FOOTHILLS UNITED WAY, INC.
Lafayette, Colorado

FINANCIAL STATEMENTS
June 30, 2014 and 2013

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Foothills United Way, Inc. (a Colorado non-profit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foothills United Way, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Denver, Colorado
November 10, 2014

FOOTHILLS UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

ASSETS

	2014	2013
ASSETS		
Cash and cash equivalents	$ 3,304,757	$ 448,858
Temporary investments	-	8,746
Contributions receivable, net	453,723	867,095
Short-term investments	1,007,373	956,374
Long-term investments	448,170	415,108
Other assets	30,215	29,109
Land, building and equipment, net	1,072,939	1,106,783
TOTAL ASSETS	$ 6,317,177	$ 3,832,073

LIABILITIES AND NET ASSETS

	2014	2013
LIABILITIES		
Accounts payable	$ 3,281	$ 12,168
Accrued expenses	84,026	69,508
Donor designated payable	366,863	415,282
Agency allocations payable	853,650	853,650
Tenant deposits	1,000	1,000
Total liabilities	1,308,820	1,351,608
NET ASSETS		
Unrestricted		
Designated by Board for Foundation	1,507,443	1,392,457
Undesignated	181,854	857,878
Total unrestricted	1,689,297	2,250,335
Temporarily restricted	3,319,060	230,130
Total net assets	5,008,357	2,480,465
TOTAL LIABILITIES AND NET ASSETS	$ 6,317,177	$ 3,832,073

The accompanying notes are an integral part of the financial statements.

FOOTHILLS UNITED WAY, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2014 and 2013

	2014	2013
UNRESTRICTED NET ASSETS		
Revenue		
Gross campaign results	$ 1,555,617	$ 2,334,037
Less amounts designated by donors	(225,460)	(699,251)
Less provision for uncollectibles	(170,166)	(134,461)
Net campaign revenue	1,159,991	1,500,325
Administrative fee revenue	36,377	93,985
Investment income	289,779	195,929
Gifts-in-kind	177,591	95,695
Other revenue	11,993	106,138
Total unrestricted support	1,675,731	1,992,072
Net assets released from restrictions	1,593,920	384,254
Total unrestricted support	3,269,651	2,376,326
Expenses		
Program services:		
Community Building	978,629	1,087,497
Emergency Food and Shelter Program	2,935	1,869
Foundation	7,569	9,099
Boulder Mountain Resources	88,689	77,871
Imagination Library	28,016	36,949
Nonprofit Cultivation Center	174,196	165,028
Personal Investment Enterprise	154,910	242,282
Volunteer Connection	131,589	96,937
Flood Relief	1,534,904	-
Supporting services:		
Management and general	321,860	353,499
Fundraising	407,392	390,725
Total expenses	3,830,689	2,461,756
Decrease in unrestricted net assets	(561,038)	(85,430)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	4,682,850	268,682
Net assets released from restrictions	(1,593,920)	(384,254)
Increase (decrease) in temporarily restricted net assets	3,088,930	(115,572)
INCREASE (DECREASE) IN NET ASSETS	$ 2,527,892	$ (201,002)

The accompanying notes are an integral part of the financial statements.

FOOTHILLS UNITED WAY, INC.
STATEMENTS OF CHANGES IN NET ASSETS
Years Ended June 30, 2014 and 2013

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
BALANCE AT JUNE 30, 2012	$ 2,335,765	$ 345,702	$ 2,681,467
Decrease in net assets	(85,430)	(115,572)	(201,002)
BALANCE AT JUNE 30, 2013	2,250,335	230,130	2,480,465
Increase (decrease) in net assets	(561,038)	3,088,930	2,527,892
BALANCE AT JUNE 30, 2014	$ 1,689,297	$ 3,319,060	$ 5,008,357

The accompanying notes are an integral part of the financial statements.

