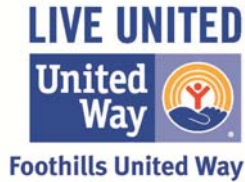


FOOTHILLS UNITED WAY, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

**FOOTHILLS UNITED WAY, INC.
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YEARS ENDED JUNE 30, 2016 AND 2015**

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Annual Audited Financial Statements

The following highlights aspects of Foothills United Way's financial results for the fiscal year ended June 30, 2016.

Audited Reports

The financial statement audit was conducted by CliftonLarsonAllen LLP (CLA), independent external auditors, and an unmodified opinion was issued on our financial statements. In addition, CLA performed audit tests and issued a report on the adequacy of and compliance with internal financial controls. As part of our continuous learning, we welcome and embrace all process improvements.

We encourage you to review our financial statements. As you do so, here are a few things to note:

- What you won't see in the 2016 financials is the additional \$300,000 in community grants we disbursed throughout the 2016 fiscal year. Accounting rules require us to record those grants in the year the commitment is made (2015) rather than when the grants are paid.
- We also lowered the cost of doing business. Operating and personnel expenses decreased by achieving continued internal efficiencies, outsourcing several non-core functions and nearing the end of Flood Recovery efforts.

Foothills United Way is tackling the most challenging issues facing Boulder and Broomfield counties and every donation helps guarantee that this work continues. As a leader in addressing needs across the region, Foothills United Way designated three priority areas: strengthening families for early childhood success, working toward attainable housing for all, and ensuring residents are resilient and can rebound faster in the face of any kind of crisis.

Because we believe that leveraged, coordinated work accomplishes more, we are backing innovative, collaborative solutions that produce measurable results and make our community a better place to live and work. Additionally, our preventative focus addresses the essential problems our community faces before they grow larger and become more costly.

Your support makes it possible for us to implement the kind of innovative solutions our community deserves.

Doug Yeiser
President and CEO

Carlos Pacheco
Board Chair



CliftonLarsonAllen

INDEPENDENT AUDITORS' REPORT

Board of Directors
Foothills United Way, Inc.
Lafayette, Colorado

We have audited the accompanying financial statements of Foothills United Way, Inc. (a Colorado nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Foothills United Way, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
November 15, 2016

FOOTHILLS UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS	2016	2015
ASSETS		
Cash and Cash Equivalents	\$ 873,991	\$ 2,067,100
Contributions Receivable, Net	410,196	381,279
Short-Term Investments	-	186,482
Long-Term Investments	-	437,212
Other Assets	19,522	16,153
Land, Building and Equipment, Net	1,000,114	1,036,986
Total Assets	\$ 2,303,823	\$ 4,125,212
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 12,974	\$ 27,503
Bank Line of Credit	-	37,964
Accrued Expenses	111,672	118,200
Donor Designated Payable	83,939	307,735
Agency Allocations Payable	-	315,790
Tenant Deposits	1,000	1,000
Total Liabilities	209,585	808,192
NET ASSETS		
Unrestricted:		
Designated by Board for Foundation	-	628,443
Undesignated	1,354,875	444,437
Total Unrestricted	1,354,875	1,072,880
Temporarily Restricted	739,363	2,244,140
Total Net Assets	2,094,238	3,317,020
Total Liabilities and Net Assets	\$ 2,303,823	\$ 4,125,212

See accompanying Notes to Financial Statements.

**FOOTHILLS UNITED WAY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
UNRESTRICTED NET ASSETS		
Revenue:		
Gross Campaign Results	\$ 1,308,875	\$ 1,291,358
Less Amounts Designated by Donors	(99,946)	(274,801)
Less Provision for Uncollectibles	(45,617)	(147,818)
Net Campaign Revenue	1,163,312	868,739
Administrative Fee Revenue	16,210	39,056
Investment Income	4,863	51,896
Gifts-in-Kind	84,732	17,000
Other Revenue	48,156	13,235
Total Unrestricted Support	1,317,273	989,926
Net Assets Released from Restrictions	1,988,325	1,997,735
Total Unrestricted Support	3,305,598	2,987,661
Expenses:		
Program Services:		
Community Impact	196,146	493,350
Resilience	119,702	83,850
Imagination Library	12,356	15,582
Personal Investment Enterprise	197,432	169,314
Volunteer Connection	161,268	168,400
Flood Relief	1,794,968	1,978,041
Supporting Services:		
Management and General	113,974	240,863
Fundraising	427,756	454,678
Total Expenses	3,023,603	3,604,078
Increase (Decrease) in Unrestricted Net Assets	281,995	(616,417)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	483,548	922,815
Net Assets Released From Restrictions	(1,988,325)	(1,997,735)
Decrease in Temporarily Restricted Net Assets	(1,504,777)	(1,074,920)
CHANGES IN NET ASSETS	\$ (1,222,782)	\$ (1,691,337)

