

UNITED WAY OF SANTA FE COUNTY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2014

UNITED WAY OF SANTA FE COUNTY, INC.

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UNITED WAY OF SANTA FE COUNTY, INC.
MANAGEMENT REVIEW OF OPERATIONS
JUNE 30, 2014

Financial Condition

UWSFC finished fiscal year 2014 with an increase in net assets of \$799,770. We have \$218,616 in cash that are not permanently restricted. We expect \$226,712 in pledges still due from the 2014 campaign to be paid during fiscal year 2015 and our collection rate remains high. Our liabilities total \$363,794, consisting of funds in the amount of \$876 held for other organizations for which UWSFC acts as fiscal sponsor, a note payable for a building in the amount of \$193,969 and \$168,949 of payables, accrued expenses and other liabilities. Our net assets are \$1,982,610.

Results of Operations

The ever-growing awareness and support of the Santa Fe Children's Project (SFCP) contributed to the continued support of our annual campaign. We continue to see some erosion in the workplace and corporate gifts as expected. The final year of Project LAUNCH funding and funding from the State of New Mexico has allowed us to sustain and grow pieces of the SFCP, along with continued funding from private donors like Brindle Foundation, the LANL Foundation, and Christus St. Vincent Regional Medical Center (CSVRMC). Therefore, sustained and new grants revenue, and giving through our annual campaign, has enabled UWSFC and the SFCP to continue its momentum.

Designated Pledges

Individuals making donations to UWSFC may designate their donation to specific non-profit agencies. Under accounting principles generally accepted in the United States of America, UWSFC may not recognize such donations as revenue since we act as a pass through agent. The amount of designated pledges was \$183,877, net of fees. Fifty-one percent of designations were paid to 108 specified agencies prior to year end. The remaining portion will be paid in full by January 31, 2015.

**UNITED WAY OF SANTA FE COUNTY,
INC. MANAGEMENT REVIEW OF
OPERATIONS JUNE 30, 2014**

Our Mission

The mission of UWSFC is to create lasting change in chronic community conditions by acting as a change agent. The SFCP is our vehicle for achieving that mission and as such represents our overall strategy. Listed here are the components of that strategy:

- **Early Intervention** – First Born[®]: home visitation curriculum that serves families with children pre-natal to three years old. Postpartum home visitation provides any family experiencing a birth in Santa Fe County with three home visits within the first 30 postpartum days, if requested. Triple P – Positive Parenting Program – a series of workshops and supports for parenting across the age spectrum.
- **Early Education** – Pre-K Classes/Parent support Program: for 4-year-olds that includes parenting support.
- **Early Childhood Policy and Advocacy** – UWSFC has spearheaded a path-breaking initiative – the New Mexico Early Childhood Development Partnership – this is bringing business and community leaders to the table in an unprecedented groundswell of support for increased sustainable public funding for early childhood development. This work involves identifying viable sources and strategies for increased public funding and then creating and supporting the necessary legislation and public policy to secure these funds in perpetuity.
- **Volunteer Opportunities** – we have increased opportunities for mentoring and tutoring elementary age students. Tutors play a special role in developing trust, confidence and mastery in young children struggling with reading fluency.
- **Community Engagement** – bringing more people into public life in support of our children’s education runs through all SFCP but is a primary component of both Community Schools and advocacy.

UNITED WAY OF SANTA FE COUNTY, INC. MANAGEMENT REVIEW OF OPERATIONS JUNE 30, 2014

Within the SFCP there are five ways to partner with other community organizations:

1. Contracting for services with other organizations
2. Orchestrate collaborations that have two goals:
 - Leverage existing resources
 - Position collaboration to seek funding sources
3. Referral relationships
4. Program partnership
5. Mobilization of community around education

The Board of Directors has determined that UWSFC resources will support the SFCP and community engagement initiatives.

United Way Initiatives

Santa Fe Children's Project

The mission of the Santa Fe Children's Project (SFCP) is to provide children living in poverty a more equitable chance at success. We define success as college graduation (or the completion of a freely-chosen alternative such as a career-related training program, etc.). The ideal intervention would be to provide the same level of effective, continuous support, birth-to-graduation that is provided by a healthy, middle class or affluent family.