FOOTHILLS UNITED WAY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014

	Program Services										Supporting Services			
	Community Building	Emergency Food and Shelter Program	Foothills United Way Foundation	Boulder Mountain Resources	Imagination Library	Nonprofit Cultivation Center	Personal Investment Enterprise	Volunteer Connection	Flood Recovery	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total
Salaries	$ 63,964	$ 1,346	$ 3,872	$ 52,489	$ 3,963	$ 61,968	$ 47,957	$ 68,068	$ 69,977	$ 373,604	$ 167,678	$ 212,237	$ 379,915	$ 753,519
Employee health and retirement benefits	11,668	245	706	7,603	723	10,928	10,048	10,488	12,765	65,174	30,587	38,716	69,303	134,477
Payroll taxes	4,984	105	302	3,318	309	4,733	5,104	4,372	5,452	28,679	13,064	16,536	29,600	58,279
Contract labor	843	18	51	49	52	140	108	111	922	2,294	2,209	2,795	5,004	7,298
Total salaries and related expenses	81,459	1,714	4,931	63,459	5,047	77,769	63,217	83,039	89,116	469,751	213,538	270,284	483,822	953,573
Agency allocations	837,116	-	-	-	-	-	-	-	-	837,116	-	-	-	837,116
Professional fees	5,607	165	358	2,867	366	8,092	4,457	6,466	10,789	39,167	14,697	18,602	33,299	72,466
Supplies	1,030	30	66	527	67	1,487	819	1,188	1,983	7,197	2,700	3,418	6,118	13,315
Telephone	535	16	34	274	35	773	426	618	1,031	3,742	1,404	1,777	3,181	6,923
Postage	675	20	43	345	44	974	537	778	1,299	4,715	1,769	2,239	4,008	8,723
Occupancy	2,176	64	139	1,113	142	3,140	1,730	2,509	4,187	15,200	5,704	7,219	12,923	28,123
Printing and publication	15,157	448	968	7,752	989	21,878	12,050	17,481	29,169	105,892	39,734	50,292	90,026	195,918
Local transportation/meetings	893	26	57	457	58	1,289	709	1,030	1,718	6,237	2,340	2,963	5,303	11,540
Organizational dues	1,034	31	66	529	68	1,492	822	1,192	1,989	7,223	2,709	3,430	6,139	13,362
United Way of America dues	1,625	48	104	831	106	2,345	1,291	1,874	3,126	11,350	4,259	5,391	9,650	21,000
Equipment rental and maintenance	1,276	38	81	653	84	1,843	1,015	1,472	2,456	8,918	3,346	4,235	7,581	16,499
Staff development	1,535	45	98	785	100	2,216	1,221	1,771	2,955	10,726	4,025	5,094	9,119	19,845
Miscellaneous	50	2	3	26	3	72	40	57	97	350	132	167	299	649
Computer maintenance	1,287	38	82	658	84	1,858	1,023	1,485	2,477	8,992	3,374	4,271	7,645	16,637
Bank charges	1,352	40	86	692	88	1,951	1,075	1,559	2,602	9,445	3,544	4,486	8,030	17,475
Stock transaction fees	1,104	33	70	564	72	1,593	877	1,273	2,124	7,710	2,893	3,662	6,555	14,265
Special events	2,104	62	135	1,076	137	3,037	1,673	2,427	4,050	14,701	5,516	6,982	12,498	27,199
Volunteer recognition	2	-	-	1	-	2	1	2	3	11	4	5	9	20
Insurance	855	25	55	438	56	1,235	680	987	1,646	5,977	2,243	2,839	5,082	11,059
Taxes and licenses	154	5	10	79	10	222	123	178	296	1,077	404	511	915	1,992
Personal Investment Enterprise	-	-	-	-	-	-	58,842	-	-	58,842	-	-	-	58,842
Imagination Library Program	-	-	-	-	20,273	-	-	-	-	20,273	-	-	-	20,273
CCCTC	16,534	-	-	-	-	-	-	-	-	16,534	-	-	-	16,534
Nonprofit Cultivation Center	-	-	-	-	-	36,784	-	-	-	36,784	-	-	-	36,784
211 Program	2,198	-	-	-	-	-	-	-	-	2,198	-	-	-	2,198
Boulder Mountain Resources	-	-	-	4,095	-	-	-	-	-	4,095	-	-	-	4,095
Volunteer Connection	-	-	-	-	-	-		892	-	892	-	-	-	892
Flood Recovery	-	-	-	-	-	-	-	-	1,366,266	1,366,266	-	-	-	1,366,266
Total before depreciation	975,758	2,850	7,386	87,221	27,829	170,052	152,628	128,278	1,529,379	3,081,381	314,335	397,867	712,202	3,793,583
Depreciation of buildings and equipment	2,871	85	183	1,468	187	4,144	2,282	3,311	5,525	20,056	7,525	9,525	17,050	37,106
TOTAL EXPENSES	$ 978,629	$ 2,935	$ 7,569	$ 88,689	$ 28,016	$ 174,196	$ 154,910	$ 131,589	$ 1,534,904	$ 3,101,437	$ 321,860	$ 407,392	$ 729,252	$ 3,830,689

The accompanying notes are an integral of the financial statements.

