

**UNITED WAY OF NORTHERN NEW MEXICO
SERVING LOS ALAMOS & RIO ARRIBA COUNTIES
(A Nonprofit Corporation)**

FINANCIAL STATEMENTS

December 31, 2016

(With Summarized Comparative Information for December 31, 2015)

With Independent Auditor's Report Thereon

**UNITED WAY OF NORTHERN NEW MEXICO
SERVING LOS ALAMOS & RIO ARRIBA COUNTIES
FINANCIAL STATEMENTS**

For the Year Ended December 31, 2016

(With Summarized Comparative Information for the Year Ended December 31, 2015)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Northern New Mexico Serving Los Alamos & Rio Arriba Counties

We have audited the accompanying financial statements of United Way of Northern New Mexico Serving Los Alamos & Rio Arriba Counties (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities 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.

Auditor's 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 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 United Way of Northern New Mexico Serving Los Alamos & Rio Arriba Counties as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We audited United Way of Northern New Mexico Serving Los Alamos & Rio Arriba Counties December 31, 2015 financial statements, and our report dated September 19, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Susan E. Givens, LLC". The signature is written in a cursive style with a vertical line through the letter 'E'.

Santa Fe, New Mexico

October 14, 2017

UNITED WAY OF NORTHERN NEW MEXICO
SERVING LOS ALAMOS & RIO ARRIBA COUNTIES
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2016 and 2015

ASSETS

	2016	2015
Current Assets		
Cash and savings deposits, <i>notes 1 and 2</i>	\$ 161,915	\$ 173,708
Estimated pledges receivable, net of allowance for uncollectibles, <i>notes 1 and 4</i>	377,382	2,059,515
Investments, <i>note 3</i>	417,524	391,995
Total current assets	956,821	2,625,218
 Property and Equipment, <i>notes 1 and 5</i>		
Furniture, fixtures and equipment	17,311	17,311
Less: Accumulated depreciation	(16,707)	(16,147)
Net property and equipment	604	1,164
 Total Assets	\$ 957,425	\$ 2,626,382

LIABILITIES AND NET ASSETS

Current Liabilities		
Deferred pledge campaign revenue, <i>note 1</i>	\$ 586,634	\$ 2,308,859
Accrued payroll and related liabilities	5,119	12,384
Total Liabilities	591,753	2,321,243
 Net Assets, <i>note 1</i>		
Unrestricted - Unappropriated	65,672	5,139
Unrestricted- Board designated, <i>note 9</i>	300,000	300,000
Total Net Assets	365,672	305,139
 Total Liabilities and Net Assets	\$ 957,425	\$ 2,626,382

The Accompanying Notes are an Integral Part of
 These Financial Statements

**UNITED WAY OF NORTHERN NEW MEXICO
SERVING LOS ALAMOS & RIO ARRIBA COUNTIES**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016			2015
	Unrestricted			Total
	Board		Total	
Undesignated	Designated	Total		Total
<u>Revenues and other support</u>				
Contributions, <i>note 1</i>	\$ 2,911,861	\$ -	\$ 2,911,861	\$ 3,085,001
Cornerstone program funding	246,425	-	246,425	77,000
In-kind contributions, <i>note 6</i>	15,000	-	15,000	15,000
Fundraising event income	5,508	-	5,508	11,182
Interest income	480	-	480	636
Dividend income	10,772	-	10,772	6,291
Unrealized gains/(loss), net of fees	12,486	-	12,486	(24,674)
Total revenues and other support	<u>3,202,532</u>	<u>-</u>	<u>3,202,532</u>	<u>3,170,436</u>
<u>Expenses and losses</u>				
<i>Program services</i>				
Grants, <i>note 1</i>	611,000	-	611,000	591,000
Donor designations, <i>note 1</i>	2,266,029	-	2,266,029	2,262,604
Other program services	66,498	-	66,498	106,533
	<u>2,943,527</u>	<u>-</u>	<u>2,943,527</u>	<u>2,960,137</u>
<i>Supporting services</i>				
General and administrative	130,144	-	130,144	138,445
Fundraising	78,942	-	78,942	85,145
	<u>209,086</u>	<u>-</u>	<u>209,086</u>	<u>223,590</u>
<i>Other expenses</i>				
Bad debt recoveries net, <i>notes 1 and 4</i>	(25,614)	-	(25,614)	(7,383)
In-kind expenses, <i>note 6</i>	15,000	-	15,000	15,000
	<u>(10,614)</u>	<u>-</u>	<u>(10,614)</u>	<u>7,617</u>
Total expenses	<u>3,141,999</u>	<u>-</u>	<u>3,141,999</u>	<u>3,191,344</u>
Change in net assets	60,533	-	60,533	(20,908)
Net assets, beginning of year	<u>5,139</u>	<u>\$ 300,000</u>	<u>\$ 305,139</u>	<u>326,047</u>
Net assets, end of year	<u>\$ 65,672</u>	<u>\$ 300,000</u>	<u>\$ 365,672</u>	<u>\$ 305,139</u>

