FOOTHILLS UNITED WAY, INC.
Lafayette, Colorado

FINANCIAL STATEMENTS
June 30, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Foothills United Way
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, 2013 and 2012, 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, 2013 and 2012, 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
October 11, 2013

FOOTHILLS UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

ASSETS

	2013	2012
ASSETS		
Cash and cash equivalents	$ 218,728	$ 36,380
Cash and cash equivalents, restricted	230,130	345,702
Temporary investments	8,746	85,887
Contributions receivable, net	867,095	807,821
Accrued interest receivable	-	4,590
Short-term investments	956,374	999,679
Long-term investments	415,108	462,530
Other assets	29,109	29,664
Land, building and equipment, net	1,106,783	1,145,002
TOTAL ASSETS	$ 3,832,073	$ 3,917,255

LIABILITIES AND NET ASSETS

	2013	2012
LIABILITIES		
Accounts payable	$ 12,168	$ 12,050
Accrued expenses	69,508	89,874
Donor designated payable	415,282	319,864
Agency allocations payable	853,650	813,000
Tenant deposits	1,000	1,000
Total liabilities	1,351,608	1,235,788
NET ASSETS		
Unrestricted		
Designated by Board for Foundation	1,392,457	1,490,366
Undesignated	857,878	845,399
Temporarily restricted	230,130	345,702
Total net assets	2,480,465	2,681,467
TOTAL LIABILITIES AND NET ASSETS	$ 3,832,073	$ 3,917,255

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

FOOTHILLS UNITED WAY, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2013 and 2012

	2013	2012
UNRESTRICTED NET ASSETS		
Revenue		
Gross campaign results	$ 2,334,037	$ 2,251,704
Less amounts designated by donors	(699,251)	(626,641)
Less provision for uncollectibles	(134,461)	(103,316)
Net campaign revenue	1,500,325	1,521,747
Administrative fee revenue	93,985	91,831
Investment income	195,929	50,491
Gifts-in-kind	95,695	62,449
Other revenue	106,138	15,077
Contribution received in acquisition	-	8,400
Total unrestricted support	1,992,072	1,749,995
Net assets released from restrictions	384,254	416,652
Total unrestricted support	2,376,326	2,166,647
Expenses		
Program services:		
Community Building	1,087,497	1,097,461
Emergency Food and Shelter Program	1,869	1,036
Foundation	9,099	12,280
Boulder Mountain Resources	77,871	131,732
Imagination Library	36,949	40,836
Nonprofit Cultivation Center	165,028	141,075
Personal Investment Enterprise	242,282	209,476
Volunteer Connection	96,937	66,038
Supporting services:		
Management and general	353,499	280,374
Fundraising	390,725	327,727
Total expenses	2,461,756	2,308,035
Decrease in unrestricted net assets	(85,430)	(141,388)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	268,682	228,068
Contribution received in acquisition	-	45,137
Net assets released from restrictions	(384,254)	(416,652)
Decrease in temporarily restricted net assets	(115,572)	(143,447)
DECREASE IN NET ASSETS	$ (201,002)	$ (284,835)

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, 2013 and 2012

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
BALANCE AT JUNE 30, 2011	$ 2,477,153	$ 489,149	$ 2,966,302
Decrease in net assets	(141,388)	(143,447)	(284,835)
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

The accompanying notes are an integral part 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 FUNCTIONAL EXPENSES
Year Ended June 30, 2012