FOOTHILLS UNITED WAY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013

	Program Services									Supporting Services			
	Community Building	Emergency Food and Shelter Program	Foothills United Way Foundation	Boulder Mountain Resources	Imagination Library	Nonprofit Cultivation Center	Personal Investment Enterprise	Volunteer Connection	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total
Salaries	$ 88,291	$ 1,007	$ 4,911	$ 39,761	$ 4,486	$ 63,604	$ 44,028	$ 47,012	$ 293,100	$ 193,927	$ 214,349	$ 408,276	$ 701,376
Employee health and retirement benefits	19,176	219	1,067	1,133	974	8,721	11,659	9,474	52,423	42,120	46,556	88,676	141,099
Payroll taxes	6,706	76	373	3,218	341	4,987	3,484	3,733	22,918	14,730	16,281	31,011	53,929
Contract labor	676	8	37	20	34	47	74	42	938	1,484	1,640	3,124	4,062
Total salaries and related expenses	114,849	1,310	6,388	44,132	5,835	77,359	59,245	60,261	369,379	252,261	278,826	531,087	900,466
Agency allocations	880,122	-	-	-	-	-	-	-	880,122	-	-	-	880,122
Professional fees	2,739	33	161	1,621	172	3,016	1,868	1,971	11,581	6,016	6,650	12,666	24,247
Supplies	797	10	47	472	50	877	544	573	3,370	1,751	1,935	3,686	7,056
Telephone	823	10	48	487	52	906	561	591	3,478	1,807	1,997	3,804	7,282
Postage	512	6	30	303	32	564	349	369	2,165	1,125	1,244	2,369	4,534
Occupancy	3,385	41	199	2,003	213	3,727	2,309	2,436	14,313	7,436	8,219	15,655	29,968
Printing and publication	4,940	60	291	2,923	311	5,439	3,370	3,554	20,888	10,851	11,994	22,845	43,733
Local transportation/meetings	828	10	49	490	52	911	565	596	3,501	1,818	2,010	3,828	7,329
Organizational dues	870	11	51	515	55	958	593	626	3,679	1,911	2,112	4,023	7,702
United Way of America dues	2,776	34	163	1,642	175	3,055	1,893	1,997	11,735	6,096	6,738	12,834	24,569
Equipment rental and maintenance	1,642	20	97	971	103	1,807	1,119	1,181	6,940	3,605	3,985	7,590	14,530
Staff development	717	9	42	424	45	789	489	516	3,031	1,575	1,740	3,315	6,346
Miscellaneous	6,799	82	400	4,023	428	7,485	4,637	4,892	28,746	14,934	16,507	31,441	60,187
Computer maintenance	1,029	12	61	609	65	1,133	702	741	4,352	2,261	2,499	4,760	9,112
Bank charges	1,228	15	72	727	77	1,352	838	884	5,193	2,698	2,982	5,680	10,873
Stock transaction fees	1,446	17	85	855	91	1,592	986	1,040	6,112	3,176	3,510	6,686	12,798
Special events	9,089	110	535	5,378	572	10,006	6,200	6,540	38,430	19,965	22,067	42,032	80,462
Volunteer recognition	276	3	16	163	17	303	188	198	1,164	605	669	1,274	2,438
Insurance	1,200	15	71	710	76	1,321	819	863	5,075	2,637	2,914	5,551	10,626
Taxes and licenses	245	3	14	145	16	269	167	176	1,035	537	594	1,131	2,166
Personal Investment Enterprise	-	-	-	-	-	-	151,600	-	151,600	-	-	-	151,600
Imagination Library Program	-	-	-	-	28,213	-	-	-	28,213	-	-	-	28,213
CCCTC	25,528	-	-	-	-	-	-	-	25,528	-	-	-	25,528
Nonprofit Cultivation Center	-	-	-	-	-	36,929	-	-	36,929	-	-	-	36,929
211 Program	9,339	-	-	-	-	-	-	-	9,339	-	-	-	9,339
Boulder Mountain Resources	-	-	-	6,467	-	-	-	-	6,467	-	-	-	6,467
Boulder Country Supplement Nutrition Program	11,567	-	-	-	-	-	-	-	11,567	-	-	-	11,567
Volunteer Connection	-	-	-	-	-	-	-	3,514	3,514	-	-	-	3,514
Total before depreciation	1,082,746	1,811	8,820	75,060	36,650	159,798	239,042	93,519	1,697,446	343,065	379,192	722,257	2,419,703
Depreciation of buildings and equipment	4,751	58	279	2,811	299	5,230	3,240	3,418	20,086	10,434	11,533	21,967	42,053
TOTAL EXPENSES	$ 1,087,497	$ 1,869	$ 9,099	$ 77,871	$ 36,949	$ 165,028	$ 242,282	$ 96,937	$1,717,532	$ 353,499	$ 390,725	$ 744,224	$ 2,461,756