The Accompanying Notes Are an Integral Part of
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UNITED WAY OF NORTHERN NEW MEXICO
SERVING LOS ALAMOS & RIO ARRIBA COUNTIES
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ 60,533	\$ (20,908)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation expense	560	560
Net (gains)/losses on investments	(12,486)	24,674
Decrease (increase) in pledges receivable	1,682,133	759,013
Increase (decrease) in deferred campaign revenue	(1,722,225)	(801,652)
Increase (decrease) in donor designations payable	-	(42,973)
Increase (decrease) in accrued payroll and related liabilities	(7,265)	(3,178)
Net cash provided by (used for) operating activities	1,250	(84,464)
 Cash Flows from Investing Activities		
Additions to fixed assets	-	-
Purchase of securities	(13,043)	(6,290)
Net cash used for investing activities	(13,043)	(6,290)
 Net change in cash	(11,793)	(90,754)
 Cash, beginning of year	173,708	264,462
 Cash, end of year	\$ 161,915	\$ 173,708
 Supplemental Disclosures:		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

The Accompanying Notes Are an Integral Part of
These Financial Statements

**UNITED WAY OF NORTHERN NEW MEXICO
SERVING LOS ALAMOS & RIO ARRIBA COUNTIES**

Notes to the Financial Statements
December 31, 2016 and 2015

(1) Summary of Significant Accounting Principles

Organization and Nature of Activities

The United Way of Northern New Mexico Serving Los Alamos & Rio Arriba Counties (the United Way) is a New Mexico not-for-profit corporation organized to solicit and receive contributions from the public. These funds are allocated and distributed to member agencies and grantees, which in turn serve the community through charitable, educational, health, welfare, and recreational activities.

Basis of Financial Statement Presentation

In June 2009, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Codification (ASC or the Codification) as the source of authoritative accounting principles recognized by the FASB to be used by nongovernmental entities when preparing financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. The Codification reduces the GAAP hierarchy to two levels: authoritative and non-authoritative, with the Codification being authoritative GAAP. The adoption of the Codification did not have a significant impact on the financial statements as of and for the year ended December 31, 2016.

Basis of Accounting

The financial statements of the United Way have been prepared on the accrual basis of accounting, and accordingly, reflect all accounts receivable and accounts payable as of December 31, 2016. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets - Represents those assets that the United Way may use at its discretion. Unrestricted net assets designated by the Board represent funds set aside by the Board.

Temporarily Restricted Net Assets - Represent net assets subject to donor-imposed stipulations that can be fulfilled by actions of the United Way pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted Net Assets - Results from donor-imposed stipulations that neither expire by the passage of time or can be fulfilled or otherwise removed by actions of United Way.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates.

Contributed Services

Unpaid volunteers have made contributions of their time to develop United Way's programs, principally in fundraising and programs. In accordance with the FASB ASC the value of this contributed time is not reflected in these financial statements.

**UNITED WAY OF NORTHERN NEW MEXICO
SERVING LOS ALAMOS & RIO ARriba COUNTIES**

Notes to the Financial Statements

December 31, 2016 and 2015

(1) Purpose of Organization and Summary of Significant Accounting Policies, continued

Income Taxes

The United Way is a nonprofit organization that has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Uncertain Tax Positions

Although exempt from federal income tax, the United Way is subject to tax on income from any unrelated business activities. The United Way does not conduct activities subject to such tax. On January 1, 2010, the United Way adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required.

The United Way's federal Return of Organization Exempt from Income Tax (Form 990) is subject to potential examination for a three year period following the date of filing. This would include returns for the years ending December 31, 2014 through December 31, 2016.

Functional Allocation of Expenses

United Way is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporary restricted net assets, and permanently restricted net assets. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

Cash includes money market funds as well as interest and dividend producing instruments with maturities at the date of purchase of three months or less.