	Program Services									Supporting Services			
	Community Building	Emergency Food and Shelter Program	Foothills United Way Foundation	Fourmile Fire Recovery	Imagination Library	Nonprofit Cultivation Center	Personal Investment Enterprise	Volunteer Connection	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total
Salaries	$ 144,369	$ 625	$ 7,404	$ 38,790	$ 2,988	$ 60,397	$ 42,109	$ 37,152	$ 333,834	$ 169,040	$ 193,608	$ 362,648	$ 696,482
Employee health and retirement benefits	23,591	102	1,210	270	488	8,746	9,611	3,556	47,574	27,622	31,637	59,259	106,833
Payroll taxes	11,172	48	572	2,968	231	4,503	3,458	2,130	25,082	13,081	14,982	28,063	53,145
Contract labor	-	-	-	-	-	-	-	3,755	3,755	-	6,606	6,606	10,361
Total salaries and related expenses	179,132	775	9,186	42,028	3,707	73,646	55,178	46,593	410,245	209,743	246,833	456,576	866,821
Agency allocations	777,095	-	-	-	-	-	-	-	777,095	-	-	-	777,095
Professional fees	4,874	21	248	901	100	3,041	1,890	1,249	12,324	5,669	6,493	12,162	24,486
Supplies	1,904	8	97	352	39	1,188	738	488	4,814	2,214	2,536	4,750	9,564
Telephone	1,535	7	78	284	32	957	595	393	3,881	1,785	2,044	3,829	7,710
Postage	884	4	45	163	18	551	343	226	2,234	1,028	1,177	2,205	4,439
Occupancy	5,614	24	286	1,038	115	3,503	2,177	1,438	14,195	6,530	7,479	14,009	28,204
Printing and publication	6,861	29	350	1,268	141	4,282	2,660	1,758	17,349	7,981	9,140	17,121	34,470
Local transportation/meetings	1,402	6	72	259	29	875	544	359	3,546	1,631	1,868	3,499	7,045
Organizational dues	1,546	7	79	286	32	964	599	396	3,909	1,798	2,059	3,857	7,766
United Way of America dues	4,897	21	249	905	101	3,055	1,898	1,255	12,381	5,696	6,523	12,219	24,600
Equipment rental and maintenance	3,086	13	157	570	63	1,926	1,197	791	7,803	3,590	4,111	7,701	15,504
Staff development	714	3	36	132	15	445	277	183	1,805	830	951	1,781	3,586
Miscellaneous	324	1	17	60	7	202	126	83	820	377	433	810	1,630
Computer maintenance	2,785	12	142	515	57	1,738	1,079	713	7,041	3,239	3,710	6,949	13,990
Bank charges	1,695	7	86	313	35	1,058	657	434	4,285	1,972	2,258	4,230	8,515
Stock transaction fees	2,551	11	130	471	52	1,592	989	653	6,449	2,967	3,398	6,365	12,814
Special events	8,741	38	445	1,616	180	5,455	3,388	2,239	22,102	10,167	11,645	21,812	43,914
Volunteer recognition	588	2	30	109	12	367	228	151	1,487	684	783	1,467	2,954
Insurance	2,056	9	105	380	42	1,283	797	527	5,199	2,391	2,738	5,129	10,328
Taxes and licenses	373	2	19	69	8	233	144	96	944	434	497	931	1,875
Personal Investment Enterprise	-	-	-	-	-	-	130,756	-	130,756	-	-	-	130,756
Imagination Library Program	-	-	-	-	35,880	-	-	-	35,880	-	-	-	35,880
CCCTC	51,211	-	-	-	-	-	-	-	51,211	-	-	-	51,211
Nonprofit Cultivation Center	-	-	-	-	-	29,538	-	-	29,538	-	-	-	29,538
211 Program	7,637	-	-	-	-	-	-	-	7,637	-	-	-	7,637
Fourmile Fire Relief Fund	-	-	-	78,480	-	-	-	-	78,480	-	-	-	78,480
Boulder Country Supplement Nutrition Program	21,660	-	-	-	-	-	-	-	21,660	-	-	-	21,660
Volunteer Connection	-	-	-	-	-	-	-	3,888	3,888	-	-	-	3,888
Total before depreciation	1,089,165	1,000	11,857	130,199	40,665	135,899	206,260	63,913	1,678,958	270,726	316,676	587,402	2,266,360
Depreciation of buildings and equipment	8,296	36	423	1,533	171	5,176	3,216	2,125	20,976	9,648	11,051	20,699	41,675
TOTAL EXPENSES	$ 1,097,461	$ 1,036	$ 12,280	$ 131,732	$ 40,836	$ 141,075	$ 209,476	$ 66,038	$1,699,934	$ 280,374	$ 327,727	$ 608,101	$ 2,308,035

The accompanying notes are an integral of the financial statements.

