

United Way of Morgan County

Financial Report

December 31, 2022

And for the Year Then Ended

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JOHNSON AND ASSOCIATES, CPAs, PC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Morgan County
Fort Morgan, Colorado

Opinion

We have audited the accompanying financial statements of United Way of Fort Morgan (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABC Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Morgan County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Morgan County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ABC Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Johnson and Associates, CPAs, PC

Sterling, Colorado
January 3, 2024

United Way of Morgan County

**Statement of Financial Position
As of December 31, 2022**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	542,810
Funds held on behalf of City of Brush Giving Tree		8,097
Contributions receivable		25,587
Refundable deposits		750
Prepaid expenses		1,243
TOTAL CURRENT ASSETS		<u>578,487</u>

Equipment, net of accumulated depreciation of \$15,903		<u>858</u>
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TOTAL ASSETS	\$	<u>579,345</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	5,920
Accrued expenses		5,654
Funds held on behalf of City of Brush Giving Tree		8,097
TOTAL CURRENT LIABILITIES		<u>19,671</u>

NET ASSETS

Without donor restrictions		53,413
With donor restrictions		<u>506,261</u>
TOTAL NET ASSETS		<u>559,674</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u>579,345</u>
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See accompanying notes to financial statements.

United Way of Morgan County

**Statement of Activities
Year Ended December 31, 2022**

	Without Donor Restriction	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 125,439	\$ 515,741	\$ 641,180
Fundraising	5,055	-	5,055
Rental income	-	840	840
Interest income	240	-	240
Net assets released from restrictions	399,461	(399,461)	-
Total Support and Revenue	530,195	117,120	647,315
EXPENSES:			
Program services	456,698	-	456,698
Supporting services			
Management and general	55,655	-	55,655
Fundraising	3,885	-	3,885
Total supporting services	59,540	-	59,540
Total Expenses	516,238	-	516,238
CHANGE IN NET ASSETS	13,957	117,120	131,077
NET ASSETS, BEGINNING OF YEAR	39,456	389,141	428,597
NET ASSETS, END OF YEAR	\$ 53,413	\$ 506,261	\$ 559,674

See accompanying notes to financial statements.

United Way of Morgan County

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total Expenses
ALLOCATIONS AND GRANTS				
Morgan County Family Center	\$ 15,036	\$ -	\$ -	\$ 15,036
RE-2 Blessings in a Backpack	15,000	-	-	15,000
C.H.T.A	10,101	-	-	10,101
Share, Inc.	10,013	-	-	10,013
S.A.R.A., Inc.	10,051	-	-	10,051
Rising Up	5,231	-	-	5,231
Baby Bear Hugs	5,013	-	-	5,013
RE-3 Blessings in a Backpack	2,500	-	-	2,500
Walmart/Dollartree	235	-	-	235
One Morgan County	58	-	-	58
Association of Children with Disabilities	45	-	-	45
A Caring Pregnancy Resource Center	14	-	-	14
Eben Ezer Lutheran Care Center	13	-	-	13
Food Coalition expenses	274,036	-	-	274,036
Salaries	49,504	22,166	-	71,670
Collective Impact expenses	38,259	-	-	38,259
Professional fees	-	14,206	-	14,206
Housing Action Team expenses	11,275	-	-	11,275
Rent	3,134	6,362	-	9,496
Payroll taxes	3,675	1,810	-	5,485
Special Events	-	-	3,885	3,885
Advertising	-	3,630	-	3,630
Memberships	2,207	999	-	3,206
Insurance	-	2,582	-	2,582
Office expense	528	1,984	-	2,512
Relief fund	770	-	-	770
Equipment and repairs	-	658	-	658
Training	-	576	-	576
Depreciation	-	359	-	359
Meetings	-	240	-	240
Travel	-	83	-	83
TOTAL EXPENSES	\$ 456,698	\$ 55,655	\$ 3,885	\$ 516,238

See accompanying notes to financial statements.