See accompanying Notes to Financial Statements.

**FOOTHILLS UNITED WAY, INC.
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
BALANCE - JUNE 30, 2014	\$ 1,689,297	\$ 3,319,060	\$ 5,008,357
Decrease in Net Assets	<u>(616,417)</u>	<u>(1,074,920)</u>	<u>(1,691,337)</u>
BALANCE - JUNE 30, 2015	1,072,880	2,244,140	3,317,020
Increase (Decrease) in Net Assets	<u>281,995</u>	<u>(1,504,777)</u>	<u>(1,222,782)</u>
BALANCE - JUNE 30, 2016	<u>\$ 1,354,875</u>	<u>\$ 739,363</u>	<u>\$ 2,094,238</u>

See accompanying Notes to Financial Statements.

**FOOTHILLS UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016**

	Program Services						Supporting Services				Total
	Community		Imagination Library	Personal		Flood Recovery	Total Program Services	Management and General	Fundraising	Total Supporting Services	
	Impact	Resilience		Investment Enterprise	Volunteer Connection						
Salaries	\$ 87,001	\$ 71,888	\$ 3,170	\$ 61,256	\$ 72,529	\$ 266,234	\$ 562,078	\$ 40,464	\$ 288,003	\$ 328,467	\$ 890,545
Employee Health and Retirement Benefits	8,638	9,699	248	9,842	7,394	29,556	65,377	3,160	32,948	36,108	101,485
Payroll Taxes	6,434	5,643	265	4,829	5,744	20,478	43,393	3,384	22,018	25,402	68,795
Contract Labor	2,173	1,614	280	1,560	2,582	1,581	9,790	2,851	3,706	6,557	16,347
Total Salaries and Related Expenses	104,246	88,844	3,963	77,487	88,249	317,849	680,638	49,859	346,675	396,534	1,077,172
Professional Fees	11,494	8,535	1,479	8,250	13,656	8,365	51,779	15,079	18,493	33,572	85,351
Supplies	734	531	92	513	849	520	3,239	938	1,205	2,143	5,382
Telephone	844	627	109	606	1,003	614	3,803	1,107	1,358	2,465	6,268
Postage	179	133	23	129	213	130	807	235	288	523	1,330
Occupancy	3,321	2,466	427	2,384	3,945	2,417	14,960	4,356	5,343	9,699	24,659
Promotional Expense	4,680	3,216	557	3,108	5,629	3,151	20,341	5,681	15,245	20,926	41,267
Local Transportation/Meetings	2,154	2,423	72	1,221	1,672	406	7,948	733	2,721	3,454	11,402
Organizational Dues	747	517	90	500	1,163	507	3,524	913	1,120	2,033	5,557
United Way of America Dues	-	-	-	-	-	-	-	13,147	-	13,147	13,147
Equipment Rental and Maintenance	1,838	1,365	237	1,320	2,184	1,338	8,282	2,412	2,958	5,370	13,652
Staff Development	361	268	47	260	1,026	263	2,225	474	5,136	5,610	7,835
Computer Maintenance	8,235	4,788	830	4,715	9,711	4,692	32,971	8,459	14,236	22,695	55,666
Bank Charges and Stock Transaction Fees	1,763	1,309	227	1,265	2,095	1,283	7,942	2,313	2,836	5,149	13,091
Interest Expense	244	181	31	175	291	178	1,100	320	393	714	1,814
Special Events	45,733	15	3	14	21,955	15	67,735	26	33	59	67,794
Volunteer Recognition	32	24	4	30	491	24	605	42	52	94	699
Insurance	787	584	101	565	934	572	3,543	1,032	1,265	2,297	5,840
Taxes and Licenses	255	189	32	183	302	185	1,146	335	410	745	1,891
Personal Investment Enterprise	-	-	-	91,143	-	-	91,143	-	-	-	91,143
Imagination Library Program	-	-	3,393	-	-	-	3,393	-	-	-	3,393
211 Program	3,533	-	-	-	-	-	3,533	-	-	-	3,533
Flood Recovery	-	-	-	-	-	1,448,845	1,448,845	-	-	-	1,448,845
Total Before Depreciation	191,180	116,015	11,717	193,868	155,368	1,791,354	2,459,502	107,461	419,767	527,229	2,986,731
Depreciation of Buildings and Equipment	4,966	3,687	639	3,564	5,900	3,614	22,370	6,513	7,989	14,502	36,872
Total Expenses	\$ 196,146	\$ 119,702	\$ 12,356	\$ 197,432	\$ 161,268	\$ 1,794,968	\$ 2,481,872	\$ 113,974	\$ 427,756	\$ 541,731	\$ 3,023,603

