



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**UNITED WAY OF SANTA FE  
COUNTY, INC.**

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

**For the Year Ended June 30, 2017  
With Comparative Totals for 2016**



**UNITED WAY OF SANTA FE COUNTY**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

**TABLE OF CONTENTS**

---

	<u>Page</u>
<b>Official Roster</b>	ii
<b>Management Review of Operations</b>	1-3
<b>Report by Management</b>	4
<b>Independent Auditor's Report</b>	5-6
<b>Financial Statements:</b>	
Statement of Financial Position	7
Statement of Activities	8
Statement of Functional Expenses	9
Statement of Cash Flows	10
Notes to Financial Statements	11-25
<b>Other Reports</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26-27
<b>Schedule of Findings and Responses</b>	28

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**OFFICIAL ROSTER**  
**As of June 30, 2017**

*Board of Directors*

---

Stacy Quinn	Chair
Miranda Viscoli	Chair-Elect & Secretary
Carl Luff	Treasurer
Keith Burks	Member
Cheryl Cabbil	Member
Barbara Damron, PhD, RN, FAAN	Member
Suzy Eskridge	Member
Katherine Freeman	Member
Aileen Garcia	Member
William E. Garcia	Member
Carol Johnson	Member
Anne W. Honstein	Member
Brian Lewis	Member
Darryl McCall	Member
Valerie Plame	Member
Barbara Rand	Member
Lynda Sadler Gavioli	Member

*Administrative Personnel*

---

Katherine Freeman	CEO
Mona Kay	VP of Finance
Marisol Baird	Executive Assistant

**UNITED WAY OF SANTA FE COUNTY  
MANAGEMENT REVIEW OF OPERATIONS  
June 30, 2017**

Financial Condition

United Way of Santa Fe County (UWSFC) finished fiscal year 2017 with an increase in net assets of \$830,932. UWSFC's cash balance was \$671,282. We expect \$165,855 in pledges from the 2017 campaign to be paid during fiscal year 2018. Our liabilities total \$1,591,467, consisting of funds in the amount of \$76 held for other organizations for which UWSFC acts as fiscal sponsor, a note payable for building upgrades in the amount of \$250,000, \$94,679 of payables, accrued expenses and other liabilities, \$65,000 borrowed from our line of credit, and \$1,072,000 of principle plus \$55,173 of accrued interest as of June 30, 2017 payable to the Santa Fe Public Schools for the purchase of Kaune Elementary School. Our net assets are \$4,429,466, of which \$900,611 are capital campaign funds to complete the purchase and remodeling of Kaune Elementary School to an Early Learning Center for children six months to five years of age.

Results of Operations

The ever-growing awareness and support of UWSFC's Early Learning Programs contributed to the continued support of our annual campaign. We have experienced some erosion in individual donations, however we continue to sustain and grow pieces our programs, with ongoing and new funding from private donors like the Brindle Foundation, SVHsupport, and CHRISTUS St. Vincent Regional Medical Center (CSVPMC). Therefore, sustained and new grants revenue, in combination with giving through our annual campaign, has enabled UWSFC's Early Learning Programs to continue its momentum.

Capital Campaign

UWSFC launched a Capital Campaign in fiscal year 2015 in order to create an Early Learning Center for children aged six months to five years. In fiscal year 2016, UWSFC purchased Kaune Elementary School from Santa Fe Public Schools (SFPS), and entered into a ground lease with SFPS for the school's land. The \$8 million capital campaign will include interior remodeling of Kaune, that upon completion will house early learning classrooms and a variety of adult learning programs to be provided by UWSFC.

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 \$13,766, net of fees. 25% of designations were paid to 23 specified agencies prior to fiscal year end. The remaining portion will be paid in full by January 31, 2018.

Our Mission

The mission of UWSFC is to engage the whole community, bringing together people and resources to create increased opportunities for children and families to achieve their dreams and aspirations. UWSFC's Early Learning Programs are 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 prenatal to three years old. The Great Start Family Support home visitation program provides any family experiencing a birth in Santa Fe County with three home visits within the first 30 postpartum days, if requested. The Prenatal Education and Outreach Program is an intense targeted outreach effort to find and support women during the early months of pregnancy, and to offer them prenatal support.

**UNITED WAY OF SANTA FE COUNTY  
MANAGEMENT REVIEW OF OPERATIONS  
June 30, 2017**

- The Family Friends and Neighbors Program supports community members providing informal day care in their homes with home visits and group activities to improve the quality of their care. Triple P – Positive Parenting Program is a series of workshops and supports for parenting across the age spectrum.
- **PreK Education** – Pre-K Classes/Parent Support Program: for 3- and 4-year-olds.
- **The Dolly Parton Imagination Library** – Funded by Santa Fe County, UWSFC administers the Dolly Parton Imagination Library, an early literacy program that sends each enrolled child an age appropriate book every month, from birth to age five. UWSFC utilizes additional funding sources for Spanish language versions of these books.
- **Early Childhood Policy and Advocacy** – UWSFC has spearheaded a path-breaking initiative – the New Mexico Early Childhood Development Partnership – that 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 reading and mentoring PreK students, as well as assisting at community art events and mailing books to children. These volunteers play a special role in developing trust, confidence and mastery in young children learning to read.
- **Community Engagement** – engaging more people from the public and private sectors in support of our children’s education runs through all UWSFC Early Learning Programs.

Within UWSFC’s Early Learning Programs 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 our Early Learning Programs and community engagement initiatives.