United Way of Morgan County

Statement of Cash Flows

Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 131,077
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	359
Change in assets and liabilities:	
Contribution receivable	(20,229)
Refundable deposits	(450)
Prepaid expenses	230
Accounts payable	4,389
Accrued expenses	<u>2,849</u>
Total adjustments	<u>(12,852)</u>
Net cash provided by operating activities	<u>118,225</u>
Net change in cash and cash equivalents	118,225
Cash and cash equivalents:	
Beginning	<u>424,585</u>
Ending	<u><u>\$ 542,810</u></u>

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING INFORMATION

Increase (decrease) in funds held on behalf of City of Brush Giving Tree	<u><u>\$ 6,889</u></u>
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See accompanying notes to financial statements.

United Way of Morgan County

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: The United Way of Morgan County, Inc. (the Organization) is a tax-exempt organization established to collect charitable contributions within Morgan County, Colorado, and to allocate them for distribution to various tax-exempt agencies within the county.

The following is a summary of the Organization's significant accounting policies:

Basis of presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of estimates: The Organization uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Cash and cash equivalents: The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Equipment: It is the Organization's policy to capitalize equipment over \$500. Lesser amounts are expensed. Purchased equipment is capitalized at cost.

Donations of equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor and reclassifies restricted net assets at that time.

Equipment is depreciated using the straight-line method.

Classes of net assets: the financial statements report amounts by class of net assets –

Net assets without donor restrictions are those resources currently available for Organization purposes under the direction of the board.

Net assets with donor restrictions include donor-restricted contributions for specified purposes, unappropriated endowment income, and those net assets required to be held in perpetuity.

Support and revenue: Contributions are recorded when made, which may be when cash or assets are received or unconditionally promised. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in

United Way of Morgan County

Notes to Financial Statements

the statement of activities as net assets released from restrictions. Revenues from all other sources are recorded when earned in accordance with the accrual basis of accounting. Noncash contributions are recorded at their estimated fair market value on the date of donation. Contributions with restrictions that are met in the same reporting period are reported as net assets without donor restrictions.

Contributed materials, rent and services: Donated goods and services which meet specific criteria are recorded at fair market value as of the date of donation. Accounting principles allow for the recognition of donated services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under ASC topic 958 were not met.

Functional allocation of expenses: The statement of functional expenses reports certain categories of expenses that are attributable to program or support activities of the Organization. Costs were allocated based on estimates of time and effort.

Income taxes: The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as “other than a private foundation”. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization files federal form 990, “*Return of Organization Exempt from Income Tax*”, which is subject to examination by the IRS, generally for three years after filing.

Credit risk: Financial instruments that potentially subject the Organization to credit risk consist of cash deposits, held at banks. The Organization places its cash with creditworthy, high quality financial institutions and keeps balances at each institution below federally insurable limits.

Note 2. Related Party Transactions

During the normal course of operations, the Organization receives contributions from agencies associated with board members. Contributions received from these agencies in the current period totaled \$xx,xxx.

Note 3. Lease Agreement

Building Lease

During 2022, the Organization leased office space from an unrelated entity for \$750 per month. On February 1, 2022, the Organization signed a 12-month lease agreement for \$750 per month starting March 1, 2022 with this same entity. Either party may terminate the lease agreement by giving 30 days written notice to the other party.

United Way of Morgan County

Notes to Financial Statements

Equipment Lease

On April 15, 2019, the Organization entered into an agreement with Wells Fargo Financial Leasing, Inc. to lease an HP E77825z copier. The agreement is for a period of sixty months at a monthly payment of \$101, and is secured by the leased equipment. Lease expense for the current period under this lease agreement was \$1,288.

Minimum annual rental payments required under the equipment lease are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 1 208
2024	<u>403</u>
Total	<u>\$ 1,611</u>

Note 4. Pledges Receivable, Allocations and Net Assets With Donor Restrictions

The Organization has received the following grants, most of which have ongoing significance as of December 31, 2022:

Collective Impact Initiative

Denver Foundation (Gateway II Fund)

This grant addresses affordable housing, affordable childcare, access to food, and access to healthcare. Under this grant, the Organization will receive \$55,613 for the twelve-month period which began September 24, 2021 and ended October 31, 2022. Payments are scheduled to be received on the following approximate dates:

Date	Scheduled Payment	Payment Received
September 24, 2021	\$55,613	\$55,613

Education, Access and Inclusion: Food Coalition of Morgan County's Collaborative Approach to Addressing Hunger

Colorado Health Foundation

This grant addresses hunger and food insecurity in Morgan County. Under this grant, the Organization will receive \$608,626 for the thirty-six-month period which began September 15, 2021 and ends September 14, 2024. Payments are scheduled to be received on the following approximate dates:

United Way of Morgan County

Notes to Financial Statements

Date	Scheduled Payment	Payment Received
September 16, 2021	\$175,818	\$175,818
October 27, 2022	\$207,741	\$207,741
October 26, 2023	\$225,067	\$225,067
	\$608,626	\$608,626

\$28,748 of this grant was unexpended at the end of the twelve-month period disclosed above. The Organization requested a seven-month extension of time to expend that amount. This extension was granted and the \$28,748 was fully expended during 2022.

Any portion of the grant unexpended at the completion of the project or the end of the thirty-six-month period disclosed above shall be returned immediately to the Colorado Health Foundation, which may terminate this agreement at any time by giving the Organization at least thirty days of written notice.

Denver Foundation

This grant also addresses hunger and food insecurity in Morgan County. Under this grant, the Organization will receive \$405,255 for the thirty-six-month period which began October 4, 2021 and ends October 3, 2024. Payments are scheduled to be received on the following approximate dates:

Date	Scheduled Payment	Payment Received
October 2021	\$117,211	\$117,211
November 2022	\$138,000	\$138,000
November 2023	\$150,044	\$150,044
Totals	\$405,255	\$405,255

Any portion of the grant unexpended at the completion of the project or the end of the thirty-six-month period disclosed above shall be returned immediately to the Denver Foundation.

The Organization, as the fiscal sponsor under these grants, maintains full discretion and control over the grant funds, and will oversee and monitor the Food Coalition of Morgan County as that organization carries out the activities set forth in the grant application. Accordingly, the Organization and the Food Coalition of Morgan County have entered into a Memorandum of Understanding (MOU) with Kids At Their Best (KATB) and the Morgan County Family Center (MCFC) which began October 1, 2021 and ends September 30, 2024.

United Way of Morgan County

Notes to Financial Statements

Under the MOU, KATB and MCFC are eligible for the following reimbursement amounts, contingent upon providing the Organization adequate receipts –

Contract Year	KATB	NCFC	Total
One	\$192,740	\$8,000	\$200,740
Two	\$227,060	\$5,000	\$232,060
Three	\$150,044	\$5,000	\$155,044
Totals	\$569,844	\$18,000	\$587,844

Under the MOU, the Organization will receive the following annual fiscal sponsorship fees –

Contract Year	Fiscal Sponsorship Fee
One	\$26,639
Two	\$31,431
Three	\$34,101
Totals	\$92,171

The Organization's fiscal sponsorship fee for the Colorado Health Foundation grant will be no more than ten percent of that grant's total award amount.

Housing Action Team

Cargill - Morgan County

This project addresses various housing needs of the local workforce in Morgan County. Under this grant, the Organization will receive \$250,000 for the twenty-four-month period which began May of 2022 and ends April of 2024. Payments are scheduled to be received on the following approximate dates:

Date	Scheduled Payment	Payment Received
May 2022	\$125,000	\$125,000
May 2023	\$125,000	\$125,000
Totals	\$250,000	\$250,000

Expenditures associated with grant totaled \$11,275 through December 31, 2022.

United Way of Morgan County

Notes to Financial Statements

Brush STEM Initiative

Xcel Energy Foundation

This project provides funding for the Brush, Colorado school district's STEM programming. Under this grant, the Organization received \$15,000 for the twelve-month period which began September 15, 2022 and ended May 31, 2023.

The Organization, as the fiscal sponsor under these grants, maintained full discretion and control over the grant funds, and oversaw and monitored the Brush School District Re2-J as that organization carried out the activities set forth in the grant application.

This grant had been fully expended as of December 31, 2022, and the Organization recognized fiscal sponsor fee income of \$900 in 2022.

Unexpended funds associated with the above grants are reported as net assets with donor restrictions as of December 31, 2022 and consist of the following -

Grant Description	Unexpended Grant Funds
Collective Impact Initiative	\$35,161
Food Coalition	\$357,375
Housing Action Team	\$113,725
Totals	\$506,261

The Organization has adopted a policy to maintain a reserve of \$20,000 for its operating expenses.

Note 5. Evaluation of Subsequent Events

Subsequent events were evaluated through January 3, 2024, which is the date the financial statements were available to be issued.