



**Mile High United Way**  
**Consolidated Financial Statements,**  
**Independent Auditors' Report**  
**and**  
**OMB Circular A-133 Reports**  
**For the Years Ended June 30, 2009 and 2008**

**EKS&H**  
**EHRHARDT • KEEFE**  
**STEINER • HOTTMAN PC**  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mile High United Way, Inc. and Subsidiary  
Denver, Colorado

We have audited the accompanying consolidated balance sheets of Mile High United Way, Inc. and Subsidiary ("United Way") as of June 30, 2009 and 2008, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of United Way's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mile High United Way, Inc. and Subsidiary as of June 30, 2009 and 2008, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information included in the accompanying schedules is presented only for supplementary analysis purposes and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2009 on our consideration of the United Way's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with government auditing standards and should be read in conjunction with this report in considering the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of United Way taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Ehrhardt Keefe Steiner & Hottman PC

October 21, 2009  
Denver, Colorado

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Consolidated Balance Sheets**

	June 30,	
	2009	2008
<b>Assets</b>		
Cash and cash equivalents	\$ 5,252,328	\$ 5,238,672
Short-term investments	4,703,651	3,925,240
Accounts receivable	115,501	151,492
Pledges receivable, net	7,535,721	9,812,188
Grants receivable	1,302,200	927,234
Prepaid expenses and other current assets	90,702	157,792
Legacy gift investments - Board designated	2,919,392	2,617,829
Restricted cash	2,043,688	2,791,499
Notes receivable	1,619,493	1,619,493
Accrued interest receivable	154,964	107,337
Land, building, and equipment, net	1,444,526	1,675,795
Total assets	\$ 27,182,166	\$ 29,024,571
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 2,274,538	\$ 1,129,815
Deferred revenue	1,498,571	1,120,589
Accrued designations and distributions	1,952,132	1,898,269
Notes payable	440,000	440,000
Total liabilities	6,165,241	4,588,673
Commitments and contingencies		
Net assets		
Unrestricted	4,319,671	5,287,902
Land, building, and equipment	1,444,526	1,675,795
Board designated legacy gift fund	2,919,392	2,617,829
	8,683,589	9,581,526
Temporarily restricted	12,333,336	14,854,372
Total net assets	21,016,925	24,435,898
Total liabilities and net assets	\$ 27,182,166	\$ 29,024,571

See notes to consolidated financial statements.

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Consolidated Statements of Activities

	For the Years Ended					
	June 30					
	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue						
Gross campaign results	\$ 19,886,967	\$ 8,592,267	\$ 28,479,234	\$ 22,728,334	\$ 9,083,198	\$ 31,811,532
Grant revenue	4,900,299	724,837	5,625,136	3,288,675	745,118	4,033,793
Community events, net	52,080	-	52,080	75,649	-	75,649
Founders' Legacy Society	640,983	-	640,983	291,924	-	291,924
Less donor designated contributions	(8,691,153)	-	(8,691,153)	(9,942,120)	-	(9,942,120)
Less uncollectible pledges expense	(1,419,407)	-	(1,419,407)	(891,901)	-	(891,901)
Net campaign results	15,369,769	9,317,104	24,686,873	15,550,561	9,828,316	25,378,877
Service fees	576,902	-	576,902	463,789	-	463,789
Investment (loss) income	(71,940)	15,567	(56,373)	174,409	45,150	219,559
Other income	4,064	-	4,064	2,076	-	2,076
	15,878,795	9,332,671	25,211,466	16,190,835	9,873,466	26,064,301
Net assets released from restriction	11,853,707	(11,853,707)	-	9,164,628	(9,164,628)	-
Total public support and revenue	27,732,502	(2,521,036)	25,211,466	25,355,463	708,838	26,064,301
Expenses						
Program services						
Community program allocations, distributions, grants and related expenses	20,040,667	-	20,040,667	17,280,970	-	17,280,970
Donor designated contributions	8,691,153	-	8,691,153	9,942,120	-	9,942,120
Community program allocations, distributions, grants, related expenses, and donor designations	28,731,820	-	28,731,820	27,223,090	-	27,223,090
Less donor designations	(8,691,153)	-	(8,691,153)	(9,942,120)	-	(9,942,120)
Total community program allocations, distributions, grants and related expenses	20,040,667	-	20,040,667	17,280,970	-	17,280,970
Community impact services	1,174,027	-	1,174,027	938,940	-	938,940
2-1-1 services	664,338	-	664,338	692,972	-	692,972
Assets for family success	659,756	-	659,756	549,113	-	549,113
Total internal programs	2,498,121	-	2,498,121	2,181,025	-	2,181,025
Total program services	22,538,788	-	22,538,788	19,461,995	-	19,461,995
Supporting services						
Management and general	1,545,408	-	1,545,408	1,801,970	-	1,801,970
Funds development	4,198,767	-	4,198,767	4,309,676	-	4,309,676
Total supporting services	5,744,175	-	5,744,175	6,111,646	-	6,111,646
United Way Worldwide dues	347,476	-	347,476	320,692	-	320,692
Total expenses	28,630,439	-	28,630,439	25,894,333	-	25,894,333
Change in net assets	(897,937)	(2,521,036)	(3,418,973)	(538,870)	708,838	169,968
Net assets, beginning of year	9,581,526	14,854,372	24,435,898	10,120,396	14,145,534	24,265,930
Net assets, end of year	\$ 8,683,589	\$ 12,333,336	\$ 21,016,925	\$ 9,581,526	\$ 14,854,372	\$ 24,435,898

See notes to consolidated financial statements.

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2009**

	Program Services			Supporting Services			UWW Dues	Total	
	Community Impact	2-1-1 Services	Assets for Family Success	Total	Management and General	Funds Development			Total
Community program allocations, distributions, grants, related expenses and donor designations	\$ 28,731,820	\$ -	\$ -	\$ 28,731,820	\$ -	\$ -	\$ -	\$ 28,731,820	
Less donor designated contributions	<u>(8,691,153)</u>	<u>-</u>	<u>-</u>	<u>(8,691,153)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,691,153)</u>	
Total community program allocations, distributions, grants and related expenses	<u>20,040,667</u>	<u>-</u>	<u>-</u>	<u>20,040,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,040,667</u>	
Salaries	736,928	379,602	313,429	1,429,959	713,483	2,384,783	3,098,266	-	4,528,225
Employee health and retirement costs	112,902	96,543	55,506	264,951	129,403	266,935	396,338	-	661,289
Payroll taxes and unemployment expenses	<u>68,817</u>	<u>39,527</u>	<u>43,979</u>	<u>152,323</u>	<u>125,014</u>	<u>196,536</u>	<u>321,550</u>	<u>-</u>	<u>473,873</u>
Total salaries and related expenses	<u>918,647</u>	<u>515,672</u>	<u>412,914</u>	<u>1,847,233</u>	<u>967,900</u>	<u>2,848,254</u>	<u>3,816,154</u>	<u>-</u>	<u>5,663,387</u>
Public information and advertising	25,417	-	14,132	39,549	4,538	424,021	428,559	-	468,108
Contract services, professional fees and other	41,297	61,826	65,420	168,543	147,817	202,773	350,590	-	519,133
Organizational dues	8,205	1,550	5,103	14,858	17,119	9,287	26,406	-	41,264
Building repairs and maintenance and other occupancy costs	71,797	22,924	45,557	140,278	(25,131)	210,526	185,395	-	325,673
Telephone	16,264	40,254	6,972	63,490	57,764	53,941	111,705	-	175,195
Supplies	6,700	73	4,400	11,173	17,221	23,246	40,467	-	51,640
Conferences, conventions and meetings	21,876	1,327	25,899	49,102	16,460	64,710	81,170	-	130,272
Staff development	2,445	3,271	22,105	27,821	9,070	37,361	46,431	-	74,252
Postage	3,770	1,063	6,500	11,333	14,817	71,610	86,427	-	97,760
Local transportation	7,870	620	3,418	11,908	3,528	30,006	33,534	-	45,442
Printing, publications and word processing	14,172	7,389	16,757	38,318	28,798	39,588	68,386	-	106,704
Campaign material	1,576	-	1,576	3,152	-	64,034	64,034	-	67,186
Bank fees	5,565	-	5,565	11,130	100,162	-	100,162	-	111,292
Miscellaneous	4,332	1,746	2,494	8,572	24,626	7,334	31,960	-	40,532
Depreciation	<u>24,094</u>	<u>6,623</u>	<u>20,944</u>	<u>51,661</u>	<u>160,719</u>	<u>112,076</u>	<u>272,795</u>	<u>-</u>	<u>324,456</u>
Total other expenses	<u>255,380</u>	<u>148,666</u>	<u>246,842</u>	<u>650,888</u>	<u>577,508</u>	<u>1,350,513</u>	<u>1,928,021</u>	<u>-</u>	<u>2,578,909</u>
United Way Worldwide dues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,476</u>	<u>347,476</u>
Total functional expenses	<u>\$ 21,214,694</u>	<u>\$ 664,338</u>	<u>\$ 659,756</u>	<u>\$ 22,538,788</u>	<u>\$ 1,545,408</u>	<u>\$ 4,198,767</u>	<u>\$ 5,744,175</u>	<u>\$ 347,476</u>	<u>\$ 28,630,439</u>

See notes to consolidated financial statements.

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2008**

	Program Services			Supporting Services			UWW Dues	Total
	Community Impact	2-1-1 Services	Assets for Family Success	Total	Management and General	Funds Development		
Community program allocations, distributions, grants, related expenses and donor designations	\$ 27,223,090	\$ -	\$ -	\$ 27,223,090	\$ -	\$ -	\$ -	\$ 27,223,090
Less donor designated contributions	(9,942,120)	-	-	(9,942,120)	-	-	-	(9,942,120)
Total community program allocations, distributions, grants and related expenses	<u>17,280,970</u>	<u>-</u>	<u>-</u>	<u>17,280,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,280,970</u>
Salaries	566,867	424,800	286,202	1,277,869	953,868	2,247,714	3,201,582	4,479,451
Employee health and retirement costs	106,863	81,532	57,199	245,594	171,900	351,801	523,701	769,295
Payroll taxes and unemployment expenses	42,175	29,281	23,782	95,238	89,585	164,317	253,902	349,140
Total salaries and related expenses	<u>715,905</u>	<u>535,613</u>	<u>367,183</u>	<u>1,618,701</u>	<u>1,215,353</u>	<u>2,763,832</u>	<u>3,979,185</u>	<u>5,597,886</u>
Public information and advertising	20,501	-	13,832	34,333	8,565	431,415	439,980	474,313
Contract services, professional fees and other	31,537	15,554	51,914	99,005	174,512	258,281	432,793	531,798
Organizational dues	601	1,195	606	2,402	14,630	4,684	19,314	21,716
Building repairs and maintenance and other occupancy costs	63,104	22,474	33,970	119,548	(13,874)	208,089	194,215	313,763
Telephone	14,143	75,193	5,388	94,724	51,423	50,855	102,278	197,002
Supplies	6,847	(361)	5,658	12,144	26,148	33,472	59,620	71,764
Conferences, conventions and meetings	25,561	5,731	16,186	47,478	18,818	38,093	56,911	104,389
Staff development	3,699	4,872	2,990	11,561	21,409	42,543	63,952	75,513
Postage	3,412	867	6,328	10,607	22,294	52,261	74,555	85,162
Local transportation	7,370	392	2,244	10,006	3,241	39,928	43,169	53,175
Printing, publications, and word processing	12,196	9,504	14,927	36,627	22,343	35,091	57,434	94,061
Campaign material	4,437	-	4,437	8,874	-	177,216	177,216	186,090
Bank fees	3,624	-	3,624	7,248	114,499	-	114,499	121,747
Miscellaneous	3,868	14,623	497	18,988	13,519	850	14,369	33,357
Depreciation	22,135	7,315	19,329	48,779	109,090	173,066	282,156	330,935
Total other expenses	<u>223,035</u>	<u>157,359</u>	<u>181,930</u>	<u>562,324</u>	<u>586,617</u>	<u>1,545,844</u>	<u>2,132,461</u>	<u>2,694,785</u>
United Way Worldwide dues	-	-	-	-	-	-	-	<u>320,692</u>
Total functional expenses	<u>\$ 18,219,910</u>	<u>\$ 692,972</u>	<u>\$ 549,113</u>	<u>\$ 19,461,995</u>	<u>\$ 1,801,970</u>	<u>\$ 4,309,676</u>	<u>\$ 6,111,646</u>	<u>\$ 25,894,333</u>

See notes to consolidated financial statements.

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Consolidated Statements of Cash Flows**

	For the Years Ended	
	June 30,	
	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ (3,418,973)	\$ 169,968
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	324,456	330,935
Allowance for uncollectible pledges	236,727	(116,865)
Change in discounted pledges	(41,963)	(70,915)
Unrealized loss on short-term and board designated investments	358,321	231,727
Changes in assets and liabilities		
Receivables and pledges	1,742,728	1,840,400
Prepays and other assets	67,090	100,636
Accrued interest receivable	(47,627)	(46,910)
Accounts payable, accrued expenses and accrued designations and distributions	1,198,586	(169,306)
Deferred revenue	<u>377,982</u>	<u>952,371</u>
	<u>4,216,300</u>	<u>3,052,073</u>
Net cash provided by operating activities	<u>797,327</u>	<u>3,222,041</u>
Cash flows from investing activities		
Change in restricted cash	747,811	(1,643,460)
Purchase of property and equipment	(93,187)	(346,808)
Net purchase of short-term investments	(737,056)	(204,456)
Net purchase of legacy gift investments	<u>(701,239)</u>	<u>(368,720)</u>
Net cash (used in) investing activities	<u>(783,671)</u>	<u>(2,563,444)</u>
Net increase in cash and cash equivalents	13,656	658,597
Cash and cash equivalents - beginning of year	<u>5,238,672</u>	<u>4,580,075</u>
Cash and cash equivalents - end of year	<u>\$ 5,252,328</u>	<u>\$ 5,238,672</u>

See notes to consolidated financial statements.

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### **Note 1 - Nature of the Organization and Summary of Significant Accounting Policies**

Mile High United Way, Inc. and Subsidiary ("United Way") is a nonprofit organization formed to develop resources and address the most pressing needs of the metropolitan Denver community. Founded in 1887, United Way's mission is to mobilize the community to take collective action to create positive, lasting change.

For more than 120 years United Way has successfully tapped into the power of collective generosity to provide creative, long-term solutions to meet the most pressing needs in the metropolitan area. At United Way, we see the full circle of life and concentrate on helping people of all ages, in every stage of their lives, through three interconnected areas of change: School Readiness, Youth Success, and Adult Self-Sufficiency.

#### **Three Interconnected Initiatives**

##### *School Readiness*

Young children are more likely to succeed throughout their school years if they attend high-quality early care and education programs beginning at birth. United Way invests in programs that ensure young children in low-income families enter school ready to succeed and are prepared for a lifetime of learning.

##### *Youth Success*

To make it to graduation, at-risk youth need more guidance and support to help them make wise choices, stay in school, and graduate. United Way invests in programs that help school-age, low-income, and under-served youth succeed academically and graduate from high school and prepare them for the transition to college or advanced training.

##### *Adult Self-Sufficiency*

We provide opportunities for hardworking individuals to become financially stable and provide a better future for their families. United Way invests in programs that ensure low-income individuals and families are afforded the opportunity to move toward economic self-sufficiency.

#### **Three Investment Strategies**

- 1) We invest in a network of nonprofits throughout the metropolitan area to deliver direct services every day. These agencies make up a safety net of services that help people of all ages and in every stage of their lives through our three interrelated initiatives: School Readiness, Youth Success, and Adult Self-Sufficiency. In 2008, that safety net provided help to more than 550,000 men, women, and children in metropolitan Denver, providing them with the opportunity to succeed. More young children in low-income families were afforded the opportunity to enter school ready to succeed and were prepared for a lifetime of learning. School-age, low-income and under-served, youth were given the chance to succeed academically and graduate from high school ready to transition to college or advanced training. More individuals and families had opportunities to move forward toward economic self-sufficiency.

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)

#### Three Investment Strategies (continued)

- 2) United Way convene nonprofit, government, corporate, and community partners to work together on vital large-scale programs that touch even more lives. Programs include: Denver's Road Home, Lights On After School, and the Youth Mentoring Collaborative. In its fourth year, Denver's Road Home announced meeting some key and impressive milestones including developing 1,500 new units of housing for the homeless and employing more than 3,000 homeless persons. In 2008, the Lights On After School Program provided quality after school activities for more than 41,000 students. Last year, the Youth Mentoring Collaborative matched more than 2,800 youth with adult mentors who gave them the support they need to make wise decisions for their future.
- 3) United Way-led programs meet the metropolitan area's most pressing needs. Programs include: United Way's 2-1-1 information and referral service, Bridging the Gap, Individual Development Accounts ("IDA") and Making Connections Denver. Last year United Way's 2-1-1 received more than 130,000 calls from people either needing help or wanting to give help. 2-1-1 brings together more than 6,000 services in the community from emergency shelter to quality child care and after-school programs and so much more, all in one free and convenient service. Innovative programs like United Way's IDAs are also made possible through generous donors. IDAs are matched savings accounts for qualifying low-income families and individuals designed to help them save for home ownership, start a business or pay for advanced training and college. The idea is to provide participants with a hand up toward economic self-sufficiency. IDA participants are required to fulfill a list of responsibilities in the IDA program including financial education classes. In 2008, the IDA program fulfilled 203 withdrawal requests; 10 were used for a down payment on a first home, 65 went to starting a new business, and 128 were put toward post-secondary educational expenses like tuition.

United Way's efforts are concentrated in the five-county Denver metro area. United Way is a dues-paying member of United Way Worldwide.

#### Principles of Consolidation

The accompanying consolidated financial statements as of June 30, 2009 and 2008 and for the years then ended include the accounts of Mile High United Way, Inc. and its wholly owned subsidiary, 2595 Larimer MHUW, LLC. All intercompany accounts and transactions have been eliminated.

#### Financial Instruments and Credit Risk Concentration

Financial instruments, which potentially subject United Way to concentrations of credit risk, consist primarily of cash, restricted cash, short-term investments, accounts receivable, and pledges receivable. United Way's investment policy is intended to limit its exposure to credit risk. United Way places its cash and short-term investments in securities backed by the United States Government and in instruments issued by quality financial institutions. Amounts are invested in several institutions to minimize risk.

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### **Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)**

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, United Way considers all highly liquid debt instruments with a maturity of three months, and which are not held by investment managers as part of an investment portfolio, to be cash equivalents and excludes restricted cash, which is held in segregated bank accounts.

#### Restricted Cash

Restricted cash consists of cash held at segregated bank accounts primarily related to funds restricted for use in the IDA program.

#### Investments

Short-term investments are carried at fair market value. Net realized and unrealized gains and losses on investments are included in the statement of activities.

#### Fair Value

United Way has adopted an established framework for measuring fair value, which requires enhanced disclosures about fair value measurements. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Once fair value is determined for these assets and liabilities, a hierarchy is established and these assets and liabilities are grouped based on significant levels of inputs.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of liquidity.

#### Accounts and Grants Receivable

Accounts and grants receivable consists of amounts due from grantors, the Combined Federal Campaign, and the Colorado Combined Campaign.

#### Annual Campaign Revenue Recognition and Designated and Allocated Pledges

United Way conducts annual fundraising campaigns in cooperation with many local employers. United Way staff and volunteers present to groups of employees the various community needs supported by United Way and distribute fundraising information and pledge cards. Annual campaigns are conducted to raise support for allocation to agencies in the subsequent year. The pledges and cash donations raised in the campaigns during the year are recognized as income in the year that the pledge is received. All support is considered available for unrestricted use unless specifically restricted by the donor.

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### **Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)**

#### Annual Campaign Revenue Recognition and Designated and Allocated Pledges (continued)

United Way allows donors to designate their contributions to any qualifying Section 501(c)(3) agency. Undesignated contributions are allocated to agencies by United Way volunteer committees based on approved budgets, requests, and community needs. Allocations to agencies are recognized in the fiscal year subsequent to the end of the annual campaign. United Way receives resources in certain transactions where it is acting as an intermediary for the resource providers. The processing of pledge and payment transactions for a United Way fundraising campaign is sometimes performed by a third-party other than United Way. In some instances the payment of donor designated pledges is paid directly to the designated organization by the third-party processor. United Way reflects the activity for these third-party processed gifts in the gross campaign revenue and deducts them from revenue as a donor designated contribution in the statement of activities. Donor designated pledges are recorded as liabilities rather than as revenue for United Way. Service fee revenue generally ranges between 7% and 15% of a gift that is designated or purpose restricted and is recognized when a pledge or cash is received.

When a donor restriction expires, 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 restriction.

#### Pledges Receivable

Pledges receivable relating to the annual campaign that are expected to be collected within one year are recorded at their net realizable value. An allowance for uncollectible pledges is established by United Way management based on past collection experience and current economic conditions. Promises to give relating to the annual campaign that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on these amounts was computed using a rate comparable to the interest rate earned on certain investments averaging approximately 0-3%. Amortization of the discount is included in campaign revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

#### Deferred Revenue

Deferred revenue consists of funds received from government and foundation grants for programs in which the expenses will be incurred in a future period. The revenue will be recognized in applicable future periods when the services are provided and the related expenses are incurred.

#### Classes of Net Assets

The balances and activities of United Way have been segregated into classes according to the nature of the activity and related restrictions imposed by funding sources and the Board of Trustees.

#### *Unrestricted Net Assets*

This class is used to account for resources for which United Way has discretionary control.

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)

#### Classes of Net Assets (continued)

##### *Land, Building, and Equipment Net Assets*

This class is used to account for United Way's net investment in property and equipment.

##### *Board Designated Legacy Gift Net Assets*

This class is used to account for funds designated by the Board in which the principal amount is maintained as a reserve fund.

##### *Temporarily Restricted Net Assets*

This class is used to account for amounts administered by United Way, which are stipulated by donors for specific operating purposes or for future periods (Note 8).

##### *Permanently Restricted Net Assets*

This class is used to account for monies that must be maintained permanently by United Way as required by the donor. United Way does not currently maintain any permanently restricted net assets.

#### Income Taxes

United Way is a non-profit corporation as defined by Section 501(c)(3) of the U.S. Internal Revenue Code and as such, is subject to federal income taxes on unrelated business income. United Way had no unrelated business income during the years ended June 30, 2009 and 2008.

#### Donated Services

Community volunteers have donated significant amounts of time assisting United Way in achieving its campaign goals and in supporting various program activities. The financial statements do not reflect the value of these donated services because they do not meet the recognition criteria for under U.S. generally accepted accounting principles ("GAAP").

#### Functional Allocation of Expenses

The costs of supporting United Way's primary program and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated by management based on the best available estimate of the percentage of each cost element applicable to each functional area.

#### Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)

#### Land, Building, and Equipment

Depreciation of property and equipment is computed over the following estimated useful lives using the straight-line method:

	<u>Estimated Useful Lives</u>
Building	30 years
Equipment	3-8 years

Property and equipment are capitalized at purchased cost or fair value at the date of donation. United Way follows the practice of capitalizing all expenditures and donations for buildings and equipment over \$1,000. Expenditures for maintenance, repairs, and minor replacements for lesser amounts are charged to operations.

#### Advertising

Advertising costs are expensed in the period incurred. The total advertising costs for the years ended June 30, 2009 and 2008 were \$251,093 and \$247,354, respectively.

#### Subsequent Events

The United Way has evaluated all subsequent events through October 21, 2009, which is the date the financial statements were available to be issued.

### Note 2 - Investments

#### Short-Term Investments

Short-term investments consist of the following:

	<u>June 30,</u>	
	<u>2009</u>	<u>2008</u>
Money market funds	\$ 1,351,989	\$ 35,515
Certificates of deposit	3,248,096	3,515,434
Bond securities	103,566	350,113
Equity securities	<u>-</u>	<u>24,178</u>
Total	<u>\$ 4,703,651</u>	<u>\$ 3,925,240</u>

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 2 - Investments (continued)

#### Board Designated Legacy Gift Investments

Board designated legacy gift investments, at market, consist of the following:

	<u>June 30,</u>	
	<u>2009</u>	<u>2008</u>
Money market	\$ 524,729	\$ 86,935
Bond securities	888,320	937,824
Equity securities	1,436,778	1,509,033
Real estate funds	<u>69,565</u>	<u>84,037</u>
Total	<u>\$ 2,919,392</u>	<u>\$ 2,617,829</u>

#### Investment Returns

Investment returns on all investments, included in investment income, consist of the following:

	<u>June 30,</u>	
	<u>2009</u>	<u>2008</u>
Dividends and interest	\$ 301,948	\$ 451,286
Net realized and unrealized losses on investments reported at fair value	<u>(358,321)</u>	<u>(231,727)</u>
Total	<u>\$ (56,373)</u>	<u>\$ 219,559</u>

### Note 3 - Fair Value Measurement

United Way has adopted the methods of fair value as described under GAAP to value its financial assets and liabilities. Fair value is based on 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. In order to increase consistency and comparability in fair value measurements, GAAP establishes a fair value hierarchy that prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### **Note 3 - Fair Value Measurement (continued)**

In determining fair value, United Way utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Financial assets, including short-term investments and board designated legacy gift investments, are carried at fair value as of June 30, 2009 are classified in the table below in one of the three categories described above:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Money market	\$ 1,876,718	\$ -	\$ -	\$ 1,876,718
Certificates of deposit	3,248,096	-	-	3,248,096
Bond securities	-	991,886	-	991,886
Equity securities	1,436,778	-	-	1,436,778
Real estate funds	<u>16,373</u>	<u>53,192</u>	-	<u>69,565</u>
Total assets at fair value	<u>\$ 6,577,965</u>	<u>\$ 1,045,078</u>	<u>\$ -</u>	<u>\$ 7,623,043</u>

### **Note 4 - Pledges Receivable**

Pledges receivable consist of the following:

	<u>June 30,</u>	
	<u>2009</u>	<u>2008</u>
Multi year campaign	\$ 1,428,954	\$ 2,616,061
Completed 2008 campaign	7,239,885	-
Completed 2007 campaign	355,420	8,427,617
Completed 2006 campaign	-	62,284
Allowance for uncollectible pledges	(1,488,538)	(1,251,811)
Discount computed at 0% and 3%, respectively	<u>-</u>	<u>(41,963)</u>
Total pledges receivable, net	<u>\$ 7,535,721</u>	<u>\$ 9,812,188</u>
Amounts due in		
Less than one year	\$ 6,671,491	\$ 8,493,461
One to five years	<u>864,230</u>	<u>1,318,727</u>
Total	<u>\$ 7,535,721</u>	<u>\$ 9,812,188</u>

The majority of pledges received by United Way are paid via payroll deductions. These pledges are deducted from individuals' paychecks each pay period by their employer and remitted to United Way throughout the year. United Way establishes an allowance for uncollectible pledges to account for payroll deduction pledges that are not collected as a result of individuals leaving a company prior to fulfilling their pledge commitment to United Way.

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

**Note 5 - Notes Receivable**

Notes receivable consist of the following:

	June 30,	
	2009	2008
Notes receivable from the subsidiary to 2595 Larimer Street Holdings, LLC, with interest at 2.6%. The notes are payable in full on December 31, 2022. The notes are secured by a deed of trust.	\$ 1,179,493	\$ 1,179,493
Note receivable from the subsidiary to 2595 Larimer Street Holdings, LLC, with interest at 2.6%. The note is payable in full on December 31, 2024. The note is secured by a deed of trust.	210,000	210,000
Note receivable from the subsidiary to 2595 Larimer Street Holdings, LLC, with interest at 5%. The note is payable in full on December 31, 2019. The note is secured by a deed of trust.	<u>230,000</u>	<u>230,000</u>
	<u>\$ 1,619,493</u>	<u>\$ 1,619,493</u>

The notes represent funds that have been raised from the public and private sectors, as well as forgivable loans received from the City and County of Denver and the state of Colorado, which have been loaned to a low-income housing project known as the Transformational Housing Initiative.

Total investment income also includes interest income from the notes receivable from 2595 Larimer Street Holdings, LLC of \$47,627 and \$47,757 for the years ended June 30, 2009 and 2008, respectively.

**Note 6 - Land, Building, and Equipment**

Land, building, and equipment consist of the following:

	June 30,	
	2009	2008
Land	\$ 646,430	\$ 646,430
Building	2,174,297	2,174,297
Equipment	<u>2,742,534</u>	<u>2,649,347</u>
	5,563,261	5,470,074
Less accumulated depreciation	<u>(4,118,735)</u>	<u>(3,794,279)</u>
Total	<u>\$ 1,444,526</u>	<u>\$ 1,675,795</u>

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 7 - Notes Payable

Notes payable consist of the following as of June 30, 2009 and 2008:

Note payable from the subsidiary to the State of Colorado. The portion of the loan equal to the amount of the IDA funded at December 1, 2010, will be forgiven. The unfunded portion, with no interest, is payable in full in November 2024. The note is secured by a deed trust. \$ 230,000

Note payable from the subsidiary to the City and County of Denver, with no interest. Note will be forgiven in December 2024 if the terms and conditions of the loan agreement are met. The conditions to be met require that five of the low-income housing units must be occupied by individuals whose income is at or below 60% of the average median income and five of the units must be occupied by individuals whose income is at or below 50% of the average median income. The note is secured by a deed of trust. 210,000

\$ 440,000

The notes relate to the low-income housing project known as the Transformational Housing Initiative. The amounts received from the City of Denver and the State of Colorado have been loaned to 2595 Larimer Street Holdings, LLC, the owner of the Transformational Housing Project.

### Note 8 - Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>June 30.</u>	
	<u>2009</u>	<u>2008</u>
Multi-year campaign	\$ 1,580,745	\$ 2,735,622
School Readiness	4,941,475	4,155,190
Adult Self-Sufficiency	4,006,774	5,329,740
Youth Success	1,225,455	1,135,058
Other	<u>578,887</u>	<u>1,498,762</u>
	<u>\$ 12,333,336</u>	<u>\$ 14,854,372</u>

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### **Note 9 - Employee Benefit Plan**

United Way has a defined contribution plan (the "Plan") available to all full-time employees after six months of employment. During the years ended June 30, 2009 and 2008, United Way intended to make discretionary contributions to reach 7% of each participant's annual compensation. Additionally, United Way matched 50% of participants' contributions up to a maximum of 3% of their annual compensation. Participants vested at 20% per year and were 100% vested after five years. United Way contributed \$445,666 and \$426,253 to the Plan during the years ended June 30, 2009 and 2008, respectively. Effective July 1, 2009, United Way changed its intended discretionary contributions for the Plan from 7% to 3% and changed participant vesting to 33% per year and 100% vested after three years.

### **Note 10 - Line-of-Credit**

United Way has a \$1,500,000 unsecured line-of-credit, with interest at the monthly LIBOR rate, with a minimum floor of 5%, maturing on January 1, 2010. No amounts were outstanding under the line-of-credit at June 30, 2009 and 2008.

### **Note 11 - Commitments and Contingencies**

#### Government Contracts

United Way receives certain revenues from contracts with various governmental agencies. The disbursement of funds received under these contracts generally requires compliance with terms and conditions specified in the contracts and is subject to audit by the contracting agencies. The amount of charges to these contracts that may be disallowed, if any, by such audits cannot presently be determined, and no provision for any liability that may result has been made in the financial statements. However, management believes United Way is in compliance with its grant requirements, and no liability has arisen in the past or is currently expected.

#### Credit Facilities

United Way has obtained a letter-of-credit totaling \$65,909 at June 30, 2009 and 2008. The letter-of-credit is related to unemployment insurance, expires January 1, 2010, and has not been drawn upon.

#### Operating Leases

United Way leases equipment under operating leases, which expire June 2010 through April 2011. United Way is responsible for repairs and maintenance on certain leases. The monthly lease payments range from \$318 to \$2,339.

Rent expense for these leases was \$59,679 and \$140,540 for 2009 and 2008, respectively.

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### **Note 11 - Commitments and Contingencies (continued)**

Future minimum lease payments under these leases are as follows:

#### Year Ending June 30.

2010	\$	31,880
2011		<u>23,387</u>
	\$	<u>55,267</u>

### **Note 12 - Certain Contractual Relationships**

United Way is the Principal Combined Fund Organization ("PCFO") for the Combined Federal Campaign ("CFC"). CFC is the charitable giving efforts of federal employees within the Denver Metro area. As the PCFO, United Way administers this campaign and disburses funds to various non-profit organizations according to the bylaws of the U.S. Office of Personnel Management ("OPM"). The fiscal agent relationship with the CFC is subject to annual renewal and was not renewed in 2009. Transactions between the United Way and the CFC consist primarily of certain reimbursed expenses paid by United Way on behalf of the Campaign. Additionally, United Way is a recipient of designated gifts from the CFC.

Audit procedures for the CFC campaigns are required in accordance with the CFC Audit Guide as agreed upon by the OPM, the Local Federal Coordinating Committee, and United Way. Based on the most recent audit performed of the CFC campaign, United Way is honoring the designations made to each member organization and is distributing a proportionate share of receipts based on donor designations to each member.

At June 30, 2009 and 2008, amounts due from the CFC of \$364,857 and \$241,735, respectively, are included in pledges receivable in the accompanying consolidated balance sheet and consist of CFC campaign pledges designated specifically for United Way. At June 30, 2009 and 2008, amounts due from the CFC of \$49,196 and \$86,398, respectively, are included in accounts receivable in the accompanying consolidated balance sheets and consist of expenses paid by United Way on behalf of the CFC.

For the years ended June 30, 2009 and 2008, total designated gifts received from the CFC campaign specifically for United Way of \$433,249 and \$370,528, respectively, are included in gross campaign revenue in the accompanying statements of activities.

United Way began administering the Colorado Combined Campaign ("CCC") 2008 campaign. This program is similar to the CFC but operates at the state level. At June 30, 2009 and 2008, amounts due from the CCC for United Way of \$167,246 and \$123,350, respectively, are included in pledges receivable in the accompanying consolidated balance sheets and consist of CCC campaign pledges designated specifically for United Way. At June 30, 2009 and 2008, amounts due from the CCC of \$12,895 and \$24,872, respectively, are included in accounts receivable in the accompanying consolidated balance sheets and consist of expenses paid by United Way on behalf of the CCC.

# MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### **Note 12 - Certain Contractual Relationships (continued)**

For the years ended June 30, 2009 and 2008, total designated gifts received from the CCC specifically for United Way of \$251,291 and \$232,060, respectively, are included in gross campaign revenue in the accompanying statements of activities.

### **Note 13 - Subsequent Event**

Pledges collected in 2009 will be used to pay agency allocations from July 1, 2009 through June 30, 2010. Subsequent to year-end, United Way has committed approximately \$5,985,000 in allocations to agencies from July 1, 2009 through June 30, 2010. Approximately \$3,073,000 of the \$5,985,000 is purpose restricted by donors for child care and after school programs.

**ACCOMPANYING SUPPLEMENTAL INFORMATION**

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Consolidating Balance Sheet  
As of June 30, 2009**

	<u>Mile High United Way, Inc.</u>	<u>2595 Larimer MHUW LLC</u>	<u>Total</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 5,218,174	\$ 34,154	\$ 5,252,328
Short-term investments	4,703,651	-	4,703,651
Accounts receivable	115,501	-	115,501
Pledges receivable, net	7,535,721	-	7,535,721
Grants receivable	1,302,200	-	1,302,200
Prepaid expenses and other current assets	90,702	-	90,702
Legacy gift investments - Board designated	2,919,392	-	2,919,392
Restricted cash	2,043,688	-	2,043,688
Note receivable	-	1,619,493	1,619,493
Accrued interest receivable	-	154,964	154,964
Land, building, and equipment, net	<u>1,444,526</u>	<u>-</u>	<u>1,444,526</u>
Total assets	<u>\$ 25,373,555</u>	<u>\$ 1,808,611</u>	<u>\$ 27,182,166</u>
<b>Liabilities and Net Assets</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ 2,274,538	\$ -	\$ 2,274,538
Deferred revenue	1,498,571	-	1,498,571
Accrued designations and distributions	1,952,132	-	1,952,132
Notes payable	<u>-</u>	<u>440,000</u>	<u>440,000</u>
Total liabilities	<u>5,725,241</u>	<u>440,000</u>	<u>6,165,241</u>
Commitments and contingencies			
Net assets			
Unrestricted	2,951,060	1,368,611	4,319,671
Land, building, and equipment	1,444,526	-	1,444,526
Board designated legacy gift fund	<u>2,919,392</u>	<u>-</u>	<u>2,919,392</u>
	7,314,978	1,368,611	8,683,589
Temporarily restricted	<u>12,333,336</u>	<u>-</u>	<u>12,333,336</u>
Total net assets	<u>19,648,314</u>	<u>1,368,611</u>	<u>21,016,925</u>
Total liabilities and net assets	<u>\$ 25,373,555</u>	<u>\$ 1,808,611</u>	<u>\$ 27,182,166</u>

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Consolidating Statement of Activities  
For the Year Ended June 30, 2009**

	<u>Mile High United Way, Inc.</u>	<u>2595 Larimer MHUW LLC</u>	<u>Eliminations</u>	<u>Total</u>
Public support and revenue				
Gross campaign results	\$ 28,479,234	\$ -	\$ -	\$ 28,479,234
Grant revenue	5,625,136	-	-	5,625,136
Community events, net	52,080	-	-	52,080
Founders' Legacy Society	640,983	-	-	640,983
Less donor designated contributions	(8,691,153)	-	-	(8,691,153)
Less uncollectible pledges expense	<u>(1,419,407)</u>	-	-	<u>(1,419,407)</u>
Net campaign results	24,686,873	-	-	24,686,873
Service fees	576,902	-	-	576,902
Investment (loss) income	(104,000)	47,627	-	(56,373)
Other income	<u>4,064</u>	-	-	<u>4,064</u>
Total public support and revenue	<u>25,163,839</u>	<u>47,627</u>	<u>-</u>	<u>25,211,466</u>
Expenses				
Program services				
Community program allocations, distributions, grants and related expenses	20,040,667	-	-	20,040,667
Donor designated contributions	<u>8,691,153</u>	-	-	<u>8,691,153</u>
Community program allocations, distributions, grants, related expenses and donor designations	28,731,820	-	-	28,731,820
Less donor designations	<u>(8,691,153)</u>	-	-	<u>(8,691,153)</u>
Total community program allocations, distributions, grants and related expenses	<u>20,040,667</u>	-	-	<u>20,040,667</u>
Community impact services	1,174,027	-	-	1,174,027
2-1-1 services	664,338	-	-	664,338
Assets for family success	<u>659,756</u>	-	-	<u>659,756</u>
Total internal programs	<u>2,498,121</u>	-	-	<u>2,498,121</u>
Total program services	<u>22,538,788</u>	-	-	<u>22,538,788</u>
Supporting services				
Management and general	1,545,408	-	-	1,545,408
Funds development	<u>4,198,767</u>	-	-	<u>4,198,767</u>
Total supporting services	5,744,175	-	-	5,744,175
United Way Worldwide dues	<u>347,476</u>	-	-	<u>347,476</u>
Total expenses	<u>28,630,439</u>	-	-	<u>28,630,439</u>
Changes in net assets	(3,466,600)	47,627	-	(3,418,973)
Net assets at beginning of year	<u>23,114,914</u>	<u>1,320,984</u>	-	<u>24,435,898</u>
Net assets at end of year	<u>\$ 19,648,314</u>	<u>\$ 1,368,611</u>	<u>\$ -</u>	<u>\$ 21,016,925</u>

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Mile High United Way, Inc. and Subsidiary  
Denver, Colorado

We have audited the consolidated financial statements of Mile High United Way, Inc. and Subsidiary ("United Way") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered United Way's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Board of Directors  
Mile High United Way, Inc. and Subsidiary

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether United Way's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to the management of United Way in a separate letter dated October 21, 2009.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should be not be used by anyone other than these specified parties.