### **United Way Initiatives**

#### UWSFC Early Learning Programs

The mission of United Way of Santa Fe County (UWSFC) is to engage the whole community, bringing together people and resources to create increased opportunities for children and families to achieve their dreams and aspirations. We achieve this mission through our Early Learning Programs. Our programs are an array of innovative child and family development initiatives that seeks to strengthen families, and the whole community, through a sequential pipeline of early intervention, education, and development opportunities.

**UNITED WAY OF SANTA FE COUNTY  
MANAGEMENT REVIEW OF OPERATIONS  
June 30, 2017**

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 our programs for the last ten plus years. UWSFC's Early Learning Programs are 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.

New Mexico Early Childhood Development Partnership (NMECDP)

The NMECDP is an additional initiative of UWSFC, with UWSFC CEO Katherine Freeman serving as chair.

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 funds through to other organizations. We believe we are making real and lasting changes for our families through our programs.

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 bold outlook for the future. Several years ago, our campaign represented a substantial portion of our revenue. Today our campaign represents only 23% of our operating budget with the remaining 77% coming from the combination of private foundations, individual donations and state multi-year service awards.



Katherine Freeman  
President & CEO



Carl Luff  
Treasurer

**UNITED WAY OF SANTA FE COUNTY**  
**REPORT BY MANAGEMENT**  
**June 30, 2017**

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, Hinkle + Landers, 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  
Treasurer

## **Independent Auditor's Report**

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the United Way of Santa Fe County (the UWSFC)(a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, 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 these 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 of 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 the UWSFC as of June 30, 2017, 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**

The prior year summarized comparative information has been derived from the UWSFC's June 30, 2016 financial statements. Those statements were audited by other auditors whose report dated December 1, 2016 has been furnished to us, and our opinion, insofar as it relates to the amounts included for prior year comparative data, is based solely on the report of the other auditors. Those auditors expressed an unmodified opinion on those statements.

**Other Matters**

Other Information

The introductory section identified in the table of contents as management review of operations and report by management have not been subjected to the auditing procedures applied in the audit of the Financial Statements and accordingly, we do not express an opinion or any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017, on our consideration of the UWSFC'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 the UWSFC's internal control over financial reporting and compliance.



Hinkle + Landers, P.C.  
Albuquerque, NM  
November 14, 2017

**UNITED WAY OF SANTA FE COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2017, With Comparative Totals For 2016**

	Notes	2017	2016
<b>ASSETS</b>			
Current Assets			
Cash & cash equivalents			
Unrestricted	C	\$ 358,345	(17,708)
Restricted	C	312,937	388,098
Campaign pledges receivable, net	H	165,855	209,429
Capital campaign pledges receivable, net - current	H	291,635	487,163
Grants receivable	G	371,753	211,029
Designation fees receivable	G	-	11,326
Miscellaneous receivable	G	11,250	5,359
Prepaid expenses and other		42,308	48,055
Total current assets		1,554,083	1,342,751
Security and equipment deposit	I	2,440	1,975
Capital campaign pledges receivable, net - non-current	H	313,006	382,283
Investments	D	888,409	1,200,013
Property and equipment, net	J	3,262,995	3,176,423
Total non-current assets		4,466,850	4,760,694
<b>TOTAL ASSETS</b>		<b>\$ 6,020,933</b>	<b>6,103,445</b>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable		\$ 94,753	131,580
Accrued liabilities	K	54,465	42,077
Line of credit due to bank	M	65,000	-
Notes payable (current portion)	L	1,072,000	1,000,000
Funds held for other organizations		76	76
Interest payable (Kaune Building)	L	55,173	9,178
Total current liabilities		1,341,467	1,182,911
Long-term Liabilities:			
Notes payable	L	250,000	1,322,000
Total liabilities		1,591,467	2,504,911
Net Assets			
Unrestricted net assets			
Undesignated		(558,186)	(576,792)
Net investment in property and equipment		1,885,822	845,245
Temporarily restricted net assets	N	1,466,436	1,694,687
Permanently restricted	E	1,635,394	1,635,394
Total net assets		4,429,466	3,598,534
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>\$ 6,020,933</b>	<b>6,103,445</b>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF SANTA FE COUNTY**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2017, With Comparative Totals For 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	<b>2017 Totals</b>	2016 Totals
<b>Public support</b>					
<b>Campaign results and other support</b>					
Amounts raised and processed by UWSFC	\$ 508,982	164,030	-	<b>673,012</b>	869,483
Amounts raised and processed for United Way organizations	33,543	-	-	<b>33,543</b>	12,616
Difference of 2016 campaign reserve to actual	6,524	-	-	<b>6,524</b>	94
Campaign results	<u>549,049</u>	<u>164,030</u>	<u>-</u>	<u><b>713,079</b></u>	<u>882,193</u>
Less provision for uncollectible pledges	(26,773)	-	-	<b>(26,773)</b>	(29,567)
Net campaign results before donor designations	<u>522,276</u>	<u>164,030</u>	<u>-</u>	<u><b>686,306</b></u>	<u>852,626</u>
Less donor designations	(13,766)	-	-	<b>(13,766)</b>	(147,135)
<b>Net campaign results</b>	<u>508,510</u>	<u>164,030</u>	<u>-</u>	<u><b>672,540</b></u>	<u>705,491</u>
Capital campaign revenue, net of discount	-	686,468	-	<b>686,468</b>	606,950
Bequests	18,914	-	-	<b>18,914</b>	131,417
County grants	55,866	-	-	<b>55,866</b>	55,365
State grants	987,592	-	-	<b>987,592</b>	833,928
Federal grants	31,959	1,364	-	<b>33,323</b>	26,488
Other grants	-	1,206,507	-	<b>1,206,507</b>	405,051
In-kind contributions	103,640	438,826	-	<b>542,466</b>	109,156
<b>Total public support</b>	<u>1,706,481</u>	<u>2,497,195</u>	<u>-</u>	<u><b>4,203,676</b></u>	<u>2,873,846</u>
Fee revenue from pledges	15,000	-	-	<b>15,000</b>	14,083
Other income	95,148	-	-	<b>95,148</b>	76,418
Dividends and interest	23,260	-	-	<b>23,260</b>	26,649
Investment (losses) gains	75,666	-	-	<b>75,666</b>	(45,305)
Loss on assets disposal	-	-	-	-	(318)
Net assets released from restrictions due to satisfaction of program restrictions	2,725,446	(2,725,446)	-	-	-
<b>Total revenue</b>	<u>2,934,520</u>	<u>(2,725,446)</u>	<u>-</u>	<u><b>209,074</b></u>	<u>71,527</u>
<b>Total public support and revenue</b>	<u>4,641,001</u>	<u>(228,251)</u>	<u>-</u>	<u><b>4,412,750</b></u>	<u>2,945,373</u>
<b>Expenses</b>					
<b>Programs</b>					
Gross funds distributed	13,766	-	-	<b>13,766</b>	146,552
(Less donor designations)	(13,766)	-	-	<b>(13,766)</b>	(146,552)
Net funds distributed	-	-	-	-	-
Other program services	2,913,567	-	-	<b>2,913,567</b>	2,584,123
<b>Total program services</b>	<u>2,913,567</u>	<u>-</u>	<u>-</u>	<u><b>2,913,567</b></u>	<u>2,584,123</u>
General & administrative	229,931	-	-	<b>229,931</b>	235,066
Fundraising expense	416,842	-	-	<b>416,842</b>	400,900
United Way of America dues	21,478	-	-	<b>21,478</b>	14,952
Total operating expenses	<u>3,581,818</u>	<u>-</u>	<u>-</u>	<u><b>3,581,818</b></u>	<u>3,235,041</u>
<b>Change in net assets</b>	1,059,183	(228,251)	-	<b>830,932</b>	(289,668)
Net assets, beginning	268,453	1,694,687	1,635,394	<b>3,598,534</b>	3,888,202
<b>Net assets, ending</b>	<u>\$ 1,327,636</u>	<u>1,466,436</u>	<u>1,635,394</u>	<u><b>4,429,466</b></u>	<u>3,598,534</u>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF SANTA FE COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2017, With Comparative Totals For 2016**