See accompanying Notes to Financial Statements.

FOOTHILLS UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services						Supporting Services				Total
	Community		Imagination	Personal	Volunteer	Flood	Total	Management	Fundraising	Total	
	Impact	Resilience	Library	Investment Enterprise	Connection	Recovery	Program Services	and General	Services	Supporting Services	
Salaries	\$ 70,758	\$ 52,928	\$ 737	\$ 45,041	\$ 89,656	\$ 363,557	\$ 622,677	\$ 198,999	\$ 204,705	\$ 403,704	\$ 1,026,381
Employee Health and Retirement Benefits	23,133	4,868	28	6,228	7,812	31,442	73,511	7,462	72,773	80,235	153,746
Payroll Taxes	9,652	3,736	12	3,182	6,273	25,471	48,326	3,131	30,532	33,663	81,989
Contract Labor	2,624	2,472	465	2,478	5,328	99,770	113,137	4,651	53,248	57,899	171,036
Total Salaries and Related Expenses	106,167	64,004	1,242	56,929	109,069	520,240	857,651	214,243	361,258	575,501	1,433,152
Agency Allocations	303,541	-	-	-	-	-	303,541	-	-	-	303,541
Professional Fees	49,252	2,033	382	2,037	4,381	19,987	78,072	3,824	40,745	44,569	122,641
Supplies	461	504	82	632	1,379	4,271	7,329	817	2,067	2,884	10,213
Telephone	587	552	104	554	1,190	5,431	8,418	1,039	935	1,974	10,392
Postage	325	277	52	294	598	2,727	4,273	522	1,200	1,722	5,995
Occupancy	1,779	1,675	315	1,679	3,610	16,471	25,529	3,152	2,836	5,988	31,517
Promotional Expense	483	455	86	542	1,377	4,472	7,415	856	7,718	8,574	15,989
Local Transportation/Meetings	1,709	1,663	71	1,079	2,316	3,709	10,547	710	4,469	5,179	15,726
Organizational Dues	2,112	494	93	495	2,925	4,859	10,978	929	4,736	5,665	16,643
United Way of America Dues	(286)	(270)	(51)	(271)	(582)	(2,656)	(4,116)	(508)	(458)	(966)	(5,082)
Equipment Rental and Maintenance	932	877	165	879	1,891	8,627	13,371	1,651	1,485	3,136	16,507
Staff Development	1,474	1,289	32	3,301	1,408	1,666	9,170	319	13,332	13,651	22,821
Miscellaneous	618	497	93	523	1,072	4,885	7,688	935	847	1,782	9,470
Computer Maintenance	1,598	1,505	283	1,508	3,243	14,794	22,931	2,830	2,548	5,378	28,309
Bank Charges	973	916	172	919	1,975	9,010	13,965	1,724	1,552	3,276	17,241
Interest Expense	128	120	23	120	259	1,179	1,829	226	203	429	2,258
Stock Transaction Fees	637	601	113	602	1,295	5,910	9,158	1,131	1,018	2,149	11,307
Special Events	1,616	792	149	878	24,729	7,792	35,956	1,491	3,712	5,203	41,159
Volunteer Recognition	63	59	11	100	497	574	1,304	110	99	209	1,513
Insurance	525	495	93	496	1,067	4,866	7,542	931	838	1,769	9,311
Taxes and Licenses	92	87	16	87	187	850	1,319	163	147	310	1,629
Personal Investment Enterprise	-	-	-	93,924	-	-	93,924	-	-	-	93,924
Imagination Library Program	-	-	11,679	-	-	-	11,679	-	-	-	11,679
CCCTC	7,090	-	-	-	-	-	7,090	-	-	-	7,090
Nonprofit Cultivation Center	8,871	-	-	-	-	-	8,871	-	-	-	8,871
211 Program	477	-	-	-	-	-	477	-	-	-	477
Resilience	-	3,223	-	-	-	-	3,223	-	-	-	3,223
Volunteer Connection	-	-	-	-	198	-	198	-	-	-	198
Flood Recovery	-	-	-	-	-	1,318,685	1,318,685	-	-	-	1,318,685
Total Before Depreciation	491,224	81,848	15,205	167,307	164,084	1,958,349	2,878,017	237,095	451,287	688,382	3,566,399
Depreciation of Buildings and Equipment	2,126	2,002	377	2,007	4,316	19,692	30,520	3,768	3,391	7,159	37,679
Total Expenses	\$ 493,350	\$ 83,850	\$ 15,582	\$ 169,314	\$ 168,400	\$ 1,978,041	\$ 2,908,537	\$ 240,863	\$ 454,678	\$ 695,541	\$ 3,604,078