Ehrhardt Keefe Steiner & Hottman PC

October 21, 2009  
Denver, Colorado

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Mile High United Way, Inc. and Subsidiary  
Denver, Colorado

**COMPLIANCE**

We have audited the compliance of Mile High United Way, Inc. and Subsidiary ("United Way") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. United Way's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of United Way's management. Our responsibility is to express an opinion on United Way's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of United Way's compliance with those requirements.

In our opinion, United Way complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

## INTERNAL CONTROL OVER COMPLIANCE

The management of United Way is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered United Way's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should be used by anyone other than these specified parties.



Ehrhardt Keefe Steiner & Hottman PC

October 21, 2009  
Denver, Colorado

MILE HIGH UNITED WAY, INC. AND SUBSIDIARY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Section I - Summary of Audit Results

Financial Statements

Type of auditors' report issued - Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? [ ] Yes [x] No
Significant deficiencies identified that are not considered to be material weaknesses? [ ] Yes [x] None reported
Noncompliance material to financial statements noted? [ ] Yes [x] No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? [ ] Yes [x] No
Significant deficiencies identified that are not considered to be material weaknesses? [ ] Yes [x] None reported

Type of auditors' report issued on compliance for major programs - Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? [ ] Yes [x] No

Identification of major programs:

Table with 2 columns: Name of Program, CFDA#. Row 1: Child Care and Development Block Grant, 93.575

Dollar threshold used to distinguish between type A and B programs: \$300,000

Auditee qualified as a low-risk auditee under Section 530 of OMB circular A-133? [x] Yes [ ] No

B. Findings - Financial Statement Audit
None.

C. Findings and Questioned Costs - Major Federal Award Programs Audit Statement Audit
None.

D. Prior Year Findings and Questioned Costs - Major Federal Award Programs Audit
None.

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2009**

Federal Grantor/Pass Through Grantor	Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Award Amount	Expenditures During the Year Ended June 30, 2009
<b>U.S. Department of Health and Human Services</b>					
<b>Direct awards</b>					
	Assets for Independence Demonstration Program	93.602		\$ 1,000,000	\$ 141,030
	Assets for Independence Demonstration Program	93.602		\$ 849,409	<u>87,063</u>
					<u>228,093</u>
<b>Pass through awards</b>					
City and County of Denver	Individual Development Accounts	93.558	CE53067	\$ 350,000	31,298
City and County of Denver	Youth Mentoring	93.558	CE61228	\$ 2,899,494	700,557
City and County of Denver	Child Care Referral Services 211	93.558	GE80618	\$ 43,922	<u>33,131</u>
					<u>764,986</u>
Colorado Department of Human Services*	Early Childhood Education - HB 1238	93.575	07-IHA-00196	\$ 343,114	342,355
City and County of Denver*	Early Childhood Education - MOEC QIF	93.575	CE80181	\$ 40,282	7,500
Qualistar*	Childcare Referral Services - ECE	93.575	SDA16	\$ 56,551	56,551
Qualistar*	Childcare Referral Services - Denver 211	93.575	SDA17	\$ 74,054	74,054
Colorado Department of Education*	Early Childhood Education - Block Grant	93.575	Project 200	\$ 179,340	<u>179,340</u>
					<u>659,800</u>
Colorado Department of Public Health and Environment	Women's Wellness	93.919	08-FLA-00874	\$ 28,800	<u>28,800</u>
Arapahoe County Department of Human Services	Chafee Foster Care Independence Program	93.674		\$ 20,000	<u>1,111</u>
	Subtotal - U.S. Department of Health and Human Services				<u>1,682,790</u>
<b>U.S. Department of Housing and Urban Development</b>					
<b>Pass through awards</b>					
City and County of Denver	DH&NDS	14.218	GE61145-1	\$ 35,018	35,018
City and County of Denver	DH&NDS	14.218	GE81098	\$ 459,000	40,550
City of Lakewood	Individual Development Accounts	14.218	Not Provided	\$ 59,800	1,272
Jefferson County	Individual Development Accounts	14.218	CB06MH	\$ 23,500	<u>7,672</u>
	Subtotal - U.S. Department of Housing and Urban Development				<u>84,512</u>
<b>Total federal awards</b>					<u>\$ 1,767,302</u>

\*Major program

See notes to Schedule of Expenditures of Federal Awards.

**MILE HIGH UNITED WAY, INC. AND SUBSIDIARY**

**Notes to Schedule of Expenditures of Federal Awards**

(1) Method of Accounting

The accompanying schedule of expenditures of federal awards has been prepared on an accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*.

(2) Reconciliation to Financial Statements

United Way receives grant revenue from other sources than the federal government. The following analysis reconciles expenditures in the accompanying schedule to revenue reflected in United Way for the year ended June 30, 2009:

Federal revenue expenditures	\$ 1,767,302
Non-federal revenues	<u>3,857,834</u>
Grant revenues	<u>\$ 5,625,136</u>