	Program	General & Administrative	Fundraising	<b>2017 Total</b>	2016 Total
<b>Personnel expenses:</b>					
Salaries	\$ 1,525,834	152,490	188,139	<b>1,866,463</b>	1,720,669
Payroll taxes	118,463	11,839	14,607	<b>144,909</b>	154,899
Payroll benefits	90,640	9,058	11,176	<b>110,874</b>	102,390
Retirement expense	15,028	1,502	1,853	<b>18,383</b>	15,970
Total personnel	<u>1,749,965</u>	<u>174,889</u>	<u>215,775</u>	<b><u>2,140,629</u></b>	<u>1,993,928</u>
<b>General expenses:</b>					
Distributions	108,631	7,658	9,456	<b>125,745</b>	99,714
Printing & postage	35,402	536	15,140	<b>51,078</b>	40,922
Professional services	193,964	24,390	85,760	<b>304,114</b>	295,310
Transportation	52,447	5,126	2,732	<b>60,305</b>	67,012
Office rent expense	221,726	6,523	8,107	<b>236,356</b>	116,770
Marketing and development	12,844	161	4,148	<b>17,153</b>	17,796
Telephone and internet	28,950	686	844	<b>30,480</b>	22,257
Supplies	122,780	284	5,866	<b>128,930</b>	122,540
Equipment	17,046	813	1,004	<b>18,863</b>	25,296
Insurance	44,429	4,440	5,478	<b>54,347</b>	30,324
Dues and subscriptions	2,018	77	10,915	<b>13,010</b>	17,439
Software support	16,064	356	32,394	<b>48,814</b>	51,281
Other	63,746	2,972	17,960	<b>84,678</b>	96,593
Lobbying	100	-	-	<b>100</b>	60,917
Interest expense	109,436	744	922	<b>111,102</b>	15,492
United Way of America membership dues	-	-	21,478	<b>21,478</b>	14,952
In-kind expense rent	94,140	-	-	<b>94,140</b>	94,140
In-kind expense advertising	9,500	-	-	<b>9,500</b>	15,016
Subtotal general expenses before depreciation	<u>1,133,223</u>	<u>54,766</u>	<u>222,204</u>	<b><u>1,410,193</u></b>	<u>1,203,771</u>
Depreciation	30,379	276	341	<b>30,996</b>	37,342
Total general expenses	<u>1,163,602</u>	<u>55,042</u>	<u>222,545</u>	<b><u>1,441,189</u></b>	<u>1,241,113</u>
Total expenses	<u>\$ 2,913,567</u>	<u>229,931</u>	<u>438,320</u>	<b><u>3,581,818</u></b>	<u>3,235,041</u>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SANTA FE COUNTY  
STATEMENT OF CASH FLOWS  
For The Year Ended June 30, 2017, With Comparative Totals For 2016