FOOTHILLS UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (201,002)	$ (284,835)
Adjustments to reconcile changes in net assets to cash provided (used) by operating activities:		
Depreciation	42,053	41,675
Contributed computer equipment capitalized	-	(5,900)
Net unrealized and realized gain on investments	(171,618)	(11,134)
Changes in working capital items:		
Contributions receivable	(59,274)	(23,356)
Accrued interest receivable	4,590	397
Other assets	555	(15,106)
Accounts payable	118	4,951
Accrued expense	(20,366)	(7,428)
Donor designated payable	95,418	(74,181)
Agency allocations payable	40,650	(100,176)
Tenant deposits	-	1,000
Net cash used by operating activities	(268,876)	(474,093)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	817,964	537,786
Purchase of investments	(555,619)	(542,897)
Purchase of property and equipment	(3,834)	(7,251)
Change in temporary investments	77,141	(1,121)
Net cash provided (used) by investing activities	335,652	(13,483)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	66,776	(487,576)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	382,082	869,658
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 448,858	$ 382,082
NONCASH INVESTING AND FINANCING TRANSACTIONS		
Unrealized gain (loss) on investment	$ 56,298	$ (54,311)
Contribution received in acquisition	$ -	$ 8,400

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.

Restricted Cash

Restricted cash includes cash received for programs that are held in separate interest bearing accounts. The funds are recognized as temporarily restricted and are to be used only for restricted programs.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. At June 30, 2013 and 2012, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Donor and Agency Payables

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

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 2009 and 2008, respectively.

Subsequent Events

Management evaluated subsequent events through October 11, 2013, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2013, but prior to October 11, 2013, that provided additional evidence about conditions that existed at June 30, 2013 have been recognized in the financial statements for the year ended June 30, 2013. Events or transactions that provided evidence about conditions that did not exist at June 30, 2013, 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, 2013.

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, 2013.

NOTE 3 – ACQUISITION

Effective August 1, 2011, the Organization acquired certain assets of Volunteer Connection of Boulder County, Inc. (VC), a Colorado nonprofit corporation, for one dollar. The Organization agreed to continue operating VC as a program of the Organization, and to serve Boulder and Broomfield Counties by providing volunteer matching services, supporting volunteer managers in local nonprofit agencies, and advocating for volunteerism.

The Organization recorded the following estimated fair values of assets as of August 1, 2011:

Cash	$	45,137
Furniture, fixtures and equipment		5,900
Gifts in kind inventory		2,500
Total	$	53,537

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2013 and 2012 consist of 2013 and 2012 campaigns. A breakdown of the contributions receivable and the allowance for uncollectible accounts is as follows:

	Unrestricted	**Donor Designations**	**Total 2013**	**Total 2012**
Contribution receivable expected to be collected in:				
Less than one year	$ 605,720	$ 352,977	$ 958,697	$ 903,018
Allowance for uncollectible accounts	(91,602)	-	(91,602)	(95,197)
Total	$ 514,118	$ 352,977	$ 867,095	$ 807,821

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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.

As of June 30, 2013 and 2012, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investment securities classified as short-term and long-term investments. Securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy and are reported as assets in the accompanying statements of financial position.