The concept is really rather simple: if being born and raised in poverty imposes unfair conditions that decrease the likelihood of children's success compared to children born and raised in greater affluence, social justice requires the provision of supports to alleviate that disadvantage. The most just condition would be the provision of supports and resources equal to the supports and resources available to the more fortunate.

This simple notion has guided the design and implementation of the SFCP for the last five years. The SFCP is a complex network of sequential services, programs and opportunities – social, educational, and civic engagement – that, taken together, can change academic and social conditions, resulting in greatly increased community assets, family strengths and, ultimately, success for children.

**UNITED WAY OF SANTA FE COUNTY,
INC. MANAGEMENT REVIEW OF
OPERATIONS
JUNE 30, 2014**

New Mexico Early Childhood Development Partnership (NMECDP)

Although not a program of the Santa Fe Children's Project, United Way of Santa Fe County (UWSFC) is the fiscal sponsor for the Partnership with UWSFC's CEO Katherine Freeman as chair. As such, a statement of position and statement of activities is presented in Note 11.

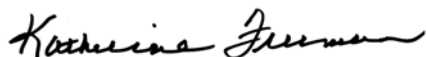
The NMECDP is a public-private partnership founded to advocate for the creation, adoption, and implementation of robust, effective, and proven early childhood programs that are available to all children, birth to five in New Mexico. The Partnership's mission is to create awareness, support, and understanding of the overwhelming benefits of early childhood development programs, and the positive effect on future generations of New Mexicans.

Outlook

We have planned for several years to become an organization that truly has the ability to make an impact of lasting change in the community, rather than being the traditional fundraising organization passing through funds to other organizations. We believe we are making real and lasting changes in chronic community conditions through the Santa Fe Children's Project.

The Santa Fe Children's Project is changing our community by creating new opportunities for children and families. We bring the community together to plan, advocate, and provide programs from birth to career. Our children become more successful in school and in life, our families become more resilient, our community becomes stronger both now and in the future.

United Way of Santa Fe County has a strong outlook for the future. Several years ago, our campaign represented a substantial portion of our revenue. Today our campaign represents only 23% of our budget with the remaining 76% coming from the combination of private foundations, state, and federal multi-year grants. In a few short years, we have grown our budget from just over \$1 million to now over \$3.3 million reflecting sustainability while supporting our long term strategic planning.



Katherine Freeman
President & CEO



Carl Luff
Interim Treasurer & Secretary

REPORT BY MANAGEMENT

Management is responsible for the preparation and the integrity of the accompanying financial statements. These statements are prepared in accordance with accounting principles generally accepted in the United States of America and require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. In management's opinion, the financial statements present fairly our financial position, changes in our net assets and cash flows. All financial information in this Annual Financial Report is consistent with the financial statements.

Management maintains and relies on a system of internal controls and related policies and procedures that provide reasonable assurance of the integrity and reliability of the financial statements. The system provides, at appropriate costs and within the inherent limitations of all internal control systems that transactions are executed in accordance with management's authorization and are properly recorded and reported in the financial statements and that assets are safeguarded. Our internal control system provides for careful selection and training of supervisory and management personnel and requires appropriate segregation of responsibilities and delegation of authority. In addition, we have prepared a corporate code of ethics for purposes of determining possible conflicts of interest, compliance with laws and confidentiality of proprietary information.

Our independent auditors, Ricci & Company, LLC, audited the annual financial statements as described in their report. They obtained an understanding of our internal control system to enable them to plan their audit and determine audit procedures to be performed.

The Board of Directors has established an independent Audit Committee. The Committee is appointed by the Board to assist the Board in its oversight function by monitoring, among other things, our financial reporting process and the independence and performance of our independent auditors. The Committee's activities include meeting periodically with management and the independent auditors to discuss their independence and to review audit results, financial reporting, internal controls and other financial matters. The independent auditors have full and free access to the Committee.



Katherine Freeman
President & CEO



Carl Luff
Interim Treasurer & Secretary

Independent Auditor's Report

Board of Directors
United Way of Santa Fe County, Inc.
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Santa Fe County, Inc. which comprise the statements of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's 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 United Way of Santa Fe County, Inc. as of June 30, 2014 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Santa Fe County, Inc.'s June 30, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 25 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014 on our consideration of United Way of Santa Fe County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Santa Fe County, Inc.'s internal control over financial reporting and compliance.