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<u>2017</u>	<u>2016</u>
Cash received from grantors	\$ 2,122,564	1,514,659
Cash received from contributors & support	1,200,180	1,057,733
Cash received from other income	94,539	63,174
Interest income & dividends	23,260	26,649
Cash payments to vendors & contractors	(1,226,745)	(1,176,629)
Cash payments for wages & benefits	(2,128,241)	(2,016,942)
Interest paid	(111,102)	(15,492)
Net cash provided/(used) by operating activities	<u>(25,545)</u>	<u>(546,848)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	428,714	74,427
Proceeds from sales of donated stock	438,826	-
Purchase of investments	(6,515)	(301,185)
Purchase of property and equipment	(112,035)	(3,147,625)
Net cash provided/(used) by investing activities	<u>748,990</u>	<u>(3,374,383)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Capital campaign contributions	512,447	732,450
Contributions restricted for endowment	-	98,083
Proceeds from issuance of debt/line of credit	65,000	2,231,178
Principal payments	(1,000,000)	-
Net cash provided/(used) by financing activities	<u>(422,553)</u>	<u>3,061,711</u>
 Net increase (decrease) in cash	<b>300,892</b>	(859,520)
 Cash & cash equivalents, beginning of year	<u>370,390</u>	1,229,910
 Cash & cash equivalents, end of year	<u>\$ 671,282</u>	<u>370,390</u>
 <b>RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 830,932	(289,668)
 <b>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</b>		
Depreciation expense	30,996	37,342
Adjustment related to fixed assets	5,533	-
Loss on disposal of assets	-	318
Donated stock (in-kind)	(438,826)	-
Realized and unrealized losses on investments	(75,666)	45,305
Contributions restricted for endowments	-	(98,083)
 Changes in assets and liabilities:		
Campaign pledges receivable	43,574	(4,007)
Capital campaign revenue	(247,642)	(606,950)
Grants receivable	(160,724)	193,827
Designation fees receivable	11,326	(324)
Miscellaneous receivable	(5,891)	(5,359)
Bequest receivable	-	200,000
Prepaid expenses	5,747	(5,910)
Security deposits	(465)	(1,975)
Accounts payable	(36,827)	11,650
Accrued expenses	12,388	(23,014)
<b>Net cash provided (used) by operating activities</b>	<u>\$ (25,545)</u>	<u>(546,848)</u>
 <b>Supplementary Information</b>		
In-kind expense rent	\$ 94,140	94,140
In-kind expense advertising	9,500	15,016
In-kind contributions-stock donation	438,826	-
	<u>\$ 542,466</u>	<u>109,156</u>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

**NOTE A – NATURE OF OPERATIONS**

The United Way of Santa Fe County, Inc. (Organization) 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 UWSFC Learning Early Programs (SFCEP) 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 B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared using the accrual basis of accounting. Under this method, all revenues earned and determinable in amount and receivable by the organization are recognized. Expenses incurred but not paid as of the close of business at June 30 are accrued. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**Financial Statement Presentation**

United Way reports 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. 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.

**Unrestricted and Board Designated Net Assets**

Unrestricted amounts are those net assets currently available at the discretion of the Board for use in the UWSFC's programs, and those resources invested in land, buildings and equipment. There were no Board designated net assets held during fiscal year 2017 and 2016, and accordingly, these financials do not reflect any activity related to this class of net assets.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets result from contributions and other inflows of assets whose use by the UWSFC is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled and removed by actions of the UWSFC pursuant to those stipulations. When a donor 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. See Note N for more detail.

**Permanently Restricted Net Assets**

Permanently restricted net assets result from contributions and other inflows of assets whose use by the UWSFC is limited by donor-imposed stipulations that cannot be removed by actions of the UWSFC. The UWSFC had permanently restricted net assets related to their Endowment Fund. See Note E for more detail.

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

**Cash and Cash Equivalents**

The UWSFC 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.

**Concentration of Credit Risk – Uninsured Cash Balances**

The UWSFC maintains cash funds in six separate financial institutions located in Santa Fe, New Mexico. Currently, the FDIC insures bank balances up to \$250,000, per institution. The SIPC insures money market balances up to \$500,000, however SIPC does not protect the value of the balances. As of June 30, 2017, all of the UWSFC's accounts were fully insured.

**Investments**

Investments consist of 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.

**Prepaid Expenses**

Prepaid expenses consist of insurance that is paid ahead of time and reduced throughout the fiscal year.

**Accounts, Grants and Contracts Receivables**

Contracts, grants, and other receivables are stated at unpaid balances, less an allowance for doubtful accounts. Management estimates the adequacy of the allowance for uncollectible receivables based on historical collections, specific impaired receivables, and other situations that may affect the collection of the receivables. Receivables are charged off in the period in which the management determines the receivable is uncollectible. As of June 30, 2017 and 2016, management estimates all receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

**Pledged Receivables**

Unconditional pledges to give are recognized as contribution revenues and receivables in the period the pledge is made. Conditional pledges to give are recognized when the conditions on which they depend are substantially met. Pledge receivables are allowance based on the receivables that have gone uncollected by the fiscal year end. Additionally, the non-current capital campaign pledge receivables are discounted at 3% each year.

**Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition may differ than the amounts reported in these combined financial statements. Fair value estimates for securities are currently volatile, difficult to predict, and subject to material changes that could affect the UWSFC's financial condition and results of operations in the future.

**Revenue Recognition**

Annual fundraising campaigns are conducted each year to carry out United Way's mission. Pledges from campaigns 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

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

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, \$13,766 in 2017 and \$147,135 in 2016.

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.

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. Depreciation is computed using the straight-line method. The UWSFC capitalizes all expenditures for property and equipment with a cost of \$1,000 or more with useful lives in excess of three years. Items with a cost of less than \$1,000 are expensed in the year of acquisition. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized.

The major classifications of property and equipment and the related depreciable lives are as follows:

<b><u>Type</u></b>	<b><u>Useful Lives</u></b>
Building	39 years
Leasehold improvements	2 - 39 years
Furniture and equipment	3 - 5 years
Computer equipment and other	3 - 5 years

**Impairment of Long-Lived Assets**

The UWSFC accounts for long-lived assets in accordance with the provisions of FASB ASC 360- 10 and subsections. ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that 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

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

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 assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. Management does not believe impairment indicators are present as of June 30, 2017.