The following is a summary of investments:

	June 30, 2013			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities				
Common stock	$ 655,917	$ 276,569	$ (7,475)	$ 925,011
Foreign equities	14,518	16,845	-	31,363
Bonds				
U.S Government securities	144,514	6,830	(1,140)	150,204
Municipals	230,315	24,466	-	254,781
Corporate bonds	9,910	213	-	10,123
Total	$ 1,055,174	$ 324,923	$ (8,615)	$ 1,371,482

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	June 30, 2012			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities				
Common stock	$ 770,563	$ 214,714	$ (29,236)	$ 956,041
Foreign equities	24,981	18,657	-	43,638
Bonds				
U.S Government securities	60,060	12,286	-	72,346
Municipals	301,712	41,745	-	343,457
Corporate bonds	44,883	1,844	-	46,727
Total	$ 1,202,199	$ 289,246	$ (29,236)	$ 1,462,209

Investment income from these investments for the years ended June 30, 2013 and 2012 is summarized as follows:

	2013	2012
Net realized gain on sale of investments	$ 115,321	$ 65,445
Net unrealized gain (loss) on investments	56,297	(54,311)
Other investment income	24,311	39,357
Total	$ 195,929	$ 50,491

NOTE 6 – 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, 2013 and 2012 was $13,659 and $13,220, respectively. The Fund is not recorded as an asset for the Organization for June 30, 2013 or 2012. The Organization is only entitled to contributions from their Organization and earnings on the amount invested.

NOTE 7 – LAND, BUILDING AND EQUIPMENT

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

	2013	2012
Land	$ 100,000	$ 100,000
Building and improvements	1,185,895	1,185,895
Furniture and equipment	126,180	122,346
	1,412,075	1,408,241
Less accumulated depreciation	(305,292)	(263,239)
Total	$ 1,106,783	$ 1,145,002

Depreciation expense incurred for the years ended June 30, 2013 and 2012 was $42,053 and $41,675, respectively.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

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

	2013	2012
Personal Investment Enterprise	$ 125,511	$ 173,375
CCCTC Program	2,274	5,527
Nonprofit Cultivation Center	23,268	60,152
Boulder County Supplemental Nutrition Assistance Program	-	11,567
Fourmile Fire Relief	-	16,991
Volunteer Connection	79,077	78,090
Total	$ 230,130	$ 345,702

NOTE 9 – BOARD DESIGNATED ENDOWMENT

As of June 30, 2013 and 2012, 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.

NOTE 9 – BOARD DESIGNATED ENDOWMENT (CONTINUED)

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, 2013 or June 30, 2012.

Composition of and changes in endowment net assets for the years ended June 30, 2013 and 2012 are as follows:

Board designated endowment net assets, beginning of year	$ 1,490,366	$ 1,454,078
Investment return		
Investment income	24,020	37,970
Net appreciation realized and unrealized	171,619	11,133
Investment fees	(12,798)	(12,815)
Total investment return	182,841	36,288
Contributions	-	-
Amounts appropriated for expenditure	(280,750)	-
Board designated endowment net assets, end of year	$ 1,392,457	$ 1,490,366

NOTE 10 – 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, 2013 and 2012, retirement expense totaled $15,740 and $16,254, respectively.

NOTE 11 – 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 14) 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 12 – IN-KIND GIFTS

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. For the year ended June 30, 2012, the Organization received gifts in-kind of $62,449 of which $15,461 was allocated to various agencies. For the year ended June 30, 2012, the Organization capitalized $5,900, in contributed computer equipment, furniture, office equipment and supplies.

NOTE 13 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalent balances at three financial institutions. As of June 30, 2013 and 2012, 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 $188,514 and $167,302 at June 30, 2013 and 2012, respectively. The Organization has not experienced any losses as a result of these concentrations.

NOTE 14 – 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, 2013 and 2012 advertising costs were $27,399 and $24,007, respectively. For years ended June 30, 2013 and 2012, $9,520 and $12,695, respectively was received as an in-kind gift from local media.

NOTE 15 – 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, 2012 was $11,000.

During the year ended June 30, 2013, the lease was renewed for a one year term, which commenced on August 1, 2012. The monthly payment for rent and common area charges are $1,030. Rental income received during the year ended June 30, 2013 was $12,330.

NOTE 16 – 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, 2013 and 2012, approximately 27% and 29%, respectively of the Organization's revenues were from one donor company.