Ricci & Company, LLC

Albuquerque, New Mexico
November 6, 2014

FINANCIAL STATEMENTS

**UNITED WAY OF SANTA FE COUNTY
STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013**

ASSETS	2014	2013
Cash		
Unrestricted	\$ 218,616	145,645
Restricted	618,812	495,188
Campaign pledges receivable, net	226,712	195,557
Grants receivable	138,354	269,586
Miscellaneous receivable	11,250	22,700
Charitable gift annuity receivable	314	988
Investments	875,448	243,417
Prepaid expenses and other	46,822	34,027
Asset held for sale	184,043	-
Property and equipment, net	26,033	246,410
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Total assets	\$ 2,346,404	1,653,518
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 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 168,599	175,228
Funds held for other organizations	876	2,535
Note payable due to bank	193,969	197,446
Refundable advance	-	93,040
Other liabilities	350	2,429
	<hr/>	<hr/>
Total liabilities	363,794	470,678
	<hr/>	<hr/>
Net Assets		
Unrestricted	261,638	233,478
Temporarily restricted	583,661	412,051
Permanently restricted	1,137,311	537,311
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Total net assets	1,982,610	1,182,840
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Total liabilities and net assets	\$ 2,346,404	1,653,518
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See Notes to Financial Statements.

UNITED WAY OF SANTA FE COUNTY
STATEMENTS OF ACTIVITIES
Year Ended June 30, 2014 with Summarized Financial
Information for the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014	2013
Public Support and Revenue					
Bequest	\$ -	-	600,000	600,000	15,200
Gross campaign results	747,278	226,712	-	973,990	904,187
(Less additional loss on 2012 Campaign)	-	-	-	-	(10,947)
Add additional revenue on 2013 Campaign	3,446	-	-	3,446	-
(Less donor designations)	(184,578)	-	-	(184,578)	(141,586)
(Less provision for uncollectible)	(16,540)	-	-	(16,540)	(18,128)
Net campaign revenue	549,606	226,712	-	776,318	733,526
Dividends and interest	12,238	-	-	12,238	10,370
Special events income	-	-	-	-	17,857
State government grant income	499,149	-	-	499,149	490,437
Federal government grant income	319,028	-	-	319,028	694,258
Other grant income	545,120	356,637	-	901,757	468,583
Fee income designated funds	15,701	-	-	15,701	15,890
Designations from other United Ways	21,916	-	-	21,916	21,678
In-kind contributions	78,876	-	-	78,876	57,447
Miscellaneous income	37,781	-	-	37,781	31,415
Investment gains (losses)	48,080	-	-	48,080	12,563
Loss on asset disposal	(332)	-	-	(332)	(1,337)
Net assets released from restrictions due to satisfaction of program restrictions	411,739	(411,739)	-	-	-
Total public support and revenue	2,538,902	171,610	600,000	3,310,512	2,567,887
Expenses					
Program services					
Gross funds distributed	183,877	-	-	183,877	140,696
(Less donor designations)	(183,877)	-	-	(183,877)	(140,696)
Net funds distributed	-	-	-	-	-
Other program services	1,975,566	-	-	1,975,566	1,955,875
Total program services	1,975,566	-	-	1,975,566	1,955,875
Fundraising	262,343	-	-	262,343	180,245
Management and general	262,492	-	-	262,492	196,871
United Way of America dues	10,341	-	-	10,341	9,972
Total expenses	2,510,742	-	-	2,510,742	2,342,963
Change in net assets	28,160	171,610	600,000	799,770	224,924
Net assets, beginning of year	233,478	412,051	537,311	1,182,840	957,916
Net assets, end of year	\$ 261,638	583,661	1,137,311	1,982,610	1,182,840

See Notes to Financial Statements.

UNITED WAY OF SANTA FE COUNTY
STATEMENTS OF CASH FLOWS
June 30, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Cash received from contributors and other	\$ 2,590,137	2,261,785
Cash received from investment activities	12,912	758
Cash paid for employees	(1,526,434)	(1,584,725)
Cash paid to suppliers	(916,380)	(750,425)
Net cash provided (used) by operating activities	160,235	(72,607)
Cash Flows from Investing Activities		
Net sales in long-term investments	1,282,379	375,266
Purchase of investments	(1,841,313)	(385,435)
Proceeds on sales of equipment	905	-
Property and equipment additions	(2,134)	(6,515)
Net cash used by investing activities	(560,163)	(16,684)
Cash Flows from Financing Activities		
Contributions restricted for endowments	600,000	15,200
Repayment on bank loans	(3,477)	(3,291)
Net cash provided by financing activities	596,523	11,909
Net increase (decrease) in cash and cash equivalents	196,595	(77,382)
Cash and cash equivalents at beginning of year	640,833	718,215
Cash and cash equivalents at end of year	\$ 837,428	640,833

UNITED WAY OF SANTA FE COUNTY
STATEMENTS OF CASH FLOWS (Continued)
June 30, 2014 and 2013

Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities	2014	2013
Change in net assets	\$ 799,770	224,924
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	12,231	12,490
Impairment loss	26,352	-
Loss on disposal of assets	332	1,337
Donated stock	(25,017)	-
Realized and unrealized gains on investments	(48,080)	(22,933)
Contributions restricted for endowments	(600,000)	(15,200)
Changes in assets and liabilities		
Grants receivable	131,232	(159,407)
Campaign pledges receivable	(31,155)	105,413
Miscellaneous receivable	11,450	(22,700)
Charitable gift of annuity receivable	674	758
Prepaid expenses	(12,795)	3,620
Accounts payable and accrued expenses	(6,629)	(9,634)
Refundable advance	(93,040)	(191,275)
Other liabilities	(5,090)	-
Net cash provided (used) by operating activities	\$ 160,235	(72,607)

Noncash investing and financing activities in 2014 consist of

Receipt of donated stock	25,017	-
Transfer of property from property and equipment to asset held for sale	184,043	-
Impairment loss on property transfer to asset held for sale	(26,352)	-

See Notes to Financial Statements.

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 1. ORGANIZATION

The United Way of Santa Fe County, Inc. (United Way) is a New Mexico not-for-profit corporation, chartered in 1954, with governance by a volunteer Board of Directors. United Way is organized to create lasting change that improves the quality of life and health in our community. Additionally, the United Way has developed the Santa Fe Children’s Project (SFCP), a comprehensive innovative community development model serving as the vehicle to help achieve the goal of the United Way. To accomplish our goal, the United Way is involved in a variety of activities, including provision of services, creating collaborations, civic engagement and community organizing, policy and advocacy, and fundraising.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation. In accordance with generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has unrestricted, temporarily restricted, and permanently restricted net assets. Unrestricted net assets are available for general use by the Organization. Temporarily restricted net assets are principally donor contributions that are restricted in their use; if restrictions expire before the assets are expended, the assets are reclassified to unrestricted net assets. Permanently restricted net assets which are donor designated include an endowment. The endowment corpus shall be preserved in perpetuity and only designated funds may be used by the Organization for operations according to the endowment documents. No annual distributions for operations shall be made if such a distribution would cause the gifts to decrease below the original value of the gifts.

Cash and Cash Equivalents. United Way considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash includes money market funds and interest-bearing instruments with maturities at the date of purchase of three months or less. United Way maintains deposits in financial institutions that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Management believes that there is not a significant risk with respect to these deposits.

Restricted Cash and Investments. Cash and investments are considered to be restricted for the permanent endowment and to satisfy temporary restrictions. Restricted cash and investments are as follows:

	2014	2013
Cash	\$ 261,863	278,694
Investments	<u>875,448</u>	<u>243,417</u>
Endowment Restricted Cash and Investments	1,137,311	522,111
Endowment Accounts Receivable	<u>-</u>	<u>15,200</u>
Total Endowment	<u>\$ 1,137,311</u>	<u>537,311</u>
Cash restricted to satisfy temporary restrictions	<u>\$ 356,949</u>	<u>216,494</u>

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk. The majority of the Organization's cash funds are held in one financial institution located in Santa Fe, New Mexico. These balances are insured under the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Investments. Investments consist of common stock and mutual funds that are stated at fair market value. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Revenue Recognition. Annual fundraising campaigns are conducted each year to carry out United Way's mission. Pledges from campaign continue to be received into the following calendar year. Pledges that are donor designated for payment to specific agencies or other third parties are accounted for as agency transactions, rather than as revenue and expense of United Way. Amounts representing pledges designated by donors to specific agencies (and thus, not included in net revenue or expense) totaled, net of fees, \$183,877 in 2014 and \$140,696 in 2013.

All pledges and other contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are designated for future periods or 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, United Way reports the support as unrestricted.

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 computed using risk free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The provision for uncollectible pledges is computed based upon a five-year historical average adjusted by management estimates of current economic factors. It is applied to the gross campaign including donor option pledges.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Refundable Advance. Refundable advance consists of grant funds received prior to required services being completed. The income is recognized in the period in which the services are provided.

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment. Property and equipment are recorded at cost if purchased, or at fair market value if donated. Depreciation of automobiles and furniture and fixtures is provided over the estimated useful lives of the respective assets on a straight-line basis. Lives range from three to forty years. The Organization capitalizes all assets with useful lives in excess of three years and a cost of at least \$1,000.

Donated Goods and Services. A substantial number of unpaid volunteers have made significant contributions of their time to develop United Way's programs, principally in board activities, fundraising and programs. The value of this contributed time is not reflected in these financial statements. Donated goods and services are recorded at their estimated fair value at the date of donation. Services that require specific expertise are recorded when received. The estimated value of contributed goods and services relating to advertising and program supplies totaling \$78,876 in 2014 and \$57,447 in 2013 has been included in both revenues and expenses.

Functional Allocation of Expenses. The cost of providing the various programs and other activities has been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes. The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and applicable state law. Accordingly, no provision for income taxes has been made. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2012.

Use of Estimates. The preparation of financial statements (accrual basis) in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates.

Reclassifications. Certain reclassifications have been made in 2013 financial statements to conform to the 2014 presentation.

Comparative Financial Statements. The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Subsequent Events. The Organization has evaluated subsequent events through November 6, 2014, the date which the financial statements were available to be issued.

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 3. CONTRIBUTIONS RECEIVABLE

Campaign pledges receivable are comprised of the following unconditional promises to give at June 30:

	2014	2013
Campaign pledges receivable	\$ 243,252	213,685
Allowance for uncollectibles	<u>(16,540)</u>	<u>(18,128)</u>
Net campaign pledges receivable	<u>\$ 226,712</u>	<u>195,557</u>

All campaign pledges are expected to be received within one year.

NOTE 4. INVESTMENTS

The Organization applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

United Way investments are reported at fair market value, as determined by quoted market prices, derived from an active market and are considered to have Level 1 inputs.

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 4. INVESTMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2014 and 2013.

Trading Securities - Valued at the closing price reported on the major market on which the individual securities are traded.

Mutual Funds - Valued at the net asset value (NAV) of shares held at year end using prices quoted by relevant pricing agent.

The amortized cost and fair value of investment securities at June 30 were as follows:

	2014		2013	
	Original Cost	Fair Value	Original Cost	Fair Value
Equity funds	\$ 539,580	578,774	-	-
Fixed income	297,268	296,674	-	-
Common stock	-	-	49,416	48,697
Open end mutual funds	-	-	154,724	162,932
Closed end mutual funds	-	-	40,353	31,788
Total	<u>\$ 836,848</u>	<u>875,448</u>	<u>244,493</u>	<u>243,417</u>

Investment income at June 30 consists of:

	2014	2013
Dividends and interests	\$ 12,238	10,370
Fees	(6,126)	(2,647)
Net investment gain	<u>48,080</u>	<u>12,563</u>
Total investment income	<u>\$ 54,192</u>	<u>20,286</u>

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment at June 30 consist of the following:

	2014	2013
Depreciable		
Building	\$ -	74,886
Furniture and equipment	22,430	22,430
Computer equipment and other	107,766	108,332
Accumulated depreciation	(104,163)	(94,747)
Non-Depreciable		
Land	<u>-</u>	<u>135,509</u>
Total	<u>\$ 26,033</u>	<u>246,410</u>

During the 2012 fiscal year, the United Way listed and marketed the Agua Fria Property at a sales price of \$210,395, which is net of a \$134,615 impairment loss recognized in 2012 as a result in the decline in estimated value of land and building associated with the property. The real estate contract expired in 2013 and the United Way transferred the Agua Fria property out of asset held for sale and into property and equipment as a building valued at \$74,886 and land valued at \$135,509. In November 2013, the United Way placed the property back on the market and transferred the property to asset held for sale at a value of \$184,043. An impairment loss of \$26,352 was recognized in the year ended June 30, 2014 and is included management and general expense on the statement of activities.

NOTE 6. NOTE PAYABLE AND LINE OF CREDIT

Note payable consists of the following as of June 30:

	2014	2013
Loan with Los Alamos National Bank with monthly installments of \$1,187, including interest at 5.5%, variable after August 2014, balance due August 2039. The loan is secured by real estate. We have used 5.5% interest for the life of the note for disclosure purposes.	<u>\$ 193,969</u>	<u>197,446</u>

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 6. NOTE PAYABLE AND LINE OF CREDIT (CONTINUED)

The schedule of future payment of long-term debt is as follows:

2015	\$ 3,673
2016	3,880
2017	4,099
2018	4,330
2019	4,575
Thereafter	<u>173,412</u>
	<u>\$ 193,969</u>

During the years ended June 30, 2014 and 2013, the United Way incurred interest expense of \$10,773 and \$10,958, respectively.

United Way extended their \$80,000 revolving line-of-credit with Century Bank to December 19, 2014. Interest is payable monthly on outstanding balances at an interest rate of US Prime (currently 3.25%) plus .75%, with an interest rate floor of 6.0%. This line is collateralized by all chattel paper, accounts and general intangibles. There were no borrowings during the years ending June 30, 2014 and 2013.

NOTE 7. CAPITAL LEASES

Equipment under capital leases consists of a phone system with a combined capitalized cost of \$12,859. Accumulated depreciation in the statements of financial position includes \$12,783 related to the phone system. Depreciation expense reported in the statements of activities includes \$2,138 for the equipment under capital lease. The leases include \$1 purchase options at the end of the lease period. The lease was paid off during the year ended June 30, 2014.

NOTE 8. ENDOWMENT FUND

The United Way's endowment consists of one fund and is made up of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The United Way classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 8. ENDOWMENT FUND (CONTINUED)

Changes in endowment net assets as of June 30, 2014:

	Unrestricted	Permanently Restricted	Total
Donor-restricted, Endowment funds	\$ 33,365	1,137,311	1,170,676

Changes in Endowment Net Assets for the fiscal year ending June 30, 2014:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (14,715)	537,311	522,596
Investment return, Investment income	48,080	-	48,080
Contribution of endowment assets	-	600,000	600,000
Endowment net assets, June 30, 2014	<u>\$ 33,365</u>	<u>1,137,311</u>	<u>1,170,676</u>

Changes in endowment net assets as of June 30, 2013:

	Unrestricted	Permanently Restricted	Total
Donor-restricted, Endowment funds (deficit)	\$ (14,715)	537,311	522,596

Changes in Endowment Net Assets for the fiscal year ending June 30, 2013:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (27,278)	522,111	494,833
Investment return, Investment income	12,563	-	12,563
Contribution of endowment assets	-	15,200	15,200
Endowment net assets, June 30, 2013	<u>\$ (14,715)</u>	<u>537,311</u>	<u>522,596</u>

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 8. ENDOWMENT FUND (CONTINUED)

Return Objectives and Risk Parameters

The United Way has adopted investment and spending policies, for endowment assets, which attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that must be held in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results which exceed the price and yield results of investment vehicle specific benchmarks, while assuming an appropriate level of risk. The Investment Policy calls for expectation of 4% plus the rate of the Consumer Price Index. Actual returns in any given year may vary from this amount.

Spending Policy and How the Investment Objectives Relates to Spending Policy

In accordance with the United Way's Investment Policy approved by the Board of Directors, distributions are not expected to exceed 5% to 7% of the market value of the Funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the United Way relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In the case of permanently restricted gifts by donors (endowment funds), preservation of the value of the original gift is the primary emphasis of the United Way. The United Way will target a diversified asset allocation of moderate long-term growth of principal and income, as well as stability within prudent risk parameters and constraints.

NOTE 9. CHARITABLE REMAINDER TRUST

The United Way is the remainder beneficiary of an irrevocable gift to a charitable remainder trust. United Way of America is the trustee. The gift will not be available until after the deaths of the donors, who, while living, designated an annual payout from the Trust to a beneficiary based on a fixed percentage of the market value of the invested funds each year. The gift has been recorded at the net present value of the estimated future benefits to be received when the trust assets are distributed. That amount is amortized each year based on published Internal Revenue Service discount rates.