**Accrued Leave**

For full-time employees whose work does not adhere to the annually established school year schedule, PTO will be accrued at the rate of 6.15 hours per pay period, to be pro-rated for employees working less than 40 hours per week, down to 20 hours per week. PTO balances will carry forward from year to year, but an employee may not, unless otherwise approved by the President or the Board of Directors, exceed the amount that he or she would accrue over the course of one year of work. When this limit is reached, the employee's accrued PTO balance will remain at this cap until such time that the balance is lowered by the employee using PTO. This policy is not applicable to employees of the SFCP Pre-K Program whose work necessitates their consistent presence, and as these employees do not accrue PTO.

The following table outlines the accrual rates:

<u>Employee Classification</u>	<u>Computation of PTO</u>
Full-time (40hrs) Professional and Admin Staff (1st to 5th years)	20 days
Full-time (40hrs) Professional and Admin Staff (5th year plus)	25 days
Permanent part-time staff (any permanent employee who works less than 40hrs, down to 20hrs)	accrued at a prorated full-time rate

The annual leave balance at year end was \$26,691 in 2017 and \$27,812 in 2016.

**Support**

The UWSFC reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Contributed (Donated) Services**

Contributions of services are recognized in the accompanying financial statements in accordance with FASB ASC 958-605-25-16; if the services received:

- enhance or create non-financial assets,
- require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

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 related to rent expense and advertising was \$103,640 in 2017 and related to advertising and program supplies was \$109,156 in 2016. These amounts have been included in both revenues and expenses.

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

The UWSFC had no donated services in fiscal years 2017 and 2016.

**Contributed (Donated) Assets**

The UWSFC may receive contributions of non-cash assets. Donated marketable securities and other non-cash donations are recorded as in-kind contributions at their estimated fair values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Absent donor stipulations regarding how long those donated assets must be maintained, the UWSFC reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The UWSFC reclassifies restricted net assets to unrestricted net assets at that time unless the donor has restricted the donated asset to a specific purpose. See Note O for additional detail regarding donated assets.

**Advertising**

The UWSFC expenses advertising costs as incurred. Advertising costs are incurred primarily for the dissemination of program information.

**Retirement Benefits**

The UWSFC provides a retirement plan under Section 403(b) of the Internal Revenue Code. Eligible employees are entitled to immediately participate in the 403(b)-retirement plan, with the Organization matching their contributions up to 3% of their earnings after one year of employment. Employer contributions to the retirement plan were \$18,383 and \$15,970 for the years ended June 30, 2017 and 2016, respectively.

**Functional Allocation of Expenses**

Expenses have been functionally allocated between Program Services and Supporting Services based on an analysis of personnel time and space utilized for the related activities.

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.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**Income Taxes**

The UWSFC is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as an organization that is not a private foundation.

**Accounting for Uncertainty in Income Taxes**

The UWSFC files its Federal Form 990 tax return in the U.S. federal jurisdiction and the online charitable registration in the Office of the Attorney General for the State of New Mexico. The UWSFC is generally no longer subject to examination by the Internal Revenue Service and the New Mexico Taxation and Revenue Department for fiscal years before 2014. The UWSFC is not currently under audit nor has the UWSFC been contacted by any of these jurisdictions. Management believes that they are operating within their tax-exempt purpose.

The UWSFC recognizes interest accrued related to unrecognized tax benefits in interest expenses and penalties in operating expenses, when applicable. No provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2017 and 2016.

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

**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 UWSFC's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

**Reclassifications**

Certain reclassifications may have been made to 2016 amounts to conform to 2017 presentation.

**NOTE C – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at year end, consist of the following at June 30:

<u>Type</u>	<u>2017</u>	<u>2016</u>
Checking and savings	\$ <b>671,183</b>	370,290
Petty cash	<b>99</b>	100
Total cash and cash equivalents	\$ <b>671,282</b>	<b>370,390</b>

**Restricted Cash and Investments**

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

	<u>2017</u>	<u>2016</u>
Cash to satisfy temporary restrictions	\$ <b>312,937</b>	<b>388,098</b>

Restricted investments are as follows:

	<u>2017</u>	<u>2016</u>
Endowment permanently restricted investment	\$ <b>888,409</b>	<b>1,200,013</b>

**NOTE D – INVESTMENTS**

Investment at June 30, include:

	<u>2017</u>		<u>2016</u>	
	<u>Original Cost</u>	<u>Fair Value</u>	<u>Original Cost</u>	<u>Fair Value</u>
Investments				
Equity funds	\$ <b>501,912</b>	<b>541,673</b>	783,088	746,016
Fixed income	<b>345,116</b>	<b>346,736</b>	458,428	453,997
Total investments	\$ <b>847,028</b>	<b>888,409</b>	<b>1,241,516</b>	<b>1,200,013</b>

Investment activity for each fiscal year, consists of the following:

	<u>2017</u>	<u>2016</u>
<b>Beginning Balance</b>	\$ <b>1,200,013</b>	1,018,560
Investment income (loss), net	<b>97,920</b>	(27,892)
Contributions	-	301,185
Withdrawals	<b>(393,786)</b>	(74,427)
Other debits	<b>(15,738)</b>	(17,413)
<b>Ending Balance</b>	\$ <b>888,409</b>	<b>1,200,013</b>

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

**NOTE E – ENDOWMENT**

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. The endowment investments are as follows:

