributions under donor designations to other organizations.

An allowance for uncollectible accounts is recorded using an estimated percentage of outstanding contributions receivable. This estimate is compared to historical averages to determine its reasonableness.

A substantial number of volunteers donate significant amounts of time in the furtherance of the Organization's objectives. The value of these services is not recognized in these financial statements as they do not meet the specific criteria for recognition under generally accepted accounting principles.

- (e) **Cash and Cash Equivalents** – The Organization considers all highly liquid assets purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of checking accounts and certificates of deposit that are stated at fair value, which approximates cost. The Organization maintains its cash and cash equivalents in depository institution accounts that are within federally insured limits. The Organization has not experienced any losses in such accounts.
- (f) **Property and Equipment** – Property and equipment are carried at cost or, if donated, at the fair value on the date of donation. The Organization follows a policy whereby it capitalizes purchases of property and equipment greater than \$1,000. Depreciation is recorded using the straight-line MACRS method over the following estimated useful lives:

Furniture, fixtures, and equipment	3 to 10 years
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- (g) **Operating and Non-Operating Activity** – Operating activities represent support and revenue and expenses solely related to the United Way of Southwest Colorado campaigns. Non-operating activities are revenues and expenses related to investment transfers.

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (h) **Functional Allocation of Expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- (i) **Income Taxes** – The Organization is exempt from federal income tax as an entity described in Internal Revenue Code (IRC) Section 501(c)(3) except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515.

The Organization did not incur unrelated business income tax for the year ended June 30, 2022, 2021 and 2020. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended June 30, 2022, 2021, 2020, 2019 are subject to examination by the Internal Revenue Service, generally for three years after filing.

- (j) **Subsequent Events** – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.
- (k) **Use of Estimates** – Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 2: CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30 are expected to be received as follows:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 49,112	\$ 46,907
Less:		
Allowance for uncollectible pledges	<u>(15,071)</u>	<u>(15,302)</u>
Total contributions receivable	<u>\$ 34,041</u>	<u>\$ 31,605</u>

NOTE 3: PROPERTY AND EQUIPMENT

The components of property and equipment as of June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 24,403	\$ 24,403
Less:		
Accumulated depreciation	<u>(23,019)</u>	<u>(22,664)</u>
	<u>\$ 1,384</u>	<u>\$ 1,739</u>

NOTE 4: LEASES

In February 2016, the FASB issued ASU 2016-02, "Leases", which affects any entity that enters into a lease (as that term is defined in ASU 2016-02), with some specified scope exceptions. The main difference between the guidance in ASU 2016-02 and current GAAP is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. Recognition of these assets and liabilities have a material impact to the statement of Financial Position upon adoption. Under ASU 2016-02, lessees are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach.

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 4: LEASES (Continued)

The operating lease is effective February 15, 2018 through January 31, 2021 with 3 options to renew for 2 years with each option. Monthly rental for the new lease is \$1,250 and includes utilities. The Organization entered into a new sublease agreement to sublet office space within the new location from February 28, 2021 through February 28, 2022 for \$171 per month. Rent expense during the year ended June 30, 2022 was \$15,000 and 2022 was \$15,000.

The Organization entered into a lease for a location in Cortez, CO starting August 12, 2019 for one year for \$725 per month with the option to extend the term for two one-year periods.

NOTE 5: EMPLOYEE BENEFIT PLANS

Compensated Absences – Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. United Way of Southwest Colorado allows employees to accumulate vacation leave. Vacation is accrued on a pro rata basis per pay period. Sick leave does not carry over to the next year. For the fiscal years ended June 30, 2023 and 2022, accrued vacation was \$33,887 and \$27,486 respectively.

NOTE 6: GRANTS AND OTHER SUPPORT AND REVENUE

Other support and revenue is comprised of the following for the year ended June 30.

	<u>2023</u>		<u>2022</u>	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
City of Durango block grant	\$ 232,160	\$ --	\$ 206,800	\$ --
Special response program	--	125,252	--	181,678
In-kind contributions	234	--	234	--
Grants	--	768,208	--	921,362
Other	80,059	7,833	32,432	39,370
Investment income	21,791	--	13,633	--
	<u>\$ 334,244</u>	<u>\$ 901,293</u>	<u>\$ 253,099</u>	<u>\$ 1,142,410</u>

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: RELATED PARTY TRANSACTIONS

The Organization paid dues to the national organization, United Way Worldwide, of \$14,349 for June 30, 2023 and \$21,777 for the year ended June 30, 2022.

The Organization also received campaign contributions from members of its board of directors of \$3,857 for the year ended June 30, 2023 and \$2,573 for the year ended June 30, 2022.

NOTE 8: BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The amount invested in the Community Foundation Serving Southwest Colorado was \$437,785 at June 30, 2023 and \$395,687 at June 30, 2022. United Way is the designated beneficiary of the Community Foundation fund and any net earnings thereon. Accordingly, the asset is reported on United Way's balance sheet as a beneficial interest in assets held by the Community Foundation.