The accompanying notes are an integral of the financial statements.

FOOTHILLS UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,527,892	$ (201,002)
Adjustments to reconcile changes in net assets to cash provided (used) by operating activities:		
Depreciation	37,106	42,053
Loss on disposal of assets	6,770	-
Net unrealized and realized gain on investments	(261,187)	(171,618)
Changes in working capital items:		
Contributions receivable	413,372	(59,274)
Accrued interest receivable	-	4,590
Other assets	(1,106)	555
Accounts payable	(8,887)	118
Accrued expense	14,518	(20,366)
Donor designated payable	(48,419)	95,418
Agency allocations payable	-	40,650
Net cash provided (used) by operating activities	2,680,059	(268,876)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	585,722	817,964
Purchase of investments	(408,596)	(555,619)
Purchase of property and equipment	(10,032)	(3,834)
Change in temporary investments	8,746	77,141
Net cash provided by investing activities	175,840	335,652
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,855,899	66,776
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	448,858	382,082
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,304,757	$ 448,858
NONCASH INVESTING AND FINANCING TRANSACTIONS		
Unrealized gain on investment	$ 84,196	$ 56,298

The accompanying notes are an integral part of the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

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

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

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

Temporary Investments

An investment is classified as a temporary investment if it does not meet the definition of a cash equivalent due to withdrawal restrictions, penalties or original term to maturity of over three months. The Organization's temporary investments consist of certificates of deposits with maturities greater than three months to two years.

Investments

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

Land, Building and Equipment

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. At June 30, 2014 and 2013, there were no such impairments.

Restricted and Unrestricted Revenue and Support

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

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

Promises to Give

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donor and Agency Payables

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

Donated Assets

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

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

Expense Allocation

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

Income Taxes

Under the provisions of the Internal Revenue Code Section 501(c)(3), the Organization is exempt from Federal income tax on earnings from operations or activities related to its status as a non-profit organization. The Organization is exempt from federal income taxes under Sections 501(c)(3) of the internal Revenue Code. The Organization is also exempt from state sales, personal, and real estate property taxes. As of June 30, 2013, the IRS has not proposed any adjustments that would result in a material change to the Organization's financial position. The Organization is no longer subject to examination by federal and Colorado taxing authorities for years before 2010 and 2009, respectively.

Subsequent Events

Management evaluated subsequent events through November 10, 2014, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2014, but prior to November 10, 2014, that provided additional evidence about conditions that existed at June 30, 2014 have been recognized in the financial statements for the year ended June 30, 2014. Events or transactions that provided evidence about conditions that did not exist at June 30, 2014, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2014.

NOTE 2 – LINE OF CREDIT

The Organization established a revolving line of credit for $50,000 with a financial institution at an interest rate of Prime plus 6.75%, there were no borrowings against this line of credit during the year ending June 30, 2014.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2014 and 2013 consist of 2014 and 2013 campaigns. A breakdown of the contributions receivable and the allowance for uncollectible accounts is as follows:

	Unrestricted	Donor Designations	Total 2014	Total 2013
Contribution receivable expected to be collected in:				
Less than one year	$ 326,030	$ 223,338	$ 549,368	$ 958,697
Allowance for uncollectible accounts	(95,645)	-	(95,645)	(91,602)
Total	$ 230,385	$ 223,338	$ 453,723	$ 867,095

NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS

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

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

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

- Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

The following is a summary of investments:

	2014	2013
Equity securities		
Common stock	$ 950,215	$ 933,757
Foreign equities	57,158	31,363
Bonds		
U.S Government securities	178,755	150,204
Municipals	258,941	254,781
Corporate bonds	10,474	10,123
Total	$ 1,455,543	$ 1,380,228

Investments presented on the financial statement for the years ended June 30, 2014 and 2013 is summarized as follows:

	2014	2013
Short-term investments	$ 1,007,373	$ 956,374
Long-term investments	448,170	415,108
Temporary investments	-	8,746
Total	$ 1,455,543	$ 1,380,228

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

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

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

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

There were no changes in the valuation techniques noted for the year ending June 30, 2014 and 2013.

NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

The following table present assets measured at fair value by classification within the fair value hierarchy as of June 30, 2014:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity securities				
Common stock	$ 950,215	$ -	$ -	$ 950,215
Foreign equities	57,158	-	-	57,158
Bonds				
U.S Government securities	-	178,755	-	175,755
Municipals	-	258,941	-	258,941
Corporate bonds	-	10,474	-	10,474
Total	$ 1,007,373	$ 448,170	$ -	$ 1,455,543

The following table present assets measured at fair value by classification within the fair value hierarchy as of June 30, 2013:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity securities				
Common stock	$ 933,757	$ -	$ -	$ 933,757
Foreign equities	31,363	-	-	31,363
Bonds				
U.S Government securities	-	150,204	-	150,204
Municipals	-	254,781	-	254,781
Corporate bonds	-	10,123	-	10,123
Total	$ 965,120	$ 415,108	$ -	$ 1,380,228

NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

Investment income from these investments for the years ended June 30, 2014 and 2013 is summarized as follows:

	2014	2013
Net realized gain on sale of investments	$ 176,991	$ 115,321
Net unrealized gain on investments	84,196	56,298
Other investment income	28,592	24,310
Total	$ 289,779	$ 195,929

NOTE 5 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization entered into a designated agency agreement with The Community Foundation. The Community Foundation shall hold, manage, invest, and reinvest the assets of the Fund. Distribution from the Fund shall be made exclusively for charitable purposes as defined in The Community Foundation's Articles of Incorporation and Bylaws and Section 501(c) of the Internal Revenue Code. The Organization may request distributions of investment income from the Fund. The aggregate fair market value of the Foothills United Way Fund as of June 30, 2014 and 2013 was $15,654 and $13,659, respectively. The Fund is not recorded as an asset for the Organization for June 30, 2014 or 2013. The Organization is only entitled to contributions from their Organization and earnings on the amount invested.

NOTE 6 – LAND, BUILDING AND EQUIPMENT

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

	2014	2013
Land	$ 100,000	$ 100,000
Building and improvements	1,185,895	1,185,895
Furniture and equipment	102,734	126,180
	1,388,629	1,412,075
Less accumulated depreciation	(315,690)	(305,292)
Total	$ 1,072,939	$ 1,106,783

Depreciation expense incurred for the years ended June 30, 2014 and 2013 was $37,106 and $42,053, respectively.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

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

	2014	2013
Personal Investment Enterprise	$ 141,083	$ 125,511
CCCTC Program	-	2,274
Nonprofit Cultivation Center	15,445	23,268
Volunteer Connection	46,511	79,077
Flood Relief	3,116,021	-
Total	$ 3,319,060	$ 230,130

NOTE 8 – BOARD DESIGNATED ENDOWMENT

As of June 30, 2014 and 2013, the Board of Directors had originally designated $1,227,163 of unrestricted net assets as a general endowment to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Organization has a policy of appropriating annually up to 3% of the endowment fund's fair value to maintain the purchasing power of the endowment assets. Distributions to the community in the form of grants are determined annually, after considering the endowment fund's reserve requirements as well as investment return and endowment fund operating expenses for the previous 12 months. Historically, distributions to the community have been between 5% and 7% of the fund's fair value in years that the fund experienced sufficient growth.

To achieve the objective, the Organization has adopted investment and spending policies for endowment assets that attempt to provide a minimum real rate return of 2% while also growing the endowment over time, apart from additional contributions. Under these policies, as approved by the Board of Directors, endowment assets are expected to generate an appropriate level of income to meet the approved spending requirements of the fund while maintaining a moderate level of risk and specific diversification guidelines.

To satisfy its minimum real rate-of-return objective, the Organization 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). The Organization utilizes a paid professional investment manager to implement the investment policy. A separate investment committee oversees the work of the investment manager.