See accompanying Notes to Financial Statements.

**FOOTHILLS UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (1,222,782)	\$ (1,691,337)
Adjustments to Reconcile Changes in Net Assets to		
Net Cash Used in Operating Activities:		
Depreciation	36,872	37,679
Net Unrealized and Realized Gain on Investments	(5,014)	(22,918)
Changes in Working Capital Items:		
Contributions Receivable	(28,917)	72,444
Other Assets	(3,369)	14,062
Accounts Payable	(14,529)	24,222
Accrued Expense	(6,528)	34,174
Donor Designated Payable	(223,796)	(59,128)
Agency Allocations Payable	(315,790)	(537,860)
Net Cash Used in Operating Activities	(1,783,853)	(2,128,662)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	1,241,469	2,291,953
Purchase of Investments	(612,761)	(1,437,186)
Purchase of Property and Equipment	-	(1,726)
Net Cash Provided by Investing Activities	628,708	853,041
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings under bank line of credit	(37,964)	37,964
Net Cash Provided by (Used in) Financing Activities	(37,964)	37,964
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,193,109)	(1,237,657)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,067,100	3,304,757
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 873,991	\$ 2,067,100

See accompanying Notes to Financial Statements.

**FOOTHILLS UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The mission of Foothills United Way, Inc. (the Organization) is to mobilize people and resources to address vital issues and build a stronger, thriving community. Substantially all of the contributions received by the Organization are from individuals or businesses in Boulder and Broomfield Counties.

Use of Estimates in Preparing Financial Statements

The 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Presentation

Under U.S. generally accepted accounting principles (GAAP) standards, the Organization is required to report information regarding financial position and activities according to the following three classes of net assets:

- a. Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations
- b. Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- c. Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization to use all or part of the assets for general or specific purposes.

Cash and Cash Equivalents

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are carried at fair value and realized and unrealized gains and losses are reflected in the statement of activities. Fair value is determined based on quoted market prices. An investment that is classified as a short-term investment has an original maturity within one year of purchase. An investment classified as a long-term investment if it does not meet the definition of a short-term investment or original term to maturity is over one year.

**FOOTHILLS UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land, Building, and Equipment

Land, building, and equipment are recorded at cost if purchased, or estimated fair value at date of gift from donors. Expenditures for renewals and betterments that extend the estimated economic life of the assets or convert the asset to a new use are capitalized. Expenditures for maintenance, repairs and other renewals of items are charged to expense. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in the results of operations.

