

**United  
Way**



**United Way  
of Central New Mexico**

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# **FINANCIAL STATEMENTS**

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**JUNE 30, 2016 and 2015**

**United Way of Central New Mexico**

**FINANCIAL STATEMENTS**

**June 30, 2016 and 2015**

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Way of Central New Mexico

We have audited the accompanying financial statements of United Way of Central New Mexico (UWCNM) (a non-profit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, cash flows and functional expenses 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 UWCNM'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 UWCNM'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 UWCNM as of June 30, 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.

October 20, 2016

  
Pulakos CPAs, PC

# United Way of Central New Mexico

## STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 1,267,635	\$ 1,169,303
Certificates-of-deposit	1,632,714	3,834,335
Investment held with Albuquerque Community Foundation	2,044,481	2,352,850
Pledges receivable, net of allowance for uncollectible pledges of \$399,055 and \$291,911 as of June 30, 2016 and 2015, respectively.	2,339,066	2,037,379
Donor option pledges receivable, net of allowance for uncollectible pledges of \$526,532 and \$530,020 as of June 30, 2016 and 2015, respectively.	5,137,813	5,604,872
Non-campaign receivable, amounts processed on behalf of others, net of allowance for uncollectible pledges of zero and \$31,462 as of June 30, 2016 and 2015, respectively.	311,060	269,219
Pledge - current operating facility (land and building)	1,800,000	-
Other receivables	378,224	198,525
Property and equipment, net	192,052	150,366
Land held-for-sale	75,000	75,000
Planned giving assets	762,483	732,064
Other assets	342,268	81,261
	<u>\$ 16,282,796</u>	<u>\$ 16,505,174</u>
Total assets	<u>\$ 16,282,796</u>	<u>\$ 16,505,174</u>
<b><u>Liabilities and Net Assets</u></b>		
Liabilities		
Accounts payable and accrued expenses	\$ 200,238	\$ 171,457
Donor options payable	6,693,279	8,056,550
Non-campaign payable, amounts processed on behalf of others	384,331	345,427
Pension liability	-	225,850
Planned giving liability	316,591	326,523
	<u>7,594,439</u>	<u>9,125,807</u>
Total liabilities	<u>7,594,439</u>	<u>9,125,807</u>
Net assets		
Unrestricted	3,442,930	3,862,691
Temporarily restricted	5,245,427	3,516,676
	<u>8,688,357</u>	<u>7,379,367</u>
Total net assets	<u>8,688,357</u>	<u>7,379,367</u>
Total liabilities and net assets	<u>\$ 16,282,796</u>	<u>\$ 16,505,174</u>

# United Way of Central New Mexico

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Campaign results			
2014 campaign	\$ -	\$ 886,749	\$ 886,749
2015 campaign	-	20,943,426	20,943,426
2016 campaign	-	977,780	977,780
2017 campaign	-	130,279	130,279
2018 campaign	-	11,940	11,940
<b>Total campaign</b>	-	22,950,174	22,950,174
Estimated uncollectible pledges	-	(646,461)	(646,461)
<b>Net campaign</b>	-	22,303,713	22,303,713
Donor option amounts (designations)	-	(15,113,187)	(15,113,187)
Campaign contributions released from restriction	7,511,775	(7,511,775)	-
<b>Total campaign revenue after release</b>	7,511,775	(321,249)	7,190,526
Other revenues and support			
In-kind contributions	780,434	-	780,434
Co-branding and event sponsorships	58,000	-	58,000
Programmatic and grant revenue	671,297	250,000	921,297
Interest	29,029	-	29,029
Pledge - current operating facility (land and building)	-	1,800,000	1,800,000
Loss on planned gifts	(47,665)	-	(47,665)
<b>Total revenues</b>	9,002,870	1,728,751	10,731,621
Support service expenses			
Fundraising	1,781,703	-	1,781,703
Management	849,510	-	849,510
<b>Total support service expenses</b>	2,631,213	-	2,631,213
Program			
Education	1,134,050	-	1,134,050
Self-sufficiency	1,155,387	-	1,155,387
Health	1,215,249	-	1,215,249
Community building initiatives	18,752	-	18,752
Mission: Graduate	671,141	-	671,141
Center for Non-Profit Excellence	373,903	-	373,903
Other initiatives	218,764	-	218,764
Program services	1,117,752	-	1,117,752
<b>Total program expenses</b>	5,904,998	-	5,904,998
Other expenses			
In-kind expenses	780,434	-	780,434
Co-branding and event sponsorships	105,986	-	105,986
<b>Total other expenses</b>	886,420	-	886,420
<b>Total distributions and expenses</b>	9,422,631	-	9,422,631
Change in net assets	(419,761)	1,728,751	1,308,990
Net assets, beginning of year	3,862,691	3,516,676	7,379,367
Net assets, end of year	\$ 3,442,930	\$ 5,245,427	\$ 8,688,357