From time to time, the fair market value of assets associated with Board-designated funds may fall below the level the Board has determined the Organization should retain as an endowment of perpetual duration. There was no such deficiency as of June 30, 2014 or June 30, 2013.

NOTE 8 – BOARD DESIGNATED ENDOWMENT (CONTINUED)

Composition of and changes in endowment net assets for the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Board designated endowment net assets, beginning of year	$ 1,392,457	$ 1,490,366
Investment return		
Investment income	28,075	24,020
Net appreciation realized and unrealized	261,187	171,619
Investment fees	(14,276)	(12,798)
Total investment return	274,986	182,841
Amounts appropriated for expenditure	(160,000)	(280,750)
Board designated endowment net assets, end of year	$ 1,507,443	$ 1,392,457

NOTE 9 – RETIREMENT PLAN

The Organization provides a 403(b) benefit plan for substantially all employees. Participants become eligible to receive employer contributions after attaining age twenty-one. The Organization is required to contribute 100% of the first 3% of a participant's salary reduction contribution, and 50% of the next 2% of a participant's salary reduction contribution received in that plan year. For the years ended June 30, 2014 and 2013, retirement expense totaled $19,400 and $15,740, respectively.

NOTE 10 – DONATED SERVICES

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

NOTE 11 – IN-KIND GIFTS

For the year ended June 30, 2014, the Organization received gifts in-kind of $177,591 of which $0 was allocated to various agencies. For the year ended June 30, 2013, the Organization received gifts in-kind of $95,695 of which $52,000 was allocated to various agencies.

NOTE 12 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalent balances at three financial institutions. As of June 30, 2014 and 2013, balances in the Organization's non-interest-bearing transaction deposit accounts are fully insured by the FDIC and balances in other deposit accounts are insured by the FDIC up to $250,000 per depositor per bank. Total cash and cash equivalents held by banks with balances in excess of FDIC limits was $2,739,292 and $188,514 at June 30, 2014 and 2013, respectively. The Organization has not experienced any losses as a result of these concentrations.

NOTE 13 – ADVERTISING

Costs associated with advertising are expensed in the year incurred. Advertising expense is comprised primarily of print media. For the years ended June 30, 2014 and 2013 advertising costs were $195,760 and $27,399, respectively. For years ended June 30, 2014 and 2013, $147,343 and $9,520, respectively was received as an in-kind gift from local media.

NOTE 14 – RENTALS UNDER OPERATING LEASE

During the year ended June 30, 2012, the Organization leased out a portion of its building. The lease commenced on August 1, 2011 and has an initial term date of August 1, 2012. The lease provides for two renewal terms of one year each. The monthly payment for rent and common area charges are $1,000. Rental income received during the year ended June 30, 2013 was $12,360.

During the year ended June 30, 2013, the lease was renewed for a one year term, which commenced on August 1, 2013. The monthly payment for rent and common area charges are $1,030. Rental income received during the year ended June 30, 2014 was $12,210.

NOTE 15 – SIGNIFICANT CONCENTRATIONS

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

Revenues from Major Sources

For the year ended June 30, 2014, there were no donors that represented over 10% of the Organizations revenues. For the year ended June 30, 2013 approximately 27% of the Organization's revenues were from one donor company.

NOTE 16 – FLOOD RELIEF

In September 2013, Boulder County experienced a devastating flood that caused extensive property damage throughout the community served by Foothills United Way. In response to the catastrophic impact of the flood, Foothills United Way established the Foothills Flood Relief Fund and began receiving donations on the day of the flood. Initial assistance was provided to

NOTE 16 – FLOOD RELIEF (CONTINUED)

flood survivors in the form of cash cards distributed through disaster recovery centers by the Boulder County Office of Emergency Management. Grant requests were funded for local nonprofit agencies whose operations were impacted by the flood. Grants were also made to the hardest hit towns to fund assistance and recovery resources. In December of 2013, the Long-Term Flood Recovery Group was created to provide strategic guidance and management of the remaining funds. Foothills United Way continues to serve as the fiscal agent. The Long-Term Flood Recovery Group currently has over 80 volunteers providing recovery services, support and oversight, and volunteer and case management. As of June 30, 2014 the fund had received approximately $4,474,000 in grants and donations and another $12,400 in miscellaneous reimbursements. Through June 30, 2014, the fund had expended approximately $1,366,000 in grants and $169,000 in recovery group staffing, office space and operations, and volunteer housing.