Provision for depreciation is made using straight-line methods over the estimated lives of the assets. Estimated economic lives of assets range as follows:

Building and building improvements	10 to 40 years
Furniture and equipment	3 to 7 years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. At June 30, 2016 and 2015, there were no such impairments.

Restricted and Unrestricted Revenue and Support

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

When a restriction expires in a time period other than the period of contribution (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Promises to Give

Contributions are recorded when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Organization expects the majority of promises to give to be collected within one year and, therefore, no discount rate has been applied. Conditional promises to give are not included as support until the conditions are substantially met. No interest is charged on past due pledges.

**FOOTHILLS UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give (Continued)

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and current economic conditions. The Organization writes off uncollectible accounts against the allowance on an annual basis.

Amounts received that are designated for a certain agency are recorded as a receivable from the donor and as a liability to the designated agency. Designations are shown in the statement of activities as a subtraction from gross campaign results.

Designations made to member organizations of combined campaigns are honored by distributing a proportionate share of receipts based on donor designations to each member.

Donor and Agency Payables

Donor and agency payables are made from available resources in accordance with donor and the Board of Directors recommendations. Liabilities for agency allocations made are recognized when approved by the Board of Directors and payment is generally made within one year.

The Organization paid \$303,541 and \$847,000 in grants to local nonprofits for the years ended June 30, 2016 and 2015, respectively. Due to GAAP, this expense was committed and recorded in the year ended June 30, 2015 and 2014, and does not appear on the June 30, 2016 Statement of Activities.

Donated Assets

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Donated marketable securities and other non-cash donations, including inventory and equipment, are recorded as contributions at their estimated fair values at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. Donated assets that are earmarked for specific organizations are not recorded by the Organization. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**FOOTHILLS UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Under the provisions of the Internal Revenue Code Section 501(c)(3), the Organization is exempt from Federal income tax on earnings from operations or activities related to its status as a nonprofit organization. The Organization is exempt from federal income taxes under Sections 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state sales, personal, and real estate property taxes. As of June 30, 2016, the IRS has not proposed any adjustments that would result in a material change to the Organization's financial position.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 15, 2016, the date the financial statements were available to be issued.

NOTE 2 LINE OF CREDIT

The Organization established a revolving line of credit for \$50,000 with a financial institution at an interest rate of Prime plus 6.75%. There was \$-0- and \$37,964 of outstanding borrowings on the line of credit at June 30, 2016 and 2015, respectively.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2016 consist of the 2015 campaign and remaining collectible amounts from the 2014 campaign. Contributions receivable at June 30, 2015 consist of 2015 and 2014 campaigns. A breakdown of the contributions receivable and the allowance for uncollectible accounts is as follows:

	<u>Unrestricted</u>	<u>Donor Designations</u>	<u>Total 2016</u>	<u>Total 2015</u>
Contribution Receivable Expected to be Collected in:				
Less than One Year	\$ 396,280	\$ 87,138	\$ 483,418	\$ 479,597
Allowance for Uncollectible Accounts	<u>(73,222)</u>	<u>-</u>	<u>(73,222)</u>	<u>(98,318)</u>
Total	<u>\$ 323,058</u>	<u>\$ 87,138</u>	<u>\$ 410,196</u>	<u>\$ 381,279</u>

**FOOTHILLS UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
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NOTE 4 FAIR VALUE MEASUREMENTS AND INVESTMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The fair value measurement framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The three levels of fair value hierarchy based on the reliability of inputs are described as follows:

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The following is a summary of investments as of June 30:

	<u>2016</u>	<u>2015</u>
Equity Securities:		
Common Stock	\$ -	\$ 365,300
Foreign Equities	-	41,964
Equity Income	-	29,948
Bonds		
U.S. Government Securities	-	-
Municipals	-	172,248
Corporate Bonds	-	14,234
	<u> </u>	<u> </u>
Total	<u>\$ -</u>	<u>\$ 623,694</u>

Investments presented on the financial statement for the years ended June 30 are summarized as follows:

	<u>2016</u>	<u>2015</u>
Short-Term Investments	\$ -	\$ 437,212
Long-Term Investments	-	186,482
	<u> </u>	<u> </u>
Total	<u>\$ -</u>	<u>\$ 623,694</u>

**FOOTHILLS UNITED WAY, INC.
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NOTE 4 FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the instruments measured at fair value, the valuation methodology used for the investments, and their classification in the valuation hierarchy.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

There were no changes in the valuation techniques noted for the years ending June 30, 2016 and 2015.