# United Way of Central New Mexico

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Campaign results			
2013 campaign	\$ -	\$ 542,319	\$ 542,319
2014 campaign	-	23,355,095	23,355,095
2015 campaign	-	1,498,714	1,498,714
2016 campaign	-	121,328	121,328
2017 campaign	-	14,187	14,187
<b>Total campaign</b>	-	25,531,643	25,531,643
Estimated uncollectible pledges	-	(1,093,625)	(1,093,625)
<b>Net campaign</b>	-	24,438,018	24,438,018
Donor option amounts (designations)	-	(17,635,367)	(17,635,367)
Campaign contributions released from restriction	6,893,283	(6,893,283)	-
<b>Total campaign revenue after release</b>	6,893,283	(90,632)	6,802,651
Other revenues and support			
In-kind contributions	608,992	-	608,992
Co-branding and event sponsorships	84,192	-	84,192
Programmatic and grant revenue	1,186,664	500,000	1,686,664
Interest	65,850	-	65,850
Gain on planned gifts	80,150	-	80,150
<b>Total revenues</b>	8,919,131	409,368	9,328,499
Support service expenses			
Fundraising	1,655,271	-	1,655,271
Management	678,936	-	678,936
<b>Total support service expenses</b>	2,334,207	-	2,334,207
Program			
Education	1,481,325	-	1,481,325
Self-sufficiency	1,475,937	-	1,475,937
Health	1,231,452	-	1,231,452
Community building initiatives	178,356	-	178,356
Mission: Graduate	562,324	-	562,324
Center for Non-Profit Excellence	412,133	-	412,133
Other initiatives	243,727	-	243,727
Program services	1,033,692	-	1,033,692
<b>Total program expenses</b>	6,618,946	-	6,618,946
Other expenses			
In-kind expenses	608,992	-	608,992
Co-branding and event sponsorships	100,670	-	100,670
<b>Total other expenses</b>	709,662	-	709,662
<b>Total distributions and expenses</b>	9,662,815	-	9,662,815
Change in net assets	(743,684)	409,368	(334,316)
Net assets, beginning of year	4,606,375	3,107,308	7,713,683
Net assets, end of year	\$ 3,862,691	\$ 3,516,676	\$ 7,379,367

# United Way of Central New Mexico

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2016 and 2015

	2016	2015
Operating activities		
Change in net assets	\$ 1,308,990	\$ (334,316)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Net realized and unrealized loss (gain) on investments	52,142	(49,649)
Depreciation	41,671	50,063
Provision for uncollectible pledges	(203,254)	(255,301)
Loss on disposal of property and equipment	-	641
Pension liability	(225,850)	(633,291)
Net change in planned gift activity	(40,351)	(82,216)
Changes in operating assets and liabilities		
Receivables	147,086	1,233,734
Pledge - current operating facility (land and building)	(1,800,000)	-
Other assets	(261,007)	(7,881)
Accounts payable and accrued expenses	28,781	(286,368)
Deferred revenue	-	(528,464)
Donor option payables	(1,324,367)	178,683
	(2,276,159)	(714,365)
Net cash used by operating activities		
Investing activities		
Purchase of property and equipment	(83,357)	(51,585)
Redemption of certificates-of-deposit	2,201,621	46,087
Redemption of investments	259,332	255,123
Purchase of investments	(3,105)	(22,548)
	2,374,491	227,077
Net cash provided by investing activities		
Change in cash	98,332	(487,288)
Cash, beginning of year	1,169,303	1,656,591
Cash, end of year	\$ 1,267,635	\$ 1,169,303

## United Way of Central New Mexico

### STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

	<u>Support Services</u>			<u>Program</u>	<u>Total</u>
	<u>Fundraising</u>	<u>Management</u>	<u>Total</u>	<u>Services</u>	
Grants and program distributions					
Education	\$ -	\$ -	\$ -	\$ 1,134,050	\$ 1,134,050
Self-sufficiency	-	-	-	1,155,387	1,155,387
Health	-	-	-	1,215,249	1,215,249
Community building initiatives	-	-	-	18,752	18,752
Mission: Graduate	-	-	-	671,141	671,141
Center for Non-Profit Excellence	-	-	-	373,903	373,903
Other initiatives	-	-	-	218,764	218,764
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Total grant and program distributions	-	-	-	4,787,246	4,787,246
Operating expenses					
Bank service charges	27,862	6,965	34,827	11,609	46,436
Campaign supplies	8,607	-	8,607	-	8,607
Credit card charges	37,327	9,332	46,659	15,553	62,212
D&O and dishonesty insurance	12,642	3,161	15,803	5,268	21,071
Depreciation	25,002	6,251	31,253	10,418	41,671
Dues and subscriptions	5,977	1,494	7,471	3,644	11,115
Equipment rental	11,840	2,960	14,800	4,933	19,733
Expenses for assets held-for-sale	1,472	368	1,840	613	2,453
Financial statement audit	21,107	5,277	26,384	8,795	35,179
Occupancy	94,514	23,629	118,143	39,381	157,524
Office supplies	12,026	2,986	15,012	5,573	20,585
Payroll taxes and fringe benefits	199,391	124,807	324,198	148,152	472,350
Postage	16,969	4,970	21,939	1,310	23,249
Printing and marketing	35,262	8,592	43,854	14,694	58,548
Professional fees	90,309	22,577	112,886	45,129	158,015
Salaries	897,406	563,809	1,461,215	613,334	2,074,549
Staff development	26,015	6,610	32,625	11,666	44,291
Telephone	23,046	5,762	28,808	9,603	38,411
Temporary labor	33,550	6,339	39,889	10,565	50,454
Transportation/meals	31,414	3,195	34,609	8,050	42,659
United Way Worldwide dues	154,043	38,511	192,554	64,185	256,739
VITA grant expense	-	-	-	82,085	82,085
Volunteer/staff recognition	15,922	1,915	17,837	3,192	21,029
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Total operating expenses	1,781,703	849,510	2,631,213	1,117,752	3,748,965
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Total functional expenses	\$ 1,781,703	\$ 849,510	\$ 2,631,213	\$ 5,904,998	\$ 8,536,211



## United Way of Central New Mexico

### STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2015

	Support Services			Program Services	Total
	Fundraising	Management	Total		
Grants and program distributions					
Education	\$ -	\$ -	\$ -	\$ 1,481,325	\$ 1,481,325
Self-sufficiency	-	-	-	1,475,937	1,475,937
Health	-	-	-	1,231,452	1,231,452
Community building initiatives	-	-	-	178,356	178,356
Mission: Graduate	-	-	-	562,324	562,324
Center for Non-Profit Excellence	-	-	-	412,133	412,133
Other initiatives	-	-	-	243,727	243,727
Total grant and program distributions	-	-	-	5,585,254	5,585,254
Operating expenses					
Bank service charges	25,275	6,319	31,594	10,531	42,125
Campaign supplies	4,425	-	4,425	-	4,425
Credit card charges	46,382	11,595	57,977	19,326	77,303
D&O and dishonesty insurance	12,682	3,170	15,852	5,284	21,136
Depreciation	30,038	7,509	37,547	12,516	50,063
Dues and subscriptions	5,956	1,489	7,445	3,791	11,236
Equipment rental	11,879	2,970	14,849	4,950	19,799
Expenses for assets held-for-sale	1,463	366	1,829	610	2,439
Financial statement audit	21,554	5,389	26,943	8,981	35,924
Loss on disposal of assets	385	96	481	160	641
Occupancy	88,541	22,135	110,676	36,892	147,568
Office supplies	11,215	2,804	14,019	4,673	18,692
Payroll taxes and fringe benefits	220,191	107,365	327,556	157,852	485,408
Pension expense and liability adjustment	(125,428)	(31,357)	(156,785)	(52,262)	(209,047)
Postage	20,099	6,736	26,835	2,538	29,373
Printing and marketing	27,656	6,605	34,261	11,605	45,866
Professional fees	80,594	20,149	100,743	51,113	151,856
Salaries	866,297	445,647	1,311,944	574,295	1,886,239
Staff development	495	-	495	1,008	1,503
Telephone	18,448	4,612	23,060	7,687	30,747
Temporary labor	88,593	10,893	99,486	18,154	117,640
Transportation/meals	23,682	2,472	26,154	8,276	34,430
United Way Worldwide dues	160,651	40,163	200,814	66,938	267,752
VITA grant expense	-	-	-	75,758	75,758
Volunteer/staff recognition	14,198	1,809	16,007	3,016	19,023
Total operating expenses	1,655,271	678,936	2,334,207	1,033,692	3,367,899
Total functional expenses	\$ 1,655,271	\$ 678,936	\$ 2,334,207	\$ 6,618,946	\$ 8,953,153

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

United Way of Central New Mexico (UWCNM) serves the people of four New Mexico counties: Bernalillo, Sandoval, Torrance and Valencia. Its mission is to bring people and resources together to measurably improve lives and strengthen our communities. UWCNM brings together donors, businesses, nonprofits, government and others to create better solutions to our community's challenges. Our programs and donor dollars ensure that individuals and families in Central New Mexico have the opportunity to achieve potential through education, that they are healthy and safe, are financially stable and live life with dignity.

#### Campaign Year

UWCNM's campaign year traverses two fiscal years and three calendar years. The 2015 campaign, which is the bulk of activity for the 2016 fiscal year, began in October 2015 and will not be completely processed through the financial statements until June 2017. The results are multiple campaign years are presented in the financial statements during any given year.

#### Administered Programs

UWCNM administers the following programs:

##### *Community Fund*

The Community Fund improves our community by providing program grants to qualifying health and human services agencies in central New Mexico. The Community Fund advances the common good and works to create a stronger community. We address Education, Health, and Financial Stability so that families can grow and thrive.

UWCNM invests in EDUCATIONAL programs to create Central New Mexico communities where all children:

- Are born healthy and develop on track.
- Are fully prepared to enter the educational system.

And where all students:

- Progress successfully through elementary school.
- Progress successfully through middle school.
- Graduate high school within 5 years, ready for school, life or work.

And where all individuals:

- Have an opportunity to utilize some form of post-secondary education, from trade schools to 4-year universities.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Administered Programs – Continued

UWCNM invests in HEALTH programs to create Central New Mexican communities where all individuals and families:

- Receive affordable and equitable health services.
- Live in a safe environment.
- Exhibit healthy behaviors.
- Live in a health promoting environment.

UWCNM invests in BASIC NEEDS/FINANCIAL STABILITY programs to create Central New Mexican communities where all individuals and families:

- Have adequate and sustainable resources to support their needs.
- Have the skills, knowledge, and relationships they need to effectively increase and manage their income.

And where vulnerable populations:

- Are safe, socially engaged, and live with dignity.

Community Fund expenses are presented under the Education, Self-sufficiency, Health and Community Building Initiatives headings in the statements of activities.

#### *Mission: Graduate*

Mission: Graduate is a cradle-to-career community initiative that has the goal of adding 60,000 certificates and degrees to our region by the year 2020. This multi-sector partnership is committed to a vision for a world-class, seamless, and coordinated education system that provides equitable opportunities for all citizens to excel and succeed from early childhood through high school; graduate with a postsecondary degree or certificate; and enter a career of their choosing in Central New Mexico.

In addition to a number of high-visibility campaigns to support summer learning, school attendance, and early childhood efforts, the Mission: Graduate Employment Network has identified more than 32,000 career exploration opportunities such as job shadowing and internships in the region.

#### *Center for Nonprofit Excellence (CNPE)*

The Center for Nonprofit Excellence strengthens the capabilities of nonprofits so they can more effectively achieve their missions. CNPE provides organizational and professional development resources to nonprofit professionals and volunteers through the CNPE website ([www.cnpenm.org](http://www.cnpenm.org)) and training program. In FY15-16, the CNPE website was visited 282,282 times by 157,750 individuals; and provided 32 nonprofit professional development trainings to 626 individuals, reaching 299 organizations in 44 communities around New Mexico.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Administered Programs - Continued

##### *Tax Help New Mexico*

Tax Help New Mexico provides free assistance in preparing and filing income tax returns for New Mexico residents with an annual household income of less than \$54,000 or who are over the age of 65 regardless of income. Volunteers prepared 33,434 returns last filing season, saving New Mexico filers more than \$5.07 million in tax preparation fees; 19,320 people obtained over \$23.4 million in tax refunds through the program. Tax Help New Mexico expenses are presented under the Other Initiatives heading in the statements of activities.

##### *2-1-1*

2-1-1 is the national abbreviated dialing code for free access to health and human services information and referral. United Way 2-1-1 is a comprehensive source for information about health and human services, government agencies, and community-based organizations. UWCNM's 2-1-1 service experienced more than 16,000 contacts in 2016. (This includes those through the online database.) United Way 2-1-1 (or 245-1735) is accessible 7 days a week, 8AM to Midnight, 365 days a year. UWCNM is the best source of information on where you can get the services you, or someone you know, might need. 2-1-1 expenses are presented under the Other Initiatives heading in the statements of activities.

##### *Affinity Group Initiatives*

UWCNM also administers other initiatives through Hispano Philanthropic Society, Young Leaders Society, Women in Philanthropy, and Guys Give. Affinity Group members have identified women's self-sufficiency, middle-school youth, and youth transitioning to adulthood as areas for giving. Affinity Group Grant Initiatives are gifts to the Community Fund. Affinity Group Initiatives expenses are presented under the Co-branding and event sponsorships heading in the statements of activities.

##### *Donor Option Program*

Donors have the option to designate contributions to any organization that is tax-exempt under Internal Revenue Code Section 501(c)(3). UWCNM remits collected contributions on a monthly basis to the designated organizations. Donor option program expenses are presented under the Program Services heading in the statements of activities.

##### *Family Advocacy Center*

In 2007, following a donor survey and a Public Safety Summit, UWCNM worked with agencies providing domestic violence services to change the system of care for victims. The result of that work, the Family Advocacy Center, a "one-stop" shop for victims of domestic violence, is a safe, secure and caring environment that focuses on the needs of victims of interpersonal crime. The Family Advocacy Center (FAC) is many different agencies working together under one roof. The unique design of the facility dramatically reduces the stress and trauma often placed on victims and their families by giving them access to a wide range of support services all at a single location. Services include medical care, advocacy, legal and financial assistance, as well as law enforcement and prosecution.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Administered Programs - Continued

UWCNM has been affiliated with the FAC since 2007, by serving on the advisory committee and by providing fiscal support for gifts to the FAC. Many of the agencies housed at the FAC or that work with the FAC apply for and receive a Community Fund grant. FAC expenses are presented under the Other Initiatives heading in the statements of activities.

#### Estimates

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Contributions and Revenue Recognition

All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Pledges for contributions for a campaign year are recorded as assets and temporarily restricted revenue when the pledges are received. Allocations to funded agencies are recognized as expenses in the period such allocations are made, generally the following year. Allocations are generally paid on a monthly installment basis throughout the year.

Pledges for which the donor stipulates the agency to receive the donation (Donor Option Program) are recorded as assets (Donor options receivable) and liabilities (Donor options payable) when the pledges are received. They are included in campaign results, but are not considered revenue of UWCNM, and are reflected as donor option amounts (designations) in the accompanying financial statements.

The provision for uncollectible pledges is computed based upon a three-year historical average adjusted by management estimates of current economic factors. It is applied to the gross campaign including donor option pledges.

#### Property and Equipment

Property and equipment is recorded at cost or estimated fair value at date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. UWCNM capitalizes items over \$500 over the estimated useful life of the assets, which ranges from 3 to 30 years.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Net Assets

UWCNM classifies net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of UWCNM and the changes therein are classified and reported as follows:

Unrestricted net assets are not subject to donor-imposed restriction. Unrestricted net assets may be designated for a specific purpose by action of the Board of Directors.

Temporarily restricted net assets are resources received from activities and contributors which are designated to be expended in a specific manner or within a specified time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are net assets required to be maintained in perpetuity, due to the donor imposed restrictions. UWCNM has no permanently restricted net assets as of June 30, 2016 or 2015.

#### Income Taxes

UWCNM is a nonprofit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and is not classified by the Internal Revenue Service as a private foundation.

UWCNM has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Currently, the 2013, 2014 and 2015 tax years are open and subject to examination by the Internal Revenue Service and New Mexico Taxation and Revenue Department. Management believes that all activities of UWCNM are within their tax-exempt purpose, and that there are no uncertain tax positions. Any interest and penalties recognized associated with a tax position are classified as current in UWCNM's financial statements. There were no interest or penalties recorded as of June 30, 2016 and 2015.

#### Financial Instruments

The carrying amounts of cash, certificates-of-deposit, receivables, payables, and accrued expenses approximate fair value due to the short maturity periods of these instruments.

#### Expense Allocation

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

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Planned Giving

UWCNM has been named as a trustee or owner in several planned giving agreements. Some of the agreements stipulate UWCNM as the beneficiary of the agreement while others require UWCNM to distribute the trust assets or life insurance death benefits upon the death of the donor, and therefore, UWCNM has recorded a liability equal to the fair market value of these assets. The fair market value of these trust liabilities was \$316,591 and \$326,523 as of June 30, 2016 and 2015, respectively. UWCNM has a Planned Giving Committee which provides planned giving opportunities to donors and establishes and executes planned giving initiatives. They also establish and execute gift acceptance policies. Policy decisions made by this committee are moved to the finance committee for further approval before moving to the Board of Directors for final approval.

#### Donated Services

Contributed services are recognized if the services received create or enhance non-financial assets, require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services are recorded at the fair value of the services received as determined by the donor. For the years ended June 30, 2016 and 2015, UWCNM received and recognized \$780,434 and \$608,992, respectively, of donated services. The recognized donated services included advertising and other professional services related to the programs, fundraising, and management and general operations of UWCNM.

#### Contributed Services

Approximately 2,400 volunteers have donated over 50,000 hours of their time in the furtherance of UWCNM's activities. The value of this contributed time is not reflected in these statements because it does not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

#### Fair Value Measurements

Accounting Standards Codification Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical investments that UWCNM has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, inputs other than observable quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Fair Value Measurements - Continued

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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.

#### Reclassifications

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

#### Subsequent Events

UWCNM has evaluated all events occurring subsequent to June 30, 2016 and through October 20, 2016, which is the date that the financial statements were issued, and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements.

### NOTE 2 – PROPERTY AND EQUIPMENT

	<u>2016</u>	<u>2015</u>
Equipment	\$ 549,958	\$ 500,755
Leasehold improvements	363,502	363,502
Furniture and fixtures	<u>293,312</u>	<u>258,252</u>
	1,206,772	1,122,509
Less accumulated depreciation	<u>(1,014,720)</u>	<u>(972,143)</u>
	<u>\$ 192,052</u>	<u>\$ 150,366</u>



# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

### NOTE 3 – CORPORATE CORNERSTONE RECOGNITION PROGRAM

Under the Corporate Cornerstone Recognition Program, donations from local corporations and individuals who choose to participate in the program are appropriated by UWCNM's Board of Directors to fund the fundraising and general operational and administrative costs of UWCNM, as well as several other initiatives. Annually, total donations raised from this program are allocated to fund UWCNM's operational budget and the Center for Non-Profit Excellence. After these allocations have been made, any remaining funds are designated to the Community Building Initiatives and the Community Fund Priority Focus Areas. During 2016 and 2015, these contributions were not sufficient to fund UWCNM's administrative expenses, and other funds were budgeted to supplement the program. During 2016, the Board of Directors voted to modify the Donor Option Program in response to this condition. Beginning with the 2016 campaign, when a donor designates 10% of their annual contribution to support the work of United Way, 100% of their remaining designated contributions will be passed through. If they elect not to designate 10% to UWCNM, then 10% of their designations will be deducted to cover administrative cost when their designations are passed through.

### NOTE 4 – PLEDGE OF BUILDING

#### Office Building Lease and Gift

During 2016, a UWCNM supporter purchased the office building UWCNM occupies. This donor entered into two beneficial agreements with UWCNM, a long-term lease agreement and an irrevocable gift agreement. These agreements had the following effects on the financial statements for the year ended June 30, 2016:

- UWCNM recorded an in-kind contribution for below market rent for the period of March 1, 2016 through June 30, 2016 in the amount of \$31,858. The prior lease, in effect for the period of July 1, 2015 to February 29, 2016, contained an in-kind contribution of \$76,984, for a total in-kind rent contribution of \$108,842 in 2016. This was computed as the difference between the market price per square foot and the contract price in the lease. The new lease has an initial lease term of 120 months with two 60 month extension options given to UWCNM.
- The gift agreement provides conveyance of the building to UWCNM at the earlier of the end of the second option period or the death of the donor and the donor's spouse. The gift takes place in 20% increments over a five year period unless the death clause is in effect. The building will be conveyed free of encumbrances. In connection with the gift agreement, UWCNM recorded a long-term pledge receivable and temporarily restricted contribution revenue in the amount of \$1,800,000, the fair market value of the building on the date of the agreement.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

### NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

UWCNM restricts net assets based upon time and initiative restrictions. Temporarily restricted net assets as of June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Pledges receivable, net	\$ 2,339,066	\$ 2,037,379
Specific Priority Focus Area Restrictions	455,015	401,414
Program restrictions - Women in Philanthropy/ Young Leaders/ Hispano Philanthropic Society/ Mission Graduate	540,623	948,527
Planned Gift Insurance Policies	106,658	106,658
Pledge of current operating facility (land and building) Albuquerque Family Advocacy Center	1,800,000	-
	<u>4,065</u>	<u>22,698</u>
	<u>\$ 5,245,427</u>	<u>\$ 3,516,676</u>

Temporarily restricted net assets released from restriction consist generally of collections of unrestricted pledges and expenditures of funds in accordance with donor stipulations.

### NOTE 6 – CAMPAIGN REVENUES COLLECTED ON BEHALF OF OTHERS

UWCNM acts as an agent, collecting and processing contributions on behalf of other local United Way chapters in the United States. Amounts receivable of \$311,060 and \$269,219 and payable of \$384,331 and \$345,427 as of June 30, 2016 and 2015, respectively, are included in the accompanying statements of financial position. These contributions are not counted in the UWCNM campaign results as they are counted in the communities where they are raised.

### NOTE 7 – TRANSFERS OF ASSETS TO RECIPIENT ORGANIZATIONS

UWCNM transfers certain endowment gifts from donors to the Albuquerque Community Foundation (ACF). Under the terms of an agreement between UWCNM and ACF, UWCNM holds variance power over these assets. ACF keeps separate records of the activity and performance of each of these assets within UWCNM's endowment total. Annually, UWCNM requests distributions of these assets from ACF according to the endowment agreement between UWCNM and the initial donor of the endowment. As of June 30, 2016 and 2015, UWCNM had transferred \$2,603,543 and \$2,881,493, respectively, of these assets to ACF, which are included in the investment with ACF and planned giving assets balances of the accompanying statements of financial position.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

**June 30, 2016 and 2015**

### NOTE 8 – FAIR VALUE MEASUREMENT

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2016.

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates-of-deposit	\$ 1,632,714	\$ -	\$ 1,632,714	\$ -
Investment with ACF	2,044,481	-	-	2,044,481
Planned giving assets	762,483	-	203,421	559,062
Land held-for-sale	75,000	-	75,000	-
	<u>\$ 4,514,678</u>	<u>\$ -</u>	<u>\$ 1,911,135</u>	<u>\$ 2,603,543</u>

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2015.

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates-of-deposit	\$ 3,834,335	\$ -	\$ 3,834,335	\$ -
Investment with ACF	2,352,850	-	-	2,352,850
Planned giving assets	732,064	-	203,421	528,643
Land held-for-sale	75,000	-	75,000	-
	<u>\$ 6,994,249</u>	<u>\$ -</u>	<u>\$ 4,112,756</u>	<u>\$ 2,881,493</u>

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2016.

*Certificates-of-deposit:* Valued at face value plus accrued earnings, which approximate fair value.

*Investment with Albuquerque Community Foundation:* Valued at net realizable value, as determined by the quoted prices as provided by the investment manager, which pools all funds and allocates investment activity to each fund accordingly.

*Planned giving assets:* Valued at the quoted prices as provided by the investment manager, which pools all funds and allocates investment activity to each fund accordingly or the present value of future cash flows using a stated discount rate for insurance policies.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

### NOTE 8 – FAIR VALUE MEASUREMENT – CONTINUED

*Land held-for-sale:* Valued at FMV of donated price, adjusted for assessments as determined by management based on the value of similar properties in the area.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### Level 3 Investments

The following tables present the UWCNM's activities for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2016 and 2015: Level 3 activity is as follows:

	<u>2016</u>	<u>2015</u>
Beginning balances	\$ 2,881,493	\$ 3,024,028
Contributions	49,553	53,062
Interest and dividend income	58,579	47,342
Realized and unrealized (losses) gains	(120,298)	11,118
Distributions and fees	<u>(265,784)</u>	<u>(254,057)</u>
Ending balances	<u>\$ 2,603,543</u>	<u>\$ 2,881,493</u>

### NOTE 9 – DEFINED BENEFIT PLAN

During 2008, UWCNM voted to suspend its defined benefit plan (the Plan) effective March 31, 2008. Subsequent to June 30, 2015, UWCNM terminated the Plan. Accordingly, an accrual in the amount of zero and \$225,850 has been recorded as of June 30, 2016 and 2015, respectively, which represents the estimated costs necessary for full plan liquidation in excess of the fair value of Plan assets as of those dates. The Plan has been fully liquidated as of June 30, 2016 and no future costs are anticipated.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

### NOTE 10 – COMMITMENTS AND CONTINGENCIES

#### Leases

UWCNM leases its corporate offices under an operating lease agreement. The lease calls for monthly rent payments of \$13,758 escalating after 60 months, and expires in February 2026. UWCNM also leases a vehicle under an operating lease agreement. The vehicle lease calls for monthly payments of \$500 and expires in February 2017. The minimum future lease payments are as follows:

2017	\$	168,858
2018		165,102
2019		165,102
2020		165,102
2021		167,164
Thereafter		<u>808,981</u>
Total	\$	<u>1,640,309</u>

Total rent expense was \$177,257 and \$167,367 in 2016 and 2015, respectively.

#### Concentrations of Risk

To reduce the level of exposure at any one financial institution, UWCNM diversifies its certificates-of-deposit with various financial institutions. UWCNM maintains cash balances in financial institutions that at times exceed federally insured limits. Management regularly monitors the financial institutions with balances in excess of insured limits to manage the risk of loss.

#### Defined Contribution Plan

All UWCNM employees are eligible to participate in a 403(b) defined contribution plan administered by Mutual of America. Eligibility is attained upon the first day of the month after hire, provided the employee is at least 21 years of age. Employees can contribute compensation to the Plan, subject to IRS restrictions. UWCNM matches the first 3% of all employee contributions, with these matching contributions vesting immediately. Total expenses incurred by UWCNM with regard to this Plan were \$175,410 and \$163,776 in 2016 and 2015, respectively.