<b>Endowment Investments</b>	<b>2017</b>	<b>2016</b>
Investments	\$ 888,409	1,200,013
Total Endowment	<u>\$ 888,409</u>	<u>1,200,013</u>

The net asset composition of the endowment is as follows:

<b>Permenantly Restricted Endowment</b>	<b>2017</b>	<b>2016</b>
Perm Restricted Endowment	\$ 1,635,394	1,635,394
Deficit in endowment corpus	(746,985)	(435,381)
	<u>\$ 888,409</u>	<u>1,200,013</u>

Changes in endowment net assets as of June 30, 2017:

	<b>2017</b>		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ (435,381)	1,635,394	<b>1,200,013</b>
Investment income/(loss)			
Net realized and unrealized gain/(loss)	75,666	-	<b>75,666</b>
Distributions	(387,271)	-	<b>(387,271)</b>
Endowment net assets, June 30, 2017	<u>\$ (746,986)</u>	<u>1,635,394</u>	<u><b>888,408</b></u>

Changes in endowment net assets as of June 30, 2016:

	<b>2016</b>		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ (390,076)	1,537,311	<b>1,147,235</b>
Investment income/(loss)			
Net realized and unrealized gain/(loss)	(45,305)	-	<b>(45,305)</b>
Contribution of endowment assets	-	98,083	<b>98,083</b>
Endowment net assets, June 30, 2016	<u>\$ (435,381)</u>	<u>1,635,394</u>	<u><b>1,200,013</b></u>

**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

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

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.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor- restricted endowment funds may fall below the level that the donor or accounting standard requires the UWSFC to retain as a fund in perpetuity. In accordance with accounting policies generally accepted in the United States of America, the deficiencies are reported as unrestricted net assets. Please refer to the table above for the deficiencies as of June 30, 2017 and 2016.

**NOTE F - FAIR VALUES MEASURED ON RECURRING BASIS**

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the UWSFC's financial statements as reflected herein. The UWSFC measures certain financial assets and liabilities at fair value on a recurring basis, including its derivative liabilities. The UWSFC's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy.

The three levels are as follows:

**Level 1**

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

**Level 2**

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3**

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

The fair value of investments securities is the market value based on the quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs to the limited market activity of the instrument.

The following table sets forth value measurements by level, within the fair value hierarchy, the UWSFC's financial assets measured at fair value as of June 30:

<b>Type</b>	<b>Level 1</b>	
	<b>2017</b>	<b>2016</b>
Investments	\$ <b>888,409</b>	1,200,013

The carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses, and other liabilities approximate fair value due to the short maturity periods of these instruments. The fair value of long-term debt, if any, is the carrying value due to the adjustable market rate if interest.

**NOTE G – GRANTS & OTHER RECEIVABLES**

Accounts receivable aging summary and other receivable at year end are as follows:

<b>Type</b>	<b>2017</b>	<b>2016</b>
Current (1-30)	\$ <b>119,039</b>	92,589
31-90 days	<b>201,464</b>	-
Greater than 90 days	<b>62,500</b>	135,125
Total grants and other receivables	\$ <b>383,003</b>	227,714
<b>Customer</b>	<b>2017</b>	<b>2016</b>
Kellogg Foundation	\$ <b>200,000</b>	125,000
CYFD First Born Home Visiting Program	<b>62,887</b>	44,054
SVHsupport	<b>62,500</b>	-
CYFD Prek	<b>19,247</b>	3,626
CYFD Prek Extended Day	<b>15,444</b>	8,052
Los Alamos National Labs	<b>11,250</b>	10,125
Dolly Parton Imagination Library	<b>9,001</b>	5,536
Other	<b>1,464</b>	11,201
Southwest NM Council of Governments	<b>1,210</b>	-
CYFD Dolly Parton Imagination Library	-	4,761
City of Santa Fe Children & Youth Commission	-	10,000
Toyota Santa Fe	-	5,359
Total grants and other receivables	\$ <b>383,003</b>	227,714

As of June 30, 2017 and 2016, management estimates all receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

**NOTE H – PLEDGES RECEIVABLE**

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

<u>Type</u>	<u>2017</u>	<u>2016</u>
Campaign pledges receivables	\$ <b>192,628</b>	238,996
Less: allowance for uncollectible pledges	<b>(26,773)</b>	(29,567)
<b>Net campaign pledges receivable</b>	<b>\$ <u>165,855</u></b>	<u>209,429</u>

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

In 2016, the Organization launched a capital campaign to obtain funding for the development of the Early Learning Center in collaboration with Santa Fe Public Schools. Capital campaign pledges receivable are comprised of the following unconditional promises to give at June 30:

<u>Type</u>	<u>2017</u>	<u>2016</u>
Capital campaign pledges receivables	\$ <b>650,331</b>	914,830
Less: Discount to net present value	<b>(45,690)</b>	(45,384)
<b>Net capital campaign pledges receivable</b>	<b>\$ <u>604,641</u></b>	<u>869,446</u>

Capital Campaign pledge receivable with due dates extending beyond one year have been discounted at a 3% annual rate of interest. The capital campaign pledges receivable are restricted in use for costs and expenses of the Early Learning Center.