The following table present assets measured at fair value by classification within the fair value hierarchy as of June 30, 2015. There were no investments held as of June 30, 2016.

	2015			
	Level 1	Level 2	Level 3	Total
Equity Securities				
Common Stock	\$ 365,300	\$ -	\$ -	\$ 365,300
Foreign Equities	41,964	-	-	41,964
Equity Income	-	29,948	-	29,948
Bonds				
Municipals	-	172,248	-	172,248
Corporate Bonds	-	14,234	-	14,234
Total	\$ 407,264	\$ 216,430	\$ -	\$ 623,694

Income from these investments for the years ended June 30 are summarized as follows:

	2016	2015
Net Realized Gain on Sale of Investments	\$ 266	\$ 350,745
Net Unrealized Loss on Investments	(292)	(327,827)
Other Investment Income	4,889	28,978
Total	\$ 4,863	\$ 51,896

**FOOTHILLS UNITED WAY, INC.
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NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization entered into a designated agency agreement with The Community Foundation. The Community Foundation shall hold, manage, invest, and reinvest the assets of the Fund. Distribution from the Fund shall be made exclusively for charitable purposes as defined in The Community Foundation's Articles of Incorporation and Bylaws and Section 501(c) of the Internal Revenue Code. The Organization may request distributions of investment income from the Fund. The aggregate fair market value of the Foothills United Way Fund as of June 30, 2016 and 2015 was \$14,921 and \$15,002, respectively. The Fund is not recorded as an asset for the Organization for June 30, 2016 or 2015. The Organization is only entitled to contributions from the Foundation and earnings on the amount invested.

NOTE 6 LAND, BUILDING, AND EQUIPMENT

The following is a summary of land, building, and equipment recorded at cost, less accumulated depreciation as of June 30:

	2016	2015
Land	\$ 100,000	\$ 100,000
Building and Improvements	1,185,895	1,185,895
Furniture and Equipment	104,461	104,461
	<u>1,390,356</u>	<u>1,390,356</u>
Less Accumulated Depreciation	<u>(390,242)</u>	<u>(353,370)</u>
Total	<u>\$ 1,000,114</u>	<u>\$ 1,036,986</u>

Depreciation expense incurred for the years ended June 30, 2016 and 2015 was \$36,872 and \$37,679, respectively.

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30:

	2016	2015
Personal Investment Enterprise	\$ 193,769	\$ 176,724
Imagination Library Program	4,572	-
Nonprofit Cultivation Center	-	49,880
Volunteer Connection	-	12,712
Flood Relief	541,022	2,004,824
	<u>541,022</u>	<u>2,004,824</u>
Total	<u>\$ 739,363</u>	<u>\$ 2,244,140</u>

**FOOTHILLS UNITED WAY, INC.
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NOTE 8 BOARD DESIGNATED ENDOWMENT

The Board of Directors had originally designated \$1,227,163 of unrestricted net assets as a general endowment to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets. The Board's policy is to first use investment earnings before using the corpus of the endowment. During the year ended June 30, 2016 and 2015, the Board authorized use of endowment funds of \$500,000 and \$919,000, respectively to support United Way's mission in the community. The amounts used were investment earnings of \$-0- and \$320,280 for the year ended June 30, 2016 and 2015, respectively and corpus amounts of \$500,000 and \$598,720 for the year ended June 30, 2016 and 2015, respectively, resulting in a new designated amount of \$-0-.

Spending from the endowment to support the Organization's mission is approved at the discretion of the Board of Directors.

From time to time, the fair market value of assets associated with Board-designated funds may fall below the level the Board has determined the Organization should retain as an endowment of perpetual duration. There was no such deficiency as of June 30, 2015.