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 10. TEMPORARILY RESTRICTED NET ASSETS

	2014	2013
Temporarily Restricted Net Assets:		
Santa Fe Children’s Project	\$ 145,830	58,468
Outstanding pledge contributions	226,712	195,557
New Mexico Early Childhood Project	210,805	157,038
Charitable Remainder Trust	<u>314</u>	<u>988</u>
Total	<u>\$ 583,661</u>	<u>412,051</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, and via donor authorizations, as follows:

	2014	2013
Prior year contributions	\$ 195,557	292,965
Grant income	215,508	88,197
Charitable Remainder Trust	<u>674</u>	<u>757</u>
Total	<u>\$ 411,739</u>	<u>381,919</u>

NOTE 11. COMMITMENTS, CONTINGENCIES, RISKS AND UNCERTAINTIES

Leases - United Way rents its office space for \$5,113 per month under two operating leases for two separate spaces in the same building. Both operating leases were amended with a rider executed on March 1, 2009 to extend the leases 60 months, terminating February 28, 2014. The rider stipulates a 3% increase each year, beginning March 1, 2010, and a three-year renewal option for both leases which was exercised in February 2014.

Future minimum payments under this lease at June 30 are as follows:

2015	\$ 61,968
2016	63,827
2017	<u>43,394</u>
	<u>\$ 169,189</u>

Total rent expense was \$61,354 in 2014 and \$60,139 in 2013. The Organization also leases certain office equipment.

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Employee Benefit Plan - United Way has a 403(b) retirement plan for the benefit of its employees. Eligible employees are able to contribute to the plan upon employment. Usually after one year of employment, United Way will match those contributions up to a maximum of three percent of the employee's earnings during the year. United Way recognized an expense of \$9,951 in 2014 and \$8,136 in 2013, representing its matching contribution, which are included as part of employee benefits expense.

Concentrations - United Way received approximately 94% of its total revenue from contributions and grants in 2014 and 2013.

Agency Relationships - During the year, United Way acted as a fiscal agent for three unaffiliated organizations, and as a fiscal sponsor for the New Mexico Early Childhood Development Partnership (NMECDP). As fiscal agent, United Way can provide cash management and bookkeeping services to those organizations or councils. Included in other liabilities at the end of the fiscal year for the three unaffiliated organizations is \$876 in 2014 and \$2,535 in 2013. The financial activity of NMECDP is represented in the grant income and functional expenses of United Way financial statements, and the activity are represented below:

	2014	2013
Assets		
Cash	\$ 182,708	105,181
Receivables	<u>40,000</u>	<u>150,000</u>
Total assets	<u>\$ 222,708</u>	<u>255,181</u>
Liabilities		
Deferred revenue	<u>\$ -</u>	<u>93,040</u>
Net assets		
Unrestricted	11,903	5,103
Temporarily restricted	<u>210,805</u>	<u>157,038</u>
Total net assets	<u>222,708</u>	<u>162,141</u>
Total liabilities and net assets	<u>\$ 222,708</u>	<u>255,181</u>

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The following schedule presents the revenues and expenses for the fiscal year at June 30:

	2014	2013
Expenses		
Grant expenses	\$ 447,306	<u>276,969</u>
General Revenues		
Grant income	477,040	384,925
Campaign revenue	30,079	49,081
Dividend and interest	<u>754</u>	<u>973</u>
Total general revenues	<u>507,873</u>	<u>434,797</u>
Change in net assets	<u>60,567</u>	<u>158,010</u>
Net assets, beginning of year	<u>162,141</u>	<u>4,131</u>
Net assets, end of year	<u><u>\$ 222,708</u></u>	<u><u>162,141</u></u>

NOTE 12. PROGRAM EXPENSE

Designations for the year ended June 30, 2014 and 2013 are as follows:

	2014	2013
Designations		
Christ Church Santa Fe	\$ 7,384	-
Chua Tu Hanh Temple	21,300	-
Dieu Nhan Buddhist Meditation Association, Inc.	21,300	-
Food Depot	12,630	9,691
Path Finder International	7,384	7,228
St. Elizabeth's Shelter	8,306	-
Van Hanh Temple	10,650	-
Calvary Metro Santa Fe	-	9,758
Holy Family Episcopal Church	-	5,421
Kol BeRamah Torah Learning Coop	-	9,939
All others	<u>94,923</u>	<u>98,659</u>
Total donor designations	<u><u>\$ 183,877</u></u>	<u><u>140,696</u></u>

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 12. PROGRAM EXPENSE (CONTINUED)

	2014	2013
Initiative Expense		
Santa Fe Children’s Project (CYFD State Grant)	\$ 499,149	490,437
Santa Fe Children’s Project (Project Launch Federal Grant)	296,401	670,861
Santa Fe Children’s Project (Other Grants and Donor Directed)	916,587	658,304
New Mexico Early Childhood Partnership	<u>447,306</u>	<u>276,969</u>
Total expenditures	2,159,443	2,096,571
Less donor designations	<u>(183,877)</u>	<u>(140,696)</u>
Total initiative expense	<u>\$ 1,975,566</u>	<u>1,955,875</u>

SUPPLEMENTAL INFORMATION

UNITED WAY OF SANTA FE COUNTY
SCHEDULES OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014 with Comparative
Totals for the Year Ended June 30, 2013

	2014			2013 Total	
	Program	Fundraising	Management and General		Total
Payroll and Related Expenses					
Compensation	\$ 1,051,373	128,035	140,331	1,319,739	1,404,488
Payroll taxes	87,852	9,581	10,501	107,934	116,152
Employee benefits	76,813	10,471	11,477	98,761	73,252
Total payroll and related expenses	1,216,038	148,087	162,309	1,526,434	1,593,892
Other Expenses					
Distributions	797	97	106	1,000	1,557
Initiatives and technical assistance	36,302	-	-	36,302	-
Marketing and development	22,704	2,888	4,180	29,772	44,559
Accounting and audit	-	-	19,260	19,260	20,688
Dues and subscriptions	961	1,846	125	2,932	1,856
Equipment	25,116	1,124	1,232	27,472	28,832
Insurance	17,298	2,107	4,720	24,125	21,524
Postage and shipping	2,496	3,018	271	5,785	6,108
Professional	236,020	70,296	2,395	308,711	259,090
Software support	38,585	10,568	2,841	51,994	30,044
Supplies	61,788	667	731	63,186	47,880
Telephone and internet	18,268	759	832	19,859	18,038
Transportation	38,748	3,302	60	42,110	36,528
Other	60,803	6,174	576	67,553	29,746
Rent and occupancy	69,676	8,149	23,135	100,960	94,092
Conferences and meetings	40,581	2,400	121	43,102	19,558
Training	11,524	861	-	12,385	9,062
United Way of America membership dues	-	10,341	-	10,341	9,972
Total other expenses	681,667	124,597	60,585	866,849	679,134
Total payroll and other expenses before non-cash expenses	1,897,705	272,684	222,894	2,393,283	2,273,026
Non-cash Expenses					
Depreciation expense	-	-	12,231	12,231	12,490
Loss due to impairment	-	-	26,352	26,352	-
In-kind expense - advertising	77,861	-	1,015	78,876	57,447
Total non-cash expenses	77,861	-	39,598	117,459	69,937
Total expenses	\$ 1,975,566	272,684	262,492	2,510,742	2,342,963

Ricci & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS
6200 UPTOWN BLVD. NE - SUITE 400
ALBUQUERQUE, NM 87110

Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Board of Directors
United Way of Santa Fe County, Inc.
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Santa Fe County, Inc. (United Way), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report dated November 6, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of the United Way's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Board of Directors
United Way of Santa Fe County, Inc.
Santa Fe, New Mexico

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ricci & Company, LLC

Albuquerque, New Mexico
November 6, 2014

**UNITED WAY OF SANTA FE COUNTY, INC.
STATUS OF FINDINGS AND RESPONSES
Year Ended June 30, 2014**

Current Year Audit Findings

None

Prior Year Audit Findings

None

**UNITED WAY OF SANTA FE COUNTY, INC.
BOARD OF DIRECTORS
YEAR ENDED JUNE 30, 2014**

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Alan Austin, Chair- Elect
Carl Luff, Interim Treasurer and Secretary

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Barbara Damron, PhD, RN, FAAN
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Kathy Armijo Etre, PhD
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