Revenue Recognition

Annual pledge campaigns are conducted each Fall to carry out United Way's mission. Contributions from a pledge campaign are generally collected during the following calendar year as voluntary withholding from payroll. For this reason the original pledge amounts are recorded as deferred revenue and pledge receivables. Collected contributions are booked against the deferred liability when received, and accounted for as revenue in the period received or earned. All pledges and other contributions are considered to be available for unrestricted use unless specifically restricted by the 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 period in which the contribution is received, United Way reports such support as unrestricted funds.

**UNITED WAY OF NORTHERN NEW MEXICO
SERVING LOS ALAMOS & RIO ARRIBA COUNTIES**

Notes to the Financial Statements

December 31, 2016 and 2015

(1) Purpose of Organization and Summary of Significant Accounting Policies, continued

Receivables - Promises to Give

The United Way recognizes contributions from a donor when that contribution is given unconditionally. Conditional promises to give, or pledges, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Receivables are generally collected in a period of less than one year. Uncollectible pledges for the prior year campaign are written off using the allowance method using a standard percentage of pledged contributions.

Property and Equipment

Property and equipment is recorded either at cost or, if donated, at fair-market value on the date of the contribution. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets of three to five years.

Allowance for Uncollectible Accounts

The United Way uses the allowance method to determine uncollectible promises to give. The allowance is based on a rolling average of the last three fiscal years as well as management's analysis of the history of collectible pledge amounts. As of December 31, 2016, 2.00% of pledged campaign contributions are charged off to the allowance reserve and adjusted to actual during the year.

Distributed Funds - Grants and Donor Designated Funds

Amounts to be distributed as Grants from the Community Action Fund (CAF) are generally determined after the annual campaign results are substantially known. Donor designated contributions are routed to approved charitable agencies on a quarterly basis. Grants and donor designated funds distributed by United Way to affiliated and other agencies are recognized as expenses and liabilities when United Way approves the award.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

(2) Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Cash and equivalents	<u>\$ 161,915</u>	<u>\$ 173,708</u>

**UNITED WAY OF NORTHERN NEW MEXICO
SERVING LOS ALAMOS & RIO ARriba COUNTIES**

Notes to the Financial Statements

December 31, 2016 and 2015

(3) Investments

A summary of investments for cash designated by the Board and the investments in securities at December 31, 2016 and 2015 consist of the following:

	2016	
	Cost	Market
Cash and money market funds	\$ 81,938	\$ 81,938
Mutual funds & other assets	326,063	335,586
Total:	\$ 408,001	\$ 417,524
	2015	
	Cost	Market
Cash and money market funds	\$ 70,862	\$ 70,896
Mutual funds & other assets	335,177	321,099
Equity securities	-	-
Total:	\$ 406,039	\$ 391,995

Financial accounting standards define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy which prioritizes valuation techniques. 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach are used to measure fair value.

The fair value hierarchy prioritizes valuation techniques used to measure fair value into three broad levels:

- Level 1 assets use quoted prices in active markets for identical assets the United Way has the ability to access. The United Way owns equities and mutual funds that are considered level 1 assets.
- Level 2 assets use inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly. The United Way's money market funds are classified as level 2 assets.
- Level 3 assets have no observable values for the assets and rely on management's own assumptions that market participants would use in pricing the asset. The United Way does not have any assets or liabilities classified as level 3.

During 2016 and 2015, the United Way did not have any assets measured on a non-recurring basis.

**UNITED WAY OF NORTHERN NEW MEXICO
SERVING LOS ALAMOS & RIO ARriba COUNTIES**

Notes to the Financial Statements

December 31, 2016 and 2015

(4) Unconditional Pledges to Give and Allowance for Uncollectibles

Unconditional pledges to give as of December 31, 2016 and 2015, are summarized as follows:

	2016	2015
Pledges receivable - current	\$ 385,084	\$ 2,101,546
Less: Allowance for uncollectible pledges	(7,702)	(42,031)
Net unconditional pledge receivables	\$ 377,382	\$ 2,059,515

For the years ended December 31, 2016 and 2015, bad debts expense recognized in these financial statements is \$(25,614) and \$(7,383).

(5) Property and Equipment

The following is a summary of the United Way's property and equipment, and accumulated depreciation as of December 31, 2016 and 2015.

	2016	2015
Office Equipment	\$ 17,311	\$ 17,311
Less: Accumulated depreciation and amortization	(16,707)	(16,147)
Property and equipment, net	\$ 604	\$ 1,164

For the years ended December 31, 2016 and 2015, depreciation recognized in these financial statements is \$560 and \$560.

(6) In-Kind Contributions

In-kind contributions are recognized as contributions in accordance with the *ASC 958-605-55-23*. Contributions are valued at fair market value in the period received. As of December 31, 2016 and 2015, contributions of \$15,000 and \$15,000 respectively, have been recognized in the accompanying financial statements. See also footnote 7.

(7) Leases

The United Way leases its office space from a financial institution under the terms of a lease that runs month-to-month through fiscal year 2016. For the years ended 2016 and 2015, the value of the lease was contributed in-kind, to United Way by the bank. As of December 31, 2016 and 2015, the value of all leases recognized in the financial statements are \$15,000 and \$15,000, respectively.

<u>Years Ending Dec. 31:</u>	<u>Lease Obligations</u>
2016	15,000
Thereafter	-
	\$ 15,000

(8) Deferred Annuity Plan

Beginning in 2007, the United Way began contributing to employee deferred annuity plans on a percentage of compensation basis, 5% in the fiscal year just ended. Employees may contribute to the plan on a voluntary basis through payroll withholding. As of December 31, 2016 and 2015, employer contributions of \$6,989 and \$7,916 respectively, have been recognized in the accompanying financial statements.

**UNITED WAY OF NORTHERN NEW MEXICO
SERVING LOS ALAMOS & RIO ARRIBA COUNTIES**

Notes to the Financial Statements
December 31, 2016 and 2015

(9) Board Designated Reserve

A designated reserve is used by the Board for budgetary purposes, designating cash and unrestricted funds to be set aside for emergencies and unplanned events. Board reserved funds are to be calculated separate from operating funds, and are physically set aside as a portion of the organization's investment balance as of December 31, 2016. The reserve is calculated as a range with a minimum of three months and a maximum of six months of general and administrative operating expenses plus Community Action Fund Grants. The United Way of America guides its affiliates with diversified campaigns toward a smaller reserve, while advising toward a larger reserve in campaigns that are less diversified. The Board has set aside a reserve of approximately 4.3 months in its investment account for the 2016 fiscal year. For the years ended December 31, 2016 and 2015, Board Designated Reserve amounts recognized in these financial statements is \$300,000 and \$300,000 respectively.

(10) Commitments

As an affiliate chapter of United Way of America, the United Way of Northern New Mexico pays annual membership fees equal to 1% of campaign receipts to its parent organization. Membership fees for the years ended December 31, 2016 and 2015, are \$31,907 and \$28,933, respectively.

(11) New Non Profit Accounting Standard

The FASB has issued Accounting Standard Update (ASU) Number 2016-14, Presentation of Financial Statements of Not-for-Profit Entities which effectively amends the presentation requirements for not for-profit entities and primarily requires the following:

- a) Present on the face of the statement of financial position two classes of net assets, rather than the currently required three classes of net assets. The two classes of net assets will now be composed of donor restricted and without donor restricted net assets, as well as total net
- b) Present on the face of the statement of activities the amount of change in the two classes of net assets, rather than the currently required three classes of net assets, as well as change in total net assets.
- c) No longer require the presentation or disclosure of the indirect method of presenting the statement of cash flows if using the direct method of presentation.
- d) Provides various enhanced disclosure requirements in the footnotes to the financial statements.

The standard was issued in August, 2016, and is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods with fiscal years beginning after December 15, 2018. Management intends to implement the new standard in accordance with the required implementation date.

**UNITED WAY OF NORTHERN NEW MEXICO
SERVING LOS ALAMOS & RIO ARRIBA COUNTIES**

Notes to the Financial Statements

December 31, 2016 and 2015

(12) Comparative Financial Information

The financial statements and related footnotes include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015 from which the summarized financial information was derived.

(13) Concentrations

The United Way generates a significant portion of its contribution income from employees of Los Alamos National Laboratory that participate in a fund raising campaign on behalf of the United Way. If that campaign were terminated, or otherwise didn't exist, support for the United Way of Northern New Mexico would be negatively and materially impacted.

(14) Subsequent Events

The United Way recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet. Management has evaluated subsequent events through October 23, 2017, the date on which the financial statements were available to be issued.

There are no significant or materially identified events as of the audit date that require adjustments or subsequent disclosure in the notes to these financial statements.