In November 2015, the board approved the liquidation of the Board designated endowment and created a separate cash reserve account, the balance of the reserve account at time of liquidation was approximately \$130,000.

Composition of and changes in endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Board Designated Endowment Net Assets - Beginning of Year	\$ 628,443	\$ 1,507,443
Investment Return:		
Investment Income	5,014	28,389
Net Appreciation Realized and Unrealized	-	22,917
Investment Fees	(13,091)	(11,306)
Total Investment Return	(8,077)	40,000
Contributions	-	-
Amounts Appropriated for Expenditure	(620,366)	(919,000)
Board Designated Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 628,443</u>

NOTE 9 RETIREMENT PLAN

The Organization provides a 403(b) benefit plan for substantially all employees. Participants become eligible to receive employer contributions after attaining age twenty-one. The Organization is required to contribute 100% of the first 3% of a participant's salary reduction contribution, and 50% of the next 2% of a participant's salary reduction contribution received in that plan year. For the years ended June 30, 2016 and 2015, retirement expense totaled \$19,950 and \$19,641, respectively.

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NOTE 10 DONATED SERVICES

The Organization receives a significant amount of donated services from unpaid volunteers who assist with specific assistance programs, campaign solicitations, and various committee assignments. Except for the portion of advertising expense (see Note 13) no amounts have been recognized in the statement of activities because the criteria for recognition under Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958 have not been satisfied.

NOTE 11 IN-KIND GIFTS

For the years ended June 30, 2016 and 2015, the Organization received gifts in-kind of \$84,732 and \$17,000, respectively.

NOTE 12 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalent balances at three financial institutions. As of June 30, 2016 and 2015, balances in the Organization's noninterest-bearing transaction deposit accounts are fully insured by the FDIC and balances in other deposit accounts are insured by the FDIC up to \$250,000 per depositor per bank. Total cash and cash equivalents held by banks with balances in excess of FDIC limits was \$359,679 and \$1,642,680 at June 30, 2016 and 2015, respectively. The Organization has not experienced any losses as a result of these concentrations.

NOTE 13 ADVERTISING

Costs associated with advertising are expensed in the year incurred. Advertising expense is comprised primarily of print media. For the years ended June 30, 2016 and 2015 advertising costs were \$41,267 and \$15,590, respectively. For the years ended June 30, 2016 and 2015, \$24,000 and \$-0-, respectively, was received as in-kind gifts from local media.

NOTE 14 RENTALS UNDER OPERATING LEASE

The Organization has leased out a portion of its building on a short-term rental. Rental income received during the years ended June 30, 2016 and 2015 were \$18,509 and \$12,340, respectively.

NOTE 15 SIGNIFICANT CONCENTRATIONS

Generally accepted accounting principles require disclosure of information about current vulnerabilities due to certain concentrations. These matters include the following:

Revenues from Major Sources

For the years ended June 30, 2016 and 2015, there were no donors that represented over 10% of the Organizations revenues.

FOOTHILLS UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
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NOTE 16 FLOOD RELIEF

In September 2013, Boulder County experienced a devastating flood that caused extensive property damage throughout the community served by Foothills United Way. In response to the catastrophic impact of the flood, Foothills United Way established the Foothills Flood Relief Fund and began receiving donations on the day of the flood. Initial assistance was provided to flood survivors in the form of cash cards distributed through disaster recovery centers by the Boulder County Office of Emergency Management. Grant requests were funded for local nonprofit agencies whose operations were impacted by the flood. Grants were also made to the hardest hit towns to fund assistance and recovery resources. In December of 2013, the Long-Term Flood Recovery Group was created to provide strategic guidance and management of the remaining funds. Foothills United Way continues to facilitate the receipt and disbursement of funds to the impacted community. The Long-Term Flood Recovery Group currently has over 80 volunteers providing recovery services, support and oversight, and volunteer and case management.

During the years ended June 30, 2016 and 2015, the fund received approximately \$172,807 and \$663,000 in donations and expended approximately \$1,448,000 and \$1,318,000 in grants and \$342,000 and \$660,000 in recovery group staffing, office space and operations, respectively.