Amounts due in:		
Less than one year	\$ 291,635	487,163
One to five years	<u>358,696</u>	<u>427,667</u>
<b>Total</b>	<b>\$ <u>650,331</u></b>	<u>914,830</u>

**NOTE I – SECURITY DEPOSIT**

The UWSFC has a security deposits related to their office space and equipment rent. Security deposits are as follows at June 30:

	<u>2017</u>	<u>2016</u>
Security deposit \$	<b>1,975</b>	1,975
Equipment deposit	<b>465</b>	-
Total deposits \$	<b><u>2,440</u></b>	<u>1,975</u>

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

**NOTE J – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

<u>Type</u>	<u>2016</u>	<u>Additions</u>	<u>Adjustments</u>	<u>2017</u>
Property and equipment not depreciated				
Building (under renovation)	3,083,657	110,004	-	<b>3,193,661</b>
Property and equipment depreciated				
Leasehold improvements	148,056	-	-	<b>148,056</b>
Furniture & equipment	36,825	847	-	<b>37,672</b>
Computer equipment and other	60,145	1,184	-	<b>61,329</b>
Total property and equipment	<u>3,328,683</u>	<u>112,035</u>	<u>-</u>	<b><u>3,440,718</u></b>
Less: accumulated depreciation				
Building	(5,536)	-	5,536	-
Leasehold improvements	(54,595)	(28,626)	-	<b>(83,221)</b>
Furniture and equipment	(34,780)	(714)	-	<b>(35,494)</b>
Computer equipment and other	(57,352)	(1,656)	-	<b>(59,008)</b>
Total accumulated depreciation	<u>(152,263)</u>	<u>(30,996)</u>	<u>5,536</u>	<b><u>(177,723)</u></b>
Total property and equipment, net	<u>\$ 3,176,420</u>	<u>81,039</u>	<u>5,536</u>	<b><u>3,262,995</u></b>

The UWSFC owns a building which is being renovated in order to be usable space. As a result, this building is classified as a non-depreciating asset. Additionally, the building started to be depreciated in 2016, even though it was not yet in use. As a result, there is an immaterial adjustment to accumulated depreciation to remove the balance.

Depreciation expense for the years ended June 30, 2017 and 2016 was \$30,996 and \$37,342, respectively.

**NOTE K – ACCRUED LIABILITIES**

Accrued liabilities at June 30, consist of the following:

	<u>2017</u>	<u>2016</u>
Accrued annual leave	\$ <b>26,691</b>	27,812
Accrued payroll	<b>25,372</b>	22,952
Accrued payroll taxes and benefits	<b>2,402</b>	(8,687)
Total accrued liabilities	<u>\$ <b>54,465</b></u>	<u>42,077</u>

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

**NOTE L – NOTES PAYABLE**

Notes payable consists of the following as of June 30:

	<b>2017</b>	<b>2016</b>
<p>Loan with Board of Education of the Santa Fe Public Schools with initial payment of \$1,000,000 at closing, \$1,000,000 plus us accrued interest of 5% on the first anniversary of closing date, and on the second anniversary of closing date the remaining balance of \$1,072,000 (in 2018), plus accrued interest at 5%. UWSFC accrues interest monthly.</p>	<b>\$ 1,072,000</b>	2,072,000
<p>Unsecured loan with Santa Fe Community Foundation for up to \$250,000. Proceeds of the loan to be used solely for advancing the implementation of child and parent services at the Santa Fe Early Learning Center at Agua Fria. Quarterly interest only payments at 3%, all outstanding principal and interest due September 2019.</p>	<b>250,000</b>	250,000
	<b>\$ 1,322,000</b>	2,322,000

The schedule of future payment of long-term debt is as follows at June 30:

2018	\$ 1,072,000
2019	250,000
2020	-
2021	-
2022	-
Thereafter	-
Total	\$ 1,322,000

During the years ended June 30, 2017 and 2016, United Way incurred interest expense of \$111,102 and \$15,492 respectively.

**NOTE M – LINE OF CREDIT**

In March 2017, the UWSFC entered into a variable rate nondisclosable revolving line of credit loan with a limit of \$80,000. The line of credit is to be paid in one payment of all outstanding principal plus all accrued unpaid interest on March 22, 2018. The current interest rate is 6.00%. Starting in April 2017, the UWSFC will pay regular monthly payment of all accrued unpaid interest due as of each payment date. As of June 30, 2017, the balance on the line of credit was \$65,000.

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

**NOTE N – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes for periods after June 30:

	<u>2016</u>	<u>Revenue</u>	<u>Expenses</u>	<u>2017</u>
<b>Temporarily Restricted Net Assets:</b>				
Outstanding pledge contributions	\$ 209,429	165,855	(209,429)	<b>165,855</b>
Santa Fe Children's Project	136,605	357,500	(414,898)	<b>79,207</b>
New Mexico Early Childhood Project	244,793	675,609	(406,646)	<b>513,756</b>
Capital campaign contributions	842,652	1,125,367	(1,517,408)	<b>450,611</b>
Capital campaign contributions - Frost	250,000	-	(50,000)	<b>200,000</b>
Family, Friends, and Neighbors	10,122	171,500	(125,979)	<b>55,643</b>
FEMA	1,086	1,364	(1,086)	<b>1,364</b>
Total Temporarily Restricted	<u>\$ 1,694,687</u>	<u>2,497,195</u>	<u>(2,725,446)</u>	<u><b>1,466,436</b></u>

**NOTE O – IN-KIND CONTRIBUTIONS**

The UWSFC utilizes volunteer services to meet project requirements. In 2017, the UWSFC had 35 volunteers that contributed 315 volunteer hours valued at \$7,421.

At year end the UWSFC recognizes in-kind contributions as follows:

<u>Type</u>		<u>2017</u>	<u>2016</u>
In-kind rent	\$	<u>94,140</u>	94,140
In-kind advertising		<u>9,500</u>	15,016
Donated stock		<u>438,826</u>	-
Total in-kind contributions	\$	<u><u>542,466</u></u>	<u>109,156</u>

**NOTE P – OPERATING LEASES**

The UWSFC rents office space and equipment under multiple leases that expire in various months are years between 2018 and 2026. Monthly payments range from \$26 to \$5,624 and the lease terms range from 2 years to 10 years. These leases have been accounted for as operating leases by the UWSFC.