The Community Foundation Serving Southwest Colorado is a not-for-profit organization established to assure that community members donated assets are managed according to the donor's wishes and invested to maximize earning potential. An advisory committee, designated by United Way and approved by the Community Foundation has the authority to recommend distributions from the fund. Distributions may be from the net income and principal of the fund. Title to the fund is held by the Community Foundation and United Way has granted variance power to the Community Foundation, which means that the Community Foundation reserves the right to make the final decision regarding distributions and may direct those distributions elsewhere if they determine that continued distributions to United Way for the specified charitable purpose have become unnecessary, obsolete, incapable of fulfillment, impractical or inconsistent with the community's charitable needs.

United Way's beneficial interest is carried at the market value of the underlying investments, which are mutual funds and money market funds.

The activity in the beneficial interest in the Community Foundation for the year ended June 30 is as follows:

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: **BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION**
(Continued)

	<u>2023</u>	<u>2022</u>
July 1, Beginning balance	\$ 395,687	\$ 432,582
Plus: Interest and dividends	20,431	13,150
Plus: Unrealized gain (loss)	21,551	(45,523)
Plus: Realized Gains	4,367	--
Less: Administrative fees	<u>(4,251)</u>	<u>(4,522)</u>
June 30	<u>\$ 437,785</u>	<u>\$ 395,687</u>

NOTE 9: **DONOR RESTRICTED NET ASSETS**

Assets with donor restrictions are net assets consisting of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Community Emergency Assistance Coalition	\$ 95,819	\$ 74,550
Pagosa Outreach Connection	29,433	89,070
Ambassador Funds	5,803	5,803
PC's for People	--	69,015
Daniel's Fund	110,304	91,697
American Rescue Plan Act	125,476	--
Buell Foundation	8,954	--
El Pomar Grant	<u>8,980</u>	<u>--</u>
Total temporarily restricted net assets	<u>\$ 384,769</u>	<u>\$ 330,135</u>

NOTE 10: **SIGNIFICANT CONCENTRATION OF CREDIT RISK**

Financial instruments that subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents in financial institutions, which from time-to-time exceed the federal depository insurance coverage limit; that excess is uninsured. Management has placed these funds in high quality institutions in order to minimize the risk.

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 10: *SIGNIFICANT CONCENTRATION OF CREDIT RISK*

(continued)

Cash equivalents are protected by the Federal Deposit Insurance Corporation (FDIC) in the event of bank failure, up to \$250,000 for accounts held at each FDIC insured institution. Cash equivalents insured as of June 30, 2023 and June 30, 2022 were \$507,937 and \$394,962 respectively. Cash equivalents not insured as of June 30, 2023 and June 30, 2022 were \$0.

NOTE 11: *LIQUIDITY and AVAILABILITY of FINANCIAL ASSETS*

The United Way's working capital and cash flow vary during the year attributable to various fundraising activities, grant revenue, and public support. Monthly cash outflows are fairly consistent with the exception of individual fundraising events. To manage monthly liquidity the Organization maintains various savings accounts, investments and money market accounts that can be drawn on as needed.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 507,937	\$ 394,962
Grants and Other Receivables		
Net Collected In Less Than One Year	84,585	77,493
Beneficial Interest In Community Foundation	<u>437,785</u>	<u>395,687</u>
 Total Financial Assets	 1,030,307	 868,142
 Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	 <u>\$ 1,030,307</u>	 <u>\$ 868,142</u>

UNITED WAY OF SOUTHWEST COLORADO, INC.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 12: **SUBSEQUENT EVENT**

United Way of Southwest Colorado (UWSWC) is an independent nonprofit with membership in the United Way Worldwide (UWW) network of over 1,000 United Ways in the United States and a few hundred others outside of the country. Local United Ways pay dues to UWW annually based on a percentage of certain categories of their revenue. In exchange for dues, UWW provides brand support, trainings, and national advocacy efforts on behalf of the network. In recent years the revenue from fundraising campaigns at local United Ways has been decreasing significantly, and UWW responded by expanding the dues requirement to more categories of revenue, including grants, and by increasing the percentage of revenue that must be paid. At the same time that dues have been typically increasing for local United Ways, services provided by United Way Worldwide have been cut back due to financial strain partially caused by large poor strategic investments in recent years, such as Salesforce Philanthropy Cloud, which UWW has now abandoned. United Way Worldwide has a new CEO who is committed to making the changes needed to stabilize the organization. The UWSWC Board has been discussing how the situation at UWW affects our local United Way and is considering all options ranging from stay-the-course, to building stronger partnerships at the state network, to potentially leaving the UWW network entirely. UWSWC is currently staying-the-course as a member of the network.