Minimum future lease payments as of June 30, 2017, are as follows:

<u>Year ending</u>	<u>Amount</u>
2018	\$ 112,205
2019	58,091
2020	53,308
2021	51,358
2022	51,000
Thereafter	199,750

Total lease expenses for the years ended June 30, 2017 and 2016 were \$135,753 and \$89,998, respectively.

Beginning January 1, 2015, the UWSFC entered into a lease agreement with the Board of Education of the Santa Fe Schools (Board), to rent the Agua Fria Elementary School for administrative office space and service space for the Early Learning Community Collaboration Compact programs. The lease is subject to the prior approval of the New Mexico State Board of Finance. The term of the lease is for five years, beginning on January 1, 2015 or the date the lease is approved by the State Board of Finance, whichever is later, and ending December 30, 2019. The lease may be renewed annually for not more

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

than three consecutive one-year period.

The UWSFC is required to pay base rent of \$94,140 per year. However, the annual rent payment for base rent will be offset by the amount of the Allowable Costs, as defined in the agreement, incurred by the UWSFC to provide the services to the Santa Fe Schools at Agua Fria Elementary School. The UWSFC submits month certification of allowable costs of services which details the amount of resources spent on behalf of the UWSFC by program and type, in order to, ensure the monthly allowable costs equal or exceed the base rent. Any amount of offset which exceeds the amount of base rent will be credited against the next month's base rent. If the lease is terminated for any reason, then any credit due to UWSFC from Board will be treated as a donation of services to Board as a governmental entity and the UWSFC will have no payment obligation to the UWSFC for any credit balance. Any deficiencies will be paid by the UWSFC. It is management's belief that it is unlikely that allowable costs would not exceed base rent amount due. Any credits due to the UWSFC at termination will be treated as a donation of services. In-kind revenue and expense related to this lease is \$94,140.

Either party has the right to terminate the lease for breach by the other party of any material condition of the lease, subject to the provisions outlined in the lease agreement. The UWSFC can terminate the lease by providing written notice to the Board, at least 60 days prior to either the end of the original term or the expiration of any renewals, if applicable.

**NOTE Q – JOINT COST ALLOCATIONS**

The UWSFC did not participate in joint activities during the 2017 year or the 2016 year that required allocations.

**NOTE R – ECONOMIC DEPENDENCY**

The UWSFC receives a significant portion of its revenue in the form of grants, contracts, and other contributions. The UWSFC expects these grants, contracts, and awards to continue into the foreseeable future. If, however, a significant portion of these funds are not continued, the UWSFC's ability to continue all programs would be diminished. The following is a summary of concentrations from contributions and grants as of June 30:

<b><u>Concentrations</u></b>		<b><u>2017</u></b>	<b><u>2016</u></b>
Contributions and grants	\$	<b><u>4,203,676</u></b>	<u>2,873,846</u>
Total revenue	\$	<b><u>4,412,750</u></b>	<u>2,945,373</u>
Concentration percentage		<b><u>95%</u></b>	<u>98%</u>

**UNITED WAY OF SANTA FE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017, With Comparative Totals for 2016**

**NOTE S – PROGRAM EXPENSES**

Designations distributed for the years ended June 30, 2017 and 2016 are as follows:

<u>Designations</u>	<u>2017</u>	<u>2016</u>
Life Center Foundation	\$ 837	-
Food Depot	748	-
St. Elizabeth's Shelter	628	8,258
Kitchen Angels	623	-
Southwest Care Center	502	-
New Vistas	435	-
Santa Fe Animal Shelter	121	5,771
Food Depot	-	12,966
Calvary Metro Santa Fe	-	8,790
Christ Church Santa Fe	-	8,252
Our Lady of Sorrows - Rio en Medio	-	3,588
Unity Santa Fe	-	5,382
Youth Shelters and Family Services	-	3,588
Lutheran Church of the Servant	-	3,588
Equal Access to Justice New Mexico	-	5,095
Nuestra Senora De Guadalupe Del Valle De Pojoaque	-	3,409
All others	9,872	77,865
<b>Total donor designations</b>	<b>\$ 13,766</b>	<b>146,552</b>

<u>Initiative Expense</u>	<u>2017</u>	<u>2016</u>
UWSFC Learning Early Programs (CYFD State Grant)	\$ 982,604	823,928
UWSFC Learning Early Programs (Other Grants and Donor Directed)	1,533,874	1,660,766
New Mexico Early Childhood Partnership	418,136	242,531
Total expenditures	2,934,614	2,727,225
Less donor designations	(13,766)	(146,552)
<b>Total initiative expense</b>	<b>\$ 2,920,848</b>	<b>2,580,673</b>

**NOTE T – EVALUATION OF SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The UWSFC 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 UWSFC'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. The organization has evaluated subsequent events through November 14, 2017, which is the date the financial statements were available to be issued.



**INDEPENDENT AUDITOR’S REPORT ON 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***

The Board of Directors of  
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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the United Way of Santa Fe County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional allocation of expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the UWSFC 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 UWSFC’s internal control. Accordingly, we do not express an opinion on the effectiveness of UWSFC’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.

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.

November 14, 2017

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the UWSFC'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hinkle + Landers, PC  
Albuquerque, NM  
November 14, 2017

**UNITED WAY OF SANTA FE COUNTY, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2017**

<b>Reference #</b>	<b>Finding</b>	<b>Status of Prior Year Findings</b>	<b>Type of Finding</b>
<b>Prior Year Findings</b>			
NONE			
<b>Current Year Findings</b>			
NONE			

\* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting