

United Way of El Paso County

Financial Statements
for the Years Ended March 31, 2017
and 2016 and Independent Auditor's Report

UNITED WAY OF EL PASO COUNTY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of United Way of El Paso County

We have audited the accompanying financial statements of United Way of El Paso County (a nonprofit organization), which comprise the statements of financial position as of March 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of El Paso County as of March 31, 2017 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2017, on our consideration of United Way of El Paso County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of El Paso County's internal control over financial reporting and compliance.

STRICKLER & TRIETO, LLP

July 17, 2017

UNITED WAY OF EL PASO COUNTY

STATEMENTS OF FINANCIAL POSITION MARCH 31, 2017 AND 2016

ASSETS:	2017	2016
Cash and cash equivalents	\$ 1,733,943	\$ 1,782,903
Pledges receivable, net of allowance of \$440,503 and \$425,601, respectively	1,859,940	2,057,732
Grant and other receivables	185,603	220,742
Other assets	42,592	42,300
	<hr/>	<hr/>
Total current assets	3,822,078	4,103,677
Furniture and equipment—Net	168,821	210,371
	<hr/>	<hr/>
TOTAL	\$ 3,990,899	\$ 4,314,048
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Accounts payable	\$ 22,085	\$ 26,702
Deferred revenue	-	6,800
Accrued compensated absences	34,061	39,619
Allocations payable	313,043	327,841
Designations payable	643,978	607,520
	<hr/>	<hr/>
Total liabilities	1,013,167	1,008,482
	<hr/>	<hr/>
NET ASSETS:		
Unrestricted	2,683,929	2,959,071
Temporarily restricted	293,803	346,495
	<hr/>	<hr/>
Total net assets	2,977,732	3,305,566
	<hr/>	<hr/>
TOTAL	\$ 3,990,899	\$ 4,314,048
	<hr/>	<hr/>

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Public support:			
Campaign efforts	\$ 2,932,005	\$ -	\$ 2,932,005
Less: Donor designations	(741,156)	-	(741,156)
Less: Provision for uncollectible pledges	(222,340)	-	(222,340)
Total public support	<u>1,968,509</u>	<u>-</u>	<u>1,968,509</u>
Other contributions and revenue:			
Federal and state grant income	830,096	-	830,096
Grant income	47,500	172,877	220,377
Other donations	76,000	-	76,000
Administrative income	102,544	-	102,544
Interest income	6,286	-	6,286
Other income	27,293	-	27,293
Other contributions released from restriction	225,568	(225,568)	-
Total other contributions and revenue	<u>1,315,287</u>	<u>(52,691)</u>	<u>1,262,596</u>
Total revenue	<u>3,283,796</u>	<u>(52,691)</u>	<u>3,231,105</u>
EXPENSES:			
Program services			
Gross funds awarded/distributed	741,156	-	741,156
Less: donor designations	(741,156)	-	(741,156)
Net funds awarded/distributed	-	-	-
Education (Helping Children Succeed)	1,724,822	-	1,724,822
Basic Needs (Building Strong Families)	825,133	-	825,133
Income (Increasing Financial Stability)	99,233	-	99,233
United Way Programs	180,113	-	180,113
Total program services	<u>2,829,301</u>	<u>-</u>	<u>2,829,301</u>
Support services:			
Management and general	349,274	-	349,274
Fundraising	380,364	-	380,364
Total support services	<u>729,638</u>	<u>-</u>	<u>729,638</u>
Total expenses	<u>3,558,939</u>	<u>-</u>	<u>3,558,939</u>
Change in net assets	(275,143)	(52,691)	(327,834)
Net assets, beginning of year	<u>2,959,071</u>	<u>346,495</u>	<u>3,305,566</u>
Net assets, end of year	<u>\$ 2,683,928</u>	<u>\$ 293,804</u>	<u>\$ 2,977,732</u>

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Public support:			
Campaign efforts	\$ 3,122,724	\$ -	\$ 3,122,724
Less: Donor designations	(685,829)	-	(685,829)
Less: Provision for uncollectible pledges	(232,463)	-	(232,463)
Total public support	<u>2,204,432</u>	<u>-</u>	<u>2,204,432</u>
Other contributions and revenue:			
Federal grant income	786,161	-	786,161
Grant income	81,571	283,807	365,378
Other donations	77,725	-	77,725
Administrative income	83,079	-	83,079
Interest income	4,857	-	4,857
Other income	7,014	-	7,014
Other contributions released from restriction	266,332	(266,332)	-
Total other contributions and revenue	<u>1,306,739</u>	<u>17,475</u>	<u>1,324,214</u>
Total revenue	<u>3,511,171</u>	<u>17,475</u>	<u>3,528,646</u>
EXPENSES:			
Program services			
Gross funds awarded/distributed	685,829	-	685,829
Less: donor designations	(685,829)	-	(685,829)
Net funds awarded/distributed	-	-	-
Education (Helping Children Succeed)	1,672,672	-	1,672,672
Basic Needs (Building Strong Families)	883,770	-	883,770
Income (Increasing Financial Stability)	115,274	-	115,274
United Way Programs	172,253	-	172,253
Total program services	<u>2,843,969</u>	<u>-</u>	<u>2,843,969</u>
Support services:			
Management and general	359,699	-	359,699
Fundraising	286,197	-	286,197
Total support services	<u>645,896</u>	<u>-</u>	<u>645,896</u>
Total expenses	<u>3,489,865</u>	<u>-</u>	<u>3,489,865</u>
Change in net assets	21,306	17,475	38,781
Net assets, beginning of year	<u>2,937,765</u>	<u>329,020</u>	<u>3,266,785</u>
Net assets, end of year	<u>\$ 2,959,071</u>	<u>\$ 346,495</u>	<u>\$ 3,305,566</u>

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED MARCH 31, 2017

	PROGRAM SERVICES														Total Program Services
	Education (Helping Children Succeed)				Basic Needs (Building Strong Families)			Income (Increasing Financial Stability)			Youth Engagement	Community Engagement	Volunteer Action Center	Young Leaders Society	
	Community Investment	Parents as Teachers	IGNITE Initiative	3rd Grade Reading Initiative	Community Investment	Enroll El Paso	FEMA	Community Investment	My Free Taxes/ Financial Stability	Community Impact Funding Process					
Community Impact Program Funding	\$ 383,709	\$ -	\$ -	\$ -	\$ 802,750	\$ -	\$ -	\$ 65,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,251,459
Salaries	32,835	435,804	48,301	1,603	12,300	-	2,368	3,867	3,072	14,879	72,198	22,315	1,271	9,491	660,304
Employee benefits	4,096	100,632	7,491	216	1,103	-	149	847	309	1,469	5,606	2,075	1,211	1,618	126,822
Payroll taxes	2,889	60,266	4,115	123	968	-	197	333	235	1,235	6,601	3,179	439	764	81,344
Total salaries and related expenses	39,820	596,702	59,907	1,942	14,371	-	2,714	5,047	3,616	17,583	84,405	27,569	2,921	11,873	868,470
Occupancy	3,911	54,752	306	-	348	327	174	435	-	1,086	2,998	2,607	521	435	67,900
Printing and publications	614	6,384	98	40	185	44	-	4	338	7	189	69	161	395	8,528
Living stipend	-	229,246	-	-	-	1,367	-	-	-	-	-	3,157	-	-	233,770
Staff development	1,392	61,316	707	-	-	-	-	-	-	75	-	-	-	-	63,490
Professional fees	15,530	26,564	68,566	6,250	685	96	53	310	2,590	740	2,077	2,176	555	526	126,718
Donor recognition	-	-	-	-	-	-	-	-	-	133	-	-	-	-	133
Travel	326	45,448	406	34	8	318	29	18	16	49	42	196	18	58	46,966
Postage and shipping	69	143	-	-	2	-	74	1	-	37	3	3	1	2	335
Supplies	1,683	36,332	564	-	80	-	-	25	372	43	74	158	37	298	39,666
Conferences, conventions and meetings	1,398	1,009	5,426	8,371	-	18	277	20,206	750	268	349	245	3,431	2,803	44,551
Rental and maintenance of equipment	276	3,343	-	-	256	-	12	31	-	79	309	183	103	40	4,632
Telephone and internet	1,282	7,379	181	-	28	374	14	35	-	86	253	207	701	35	10,575
Miscellaneous	-	927	-	-	-	-	-	-	-	-	-	-	-	-	927
Insurance expense	328	4,007	-	-	30	-	15	35	-	91	252	219	44	36	5,057
Membership dues	1,762	21,571	99	-	157	-	78	196	-	489	1,351	1,175	235	196	27,309
Total expenses before depreciation	68,391	1,095,123	136,260	16,637	16,150	2,544	3,440	26,343	7,682	20,766	92,302	37,964	8,728	16,697	1,549,027
Depreciation of furniture and equipment	1,870	22,832	-	-	166	-	83	208	-	519	1,433	1,247	249	208	28,815
Total net allocations and expenses	\$ 453,970	\$ 1,117,955	\$ 136,260	\$ 16,637	\$ 819,066	\$ 2,544	\$ 3,523	\$ 91,551	\$ 7,682	\$ 21,285	\$ 93,735	\$ 39,211	\$ 8,977	\$ 16,905	\$ 2,829,301

(CONTINUED)

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED MARCH 31, 2017

	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total Program Services</u>	<u>Total</u>
Community Impact Program Funding	\$ -	\$ -	\$ -	\$ 1,251,459	\$ 1,251,459
Other program funding	-	-	-	-	-
	-	-	-	1,251,459	1,251,459
Salaries	211,296	228,388	439,684	660,304	1,099,988
Employee benefits	41,312	33,036	74,348	126,822	201,170
Payroll taxes	17,147	20,401	37,548	81,344	118,892
Total salaries and related expenses	269,755	281,825	551,580	868,470	1,420,050
Occupancy	14,287	12,952	27,239	67,900	95,139
Printing and publications	741	23,079	23,820	8,528	32,348
Living stipend	-	-	-	233,770	233,770
Staff development	3,512	478	3,990	63,490	67,480
Professional fees	24,820	16,761	41,581	126,718	168,299
Donor recognition	74	5,140	5,214	133	5,347
Travel	558	3,950	4,508	46,966	51,474
Postage and shipping	1,606	4,196	5,802	335	6,137
Supplies	1,824	2,433	4,257	39,666	43,923
Conferences, conventions and meetings	5,777	8,470	14,247	44,551	58,798
Rental and maintenance of equipment	1,227	1,062	2,289	4,632	6,921
Telephone and internet	1,088	1,029	2,117	10,575	12,692
Bank charges	11,478	53	11,531	-	11,531
Miscellaneous	(4,304)	5,824	1,520	927	2,447
Insurance expense	2,004	1,086	3,090	5,057	8,147
Membership dues	8,283	5,835	14,118	27,309	41,427
Total expenses before depreciation	342,730	374,173	716,903	1,549,027	2,265,930
Depreciation of furniture and equipment	6,544	6,191	12,735	28,815	41,550
Total net allocations and expenses	\$ 349,274	\$ 380,364	\$ 729,638	\$ 2,829,301	\$ 3,558,939

(CONCLUDED)

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED MARCH 31, 2016

	PROGRAM SERVICES														
	Education (Helping Children Succeed)				Basic Needs (Building Strong Families)			Income (Increasing Financial Stability)							
	Community Investment	Parents as Teachers	IGNITE Initiative	3rd Grade Reading Initiative	Community Investment	Enroll El Paso	FEMA	Community Investment	My Free Taxes/ Financial Stability	Community Impact Funding Process	Youth Engagement	Community Engagement	Volunteer Action Center	Young Leaders Society	Total Program Services
Community Impact Program Funding	\$ 437,450	\$ -	\$ -	\$ -	\$ 802,750	\$ -	\$ -	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,295,200
Other program funding	434	-	-	-	2,500	2,500	-	-	-	-	-	-	-	-	5,434
	437,884	-	-	-	805,250	2,500	-	55,000	-	-	-	-	-	-	1,300,634
Salaries	25,764	395,767	50,000	1,309	13,181	17,433	2,760	6,549	3,004	20,889	28,288	53,157	11,385	5,521	635,007
Employee benefits	4,156	73,022	5,203	52	1,528	2,277	130	1,102	248	2,165	4,671	4,552	1,883	90	101,079
Payroll taxes	2,338	55,023	4,365	100	1,040	1,577	222	517	230	1,628	2,693	4,645	1,242	431	76,051
Total salaries and related expenses	32,258	523,812	59,568	1,461	15,749	21,287	3,112	8,168	3,482	24,682	35,652	62,354	14,510	6,042	812,137
Occupancy	4,366	53,754	717	-	909	-	546	819	-	1,364	2,183	2,729	854	455	68,696
Printing and publications	58	1,966	2,522	229	189	27	-	71	2,674	2	-	112	327	8	8,185
Living stipend	-	216,021	-	-	-	-	-	-	-	-	-	-	-	-	216,021
Staff development	84	46,180	3,256	-	-	1,246	-	649	-	-	-	-	-	-	51,415
Professional fees	1,281	56,887	67,115	-	784	23,670	126	190	16,729	370	503	867	413	128	169,063
Donor recognition	-	-	-	-	325	-	-	-	-	548	-	-	-	-	873
Travel	250	56,113	606	164	49	443	72	202	57	92	89	46	368	102	58,653
Postage and shipping	25	498	11	-	10	-	7	-	-	-	-	46	-	-	597
Supplies	166	27,590	489	1,174	2,965	49	1	21	99	228	-	481	709	40	34,012
Conferences, conventions and meetings	1,094	261	6,983	12,611	259	1,909	280	19,455	6,935	377	5,493	332	112	2,212	58,313
Rental and maintenance of equipment	311	3,436	-	-	65	-	39	58	-	97	155	195	58	32	4,446
Telephone and internet	362	9,495	51	-	76	721	45	68	-	113	204	227	753	38	12,153
Bank charges	-	-	-	-	-	-	-	-	-	-	-	-	-	51	51
Miscellaneous	-	485	-	-	-	-	-	-	-	-	-	-	-	-	485
Insurance expense	330	3,647	-	-	69	-	41	62	-	103	165	205	62	34	4,718
Membership dues	1,572	17,371	-	-	327	-	196	295	-	491	786	982	295	164	22,479
Total expenses before depreciation	42,157	1,017,516	141,318	15,639	21,776	49,352	4,465	30,058	29,976	28,467	45,230	68,576	18,461	9,306	1,522,297
Depreciation of furniture and equipment	4,013	14,145	-	-	267	-	160	240	-	400	640	800	240	133	21,038
Total net allocations and expenses	\$ 484,054	\$ 1,031,661	\$ 141,318	\$ 15,639	\$ 827,293	\$ 51,852	\$ 4,625	\$ 85,298	\$ 29,976	\$ 28,867	\$ 45,870	\$ 69,376	\$ 18,701	\$ 9,439	\$ 2,843,969

(CONTINUED)

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES (CONTINUED) FOR THE YEAR ENDED MARCH 31, 2016

	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total Program Services</u>	<u>Total</u>
Community Impact Program Funding	\$ -	\$ -	\$ -	\$ 1,295,200	\$ 1,295,200
Other program funding	-	-	-	5,434	5,434
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300,634</u>	<u>1,300,634</u>
Salaries	225,580	160,732	386,312	635,007	1,021,319
Employee benefits	43,214	23,960	67,174	101,079	168,253
Payroll taxes	22,703	14,325	37,028	76,051	113,079
	<u>291,497</u>	<u>199,017</u>	<u>490,514</u>	<u>812,137</u>	<u>1,302,651</u>
Occupancy	15,461	13,053	28,514	68,696	97,210
Printing and publications	1,024	26,688	27,712	8,185	35,897
Living stipend	-	-	-	216,021	216,021
Staff development	10,570	-	10,570	51,415	61,985
Professional fees	7,034	7,788	14,822	169,063	183,885
Donor recognition	617	5,625	6,242	873	7,115
Travel	673	3,659	4,332	58,653	62,985
Postage and shipping	618	3,279	3,897	597	4,494
Supplies	3,253	3,855	7,108	34,012	41,120
Conferences, conventions and meetings	5,571	2,738	8,309	58,313	66,622
Rental and maintenance of equipment	1,101	929	2,030	4,446	6,476
Telephone and internet	1,284	1,084	2,368	12,153	14,521
Bank charges	7,943	2,437	10,380	51	10,431
Miscellaneous	-	1,802	1,802	485	2,287
Insurance expense	1,344	987	2,331	4,718	7,049
Membership dues	7,176	4,799	11,975	22,479	34,454
	<u>355,166</u>	<u>277,740</u>	<u>632,906</u>	<u>1,522,297</u>	<u>2,155,203</u>
Total expenses before depreciation					
Depreciation of furniture and equipment	4,533	8,457	12,990	21,038	34,028
	<u>\$ 359,699</u>	<u>\$ 286,197</u>	<u>\$ 645,896</u>	<u>\$ 2,843,969</u>	<u>\$ 3,489,865</u>

(CONCLUDED)

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (327,834)	\$ 38,781
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	41,550	34,026
Change in assets and liabilities:		
Pledges receivable	197,792	100,059
Grants and other receivable	35,139	(58,879)
Other assets	(292)	(3,659)
Accounts payable	(4,617)	(11,876)
Deferred revenue	(6,800)	6,800
Accrued compensated absences	(5,558)	(3,911)
Allocations payable	(14,798)	11,291
Designations payable	36,458	(68,751)
	<u>(48,960)</u>	<u>43,881</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	<u>-</u>	<u>(63,450)</u>
	<u>-</u>	<u>(63,450)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(48,960)	(19,569)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,782,903</u>	<u>1,802,472</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,733,943</u>	<u>\$ 1,782,903</u>

See accompanying notes to financial statements.

UNITED WAY OF EL PASO COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

1. ORGANIZATION AND BUSINESS

United Way of El Paso County (the "Agency") was incorporated in 1957 as a nonprofit agency and is governed by volunteer board of directors. The mission of the agency is to "Unite and mobilize the El Paso Community and focused effort that: connects our most vulnerable to basic needs, closes educational achievement gaps, promotes lifelong financial stability for all El Pasoans, and connects people with opportunities to give, advocate, and volunteer. United Way of El Paso County also administers the State, County and City Employees Charitable Campaigns.

Community Impact Program

The Community Impact program represents contributions to the Agency that have not been designated by donors to specific agencies. Approximately 100 volunteers, representing the entire community, evaluate each program/service application and visit the agency for a presentation. The volunteers consider community/client needs, community priorities, program/service effectiveness and outcomes, efficiency and fiscal responsibility of the agency, management/organizational capacity and the availability of funds in their decision making process. The volunteers' funding recommendations are then forwarded to the Board of Directors of United Way of El Paso County. The Board approves the total allocation each program/service will receive.

Community Building

The Agency accomplishes its results by bringing people together (subject experts, business leaders, donors, neighborhoods and members of local nonprofit agencies) to help identify the community's most critical social issues. In forming these partnerships, the Agency believes it is better able to address the underlying causes of problems in the community and prevent them from happening.

IGNITE Initiative

With funding from the Paso del Norte Health Foundation, the Agency served as the organizing agency for the Foundation's IGNITE Initiative. The Initiative is focused on engaging disconnected youth in high-quality out-of-school programs across El Paso and Hudspeth Counties in Texas, Doña Ana, Luna and Otero counties in Southern New Mexico; and Ciudad Juárez, Mexico. Disconnected youth are defined as people between the ages of 7 and 18 years old who are not involved in out-of-school activities or participating in the labor market (Paso del Norte Health Foundation definition, 2013).

The Borderland Out-of-School Time (BOOST) Network, led by the Agency, aims to coordinate efforts and resources across the out-of-school time (OST) field to increase youth engagement in high quality programs operating in Southern New Mexico, West Texas and Ciudad Juárez, Mexico. In its first year, the network has supported collaboration, coordination and communication among OST program providers, other youth service agencies and community stakeholders across the Paso del Norte region.

3rd Grade Reading Initiative

Funded in part by a grant from Wells Fargo, United Way of El Paso County provides year-round book distributions—such as our Share the Love of Reading, which included story time and themed activities, and partnering with local Summer Feeding programs. The Agency and its partners are committed to fostering a love of reading and building the personal libraries of El Paso children.

Enroll El Paso Coalition

For the fourth year, the Enroll El Paso Coalition worked to help individuals select a plan or automatically re-enroll in quality, affordable coverage through the Health Insurance Marketplace. The work of the Enroll El Paso coalition, led by UWEPC, continues garnering praise from the Department of Health and Human Services and the White House.

VolunteerElPaso.org

The Agency's mobile friendly website connects a growing number of engaged El Pasoans to volunteer efforts at more than 350 different agencies, focused on education, health, advocacy, cultural and environmental services, and more. With a brand new look and logo, VolunteerElPaso.org is one of El Paso's top ways to search hundreds of opportunities.

Parents as Teachers

Funded by the Texas Project Healthy Outcomes through Prevention and Early Support (HOPES), and Corporation for National and Community Service (CNCS) through the OneStar Foundation, Parents as Teachers, an evidence-based home visitation program, places an emphasis on parent involvement to develop a child's learning skills. With the help of a parent educator, parents enhance their understanding of child development and interaction. Between July 2015 and June 2016, the affiliate program provided 4,694 home visits for 782 children. In addition, 388 families were connected to at least one resource and 170 developmental concerns or delays were detected and referred to parents.

Financial Stability

The Agency has helped more people keep their hard-earned money with the free self-preparation tool, MyFreeTaxes.com. Through the easy and safe online tool, 310 families and individuals e-filed and saw an average refund of \$2,404. Among those returns, 135 families received an Earned Income Tax Credit averaging \$2,444. In partnership with Canutillo ISD this past tax season, the Agency also helped students become IRS certified tax preparers to help host six Saturdays where families could receive in-person MyFreeTaxes assistance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the United Way of El Paso County include the State, County and City Employees Charitable Campaigns. All intercompany transactions have been eliminated.

Basis of Accounting Presentation—The accompanying financial statements are presented on the accrual basis of accounting and conform with accounting principles generally accepted in the United States of America. The Agency adopted FASB Accounting Standards Codification (ASC) 958-205 - “Presentation of Financial Statements”. Under ASC 958-205, net assets, revenues and expenses, and gains and losses are classified based on existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets—Unrestricted net assets are those net assets not subject to donor-imposed stipulations and over which the Board of Directors has discretionary control. Net assets received and expended within the reporting period are reported in the statement of activities as unrestricted support or revenue.

Temporarily Restricted Net Assets—Temporarily restricted net assets are those net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Permanently Restricted Net Assets—Permanently restricted net assets are those net assets resulting from contributions where the donor’s intention is that the principal be maintained in perpetuity.

Cash and Cash Equivalents—The Agency considers all cash accounts, money market accounts, certificates of deposit and other short-term highly liquid investments to be cash equivalents.

Functional Expense Allocation—Functional expenses have been allocated among program, management and general and fundraising, based upon direct charges and expense allocations using the distribution of staff time.

Pledges Receivable—Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Grants Receivable—The Agency has several grants that are reimbursement grants. All grant receivables are believed to be collectible within the next year.

Restricted and Unrestricted Support and Revenue—Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor restricted support is reported as an increase in temporarily restricted net assets or permanently restricted net assets. When a restriction expires, (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Donor Designations—Donors to the campaign may designate all or part of their contributions to specific agencies. For accounting purposes, these specific designations are not considered to be part of the allocations to agencies' amounts and are deducted from the campaign amount available to United Way of El Paso County. United Way of El Paso County does not provide fiscal or program oversight for funds designated to a specific agency. The United Way of El Paso County honors these designations made to the agencies. A deduction is made from the designations for the cost of fundraising.

Allocations to Agencies—The Agency considers its allocations to agencies, beginning with the most recent campaign, as a statement of intent rather than a pledge.

Processing and Fundraising Fees Policy—As United Way of El Paso County has moved away from a traditional model of primarily fundraising for local agencies to a mission focused on achieving measurable change in community conditions through funding, collaboration and advocacy, a policy of cost recovery on donor-designated contributions is prudent. The standard administrative fee for funds raised on behalf of other non-profit agencies in the private sector is 5% of the pledge amount. Designated agencies in the public campaigns (city, county, state and federal) are assessed their percentage share of the administration and fundraising costs.

Volunteer Services—Volunteers have donated time toward the annual campaigns and various program activities. The value of these services is not shown in the financial statements, as there is no clearly measurable basis upon which to value these services.

Allowance for Uncollectible Pledges—The allowance for uncollectible pledges for 2017 and 2016 is approximately 8%, respectively, of total projected United Way campaign pledges. All pledges are expected to be collected in less than one year. Provision for uncollectible is computed based upon management estimates of current economic factors, applied to gross campaign, including donor designations.

In-Kind Contributions—In-kind contributions, which are donations of materials, supplies, and equipment, are recognized as support and expenses in the Statements of Activities in the applicable campaign year. In-kind contributions are recorded at their estimated fair market value at the date of receipt.

Furniture and Equipment—Furniture and equipment are recorded at cost when purchased. Donated assets are recorded as support at their fair market value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Capital expenditures and donated depreciable assets in excess of \$1,000 and with an expected useful life of greater than one year are capitalized and depreciated using the straight-line basis over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is recognized as revenue or expense for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Income Taxes—The Agency is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no liability or provision for federal income taxes is included in the accompanying financial statements.

The Agency's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Advertising—Advertising costs are expensed as incurred. Advertising costs are incurred for specific programs and funded by grants received for those programs. Advertising expense was \$1,288 and \$9,831 for the years ended March 31, 2017 and 2016, respectively.

Management's Estimates and Assumptions—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.

Analysis for Impairment—Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there is no impairment of such assets at March 31, 2017 and 2016.

Concentration of Credit Risk—Financial instruments which potentially subject the Agency to a concentration of credit risk consist primarily of cash investments and accounts receivable. The Agency maintains cash deposits in banks which from time to time exceed the amount of federal insurance available. Management assesses the financial condition of these banks and believes that the possibility of any credit loss is minimal.

Compliance with United Way Worldwide—United Way of Worldwide has established best practice standards, for which adherence to the standards is a condition of membership to United Way Worldwide. United Way of El Paso County pledges commitment to comply with those standards, including the cost deductions standards.

Subsequent Events—Management has evaluated subsequent events through July 17, 2017, the date which the financial statements were available to be issued.

3. PLEDGES RECEIVABLE

Pledges receivable are comprised of the following at March 31, 2017 and 2016:

	2017	2016
2016 Campaign	\$ 2,117,406	\$ -
2015 Campaign	183,037	2,295,119
2014 Campaign	<u>-</u>	<u>188,214</u>
Total	2,300,443	2,483,333
Less allowance for uncollectible pledges	<u>(440,503)</u>	<u>(425,601)</u>
Pledges receivable, net	<u>\$ 1,859,940</u>	<u>\$ 2,057,732</u>

4. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at March 31, 2017 and 2016:

	Estimated Useful Lives (Years)	2017	2016
Furniture and equipment	5-10	\$ 355,991	\$ 356,891
Less accumulated depreciation		<u>(187,170)</u>	<u>(146,520)</u>
Total		<u>\$ 168,821</u>	<u>\$ 210,371</u>

Depreciation expense was \$41,550 and \$34,026 for the years ended March 31, 2017 and 2016, respectively.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose at March 31, 2017 and 2016:

	2017	2016
Walmart Grant	\$ 40,784	\$ 46,716
Bank of America	2,250	4,000
Wells Fargo	116,984	83,621
Johnson Controls Service Project	500	500
Paso del Norte Foundation Challenge Fund	1,827	7,687
JP Morgan Chase	34,430	34,430
TG Grant	8,057	8,057
EDI Grant	19,622	19,621
Child Spree	254	254
Kid's Way initiative	12,183	14,776
Money Smart Week	8,899	21,855
Global Youth Services Day	-	1,947
IGNITE Initiative	27,778	99,651
3M	3,380	3,380
Encore	11,856	-
Prudential Grant	5,000	-
Total	<u>\$ 293,804</u>	<u>\$ 346,495</u>

Net assets released from restrictions consisted of the following as of March 31, 2017 and 2016:

	2017	2016
Walmart Grant	\$ 5,932	\$ 15,386
Bank of America	1,750	3,500
Paso del Norte Foundation Challenge Fund	5,860	26,051
Johnson Controls Service Project	-	1,500
Money Smart Week	20,206	19,369
Global Youth Services Day	1,948	52
Kid's Way Initiative	10,000	9,000
IGNITE Initiative	150,092	153,857
Wells Fargo	16,636	15,639
YWCA	-	10,909
JP Morgan Chase	-	10,819
Childspree	-	250
Encore	13,144	-
	<hr/>	<hr/>
Total	<u>\$ 225,568</u>	<u>\$ 266,332</u>

6. COMMUNITY IMPACT FUNDED PROGRAM

Community Impact Fund allocations consisted of the following as of March 31, 2017 and 2016:

	2017	2016
Alzheimer's Association Star Chapter - El Paso	\$ 13,000	\$ 13,000
American Red Cross, El Paso Chapter	9,709	28,000
Advance, Inc.	-	85,500
Big Brothers Big Sisters of El Paso	29,000	15,500
Boy Scouts of America, Yucca Council	51,500	41,200
Boy and Girls Clubs of El Paso	70,000	75,000
CASA (Court Appointed Special Advocates)	40,000	40,000
Catholic Counseling Services	24,000	24,000
Center Against Sexual & Family Violence	82,000	82,000
Centro San Vicente	25,000	25,000
Child Crisis Center of El Paso	42,000	42,000
Diocesan Migrant and Refugee Services, Inc.	18,000	18,000
El Paso Center for Children, Inc.	66,000	66,000
El Paso Child Guidance Center	55,000	55,000
El Paso Diabetes Association	18,000	18,000
El Pasoans Fighting Hunger Food Bank	42,500	42,500
Family Service of El Paso	35,000	35,000
Girl Scouts of the Desert Southwest	35,000	35,000
Villa Maria	16,000	16,000
Jewish Family and Children's Service	25,000	25,000
Junior Achievement of El Paso	20,000	-
Kids Excel	27,500	25,000
Kid's Way	30,000	29,000
Opportunity Center for the Homeless	91,250	91,250

Paso Del Norte Children's Development Center	69,500	67,500
Project Vida	121,000	96,750
Salvation Army	-	18,500
Reynolds House Non-Profit Corporation	24,000	24,000
YWCA El Paso del Norte Region	171,500	161,500
	<hr/>	<hr/>
Total	\$ 1,251,459	\$ 1,295,200
	<hr/>	<hr/>

At March 31, 2017, the Agency had allocations payable of \$313,043. This amount was paid out from April 2017 through June 2017.

At March 31, 2016 the Agency had allocations payable of \$327,841. This amount was paid out from April 2016 through June 2016.

7. DONOR DESIGNATIONS

Donor designations consisted of the following at March 31, 2017 and 2016:

	2017	2016
Advocacy Center for the Children of El Paso	\$ 11,716	\$ 9,643
Alzheimer's Association	8,967	4,674
American Red Cross, El Paso Chapter	4,968	14,885
Armed Services Y.M.C.A.	92	2,226
Advance, Inc	67	2,544
Big Brothers Big Sisters of El Paso	3,791	6,273
Boy Scouts of America, Yucca Council	9,056	3,559
Boy and Girls Clubs of El Paso	11,176	8,019
Candlelighters of the El Paso Area	21,151	23,434
CASA (Court Appointed Special Advocates)	28,972	26,181
Catholic Counseling Services	7,871	6,273
Center Against Family Violence	19,002	17,202
Centro San Vicente	1,490	1,041
Child Crisis Center of El Paso	60,124	48,855
Children's Grief Center of El Paso	5,037	6,159
Diocesan Migrant and Refugee Services, Inc.	9,418	8,074
El Paso Center for Children, Inc.	24,637	32,918
El Paso Child Guidance Center	21,554	5,232
El Paso Diabetes Association	18,574	9,109
El Paso Drive-a-Meal	-	(131)
El Pasoans Fighting Hunger Food Bank	30,461	28,536
Family Service of El Paso	5,577	2,866
Fort Bliss Child and Youth Services	-	287
Girl Scouts of the Desert Southwest	1,994	1,456
Hospice of El Paso	6,523	6,635
Houchen Community Center	(43)	792
Jewish Family and Children's Service	1,959	1,919
Kids Excel	1,069	947
Junior Achievement	1,972	-
Las Americas Immigrant Advocacy Center	3,046	3,756
Opportunity Center for the Homeless	34,248	32,386
Paso Del Norte Children's Development Center	12,030	13,529
Project Amistad	1,691	(300)
Project Vida	2,484	5,627
Reynolds House	13,629	2,156

Salvation Army	6,352	7,017
Sin Fronteras Organizing Project	-	(10)
Society of St. Vicente de Paul	6,426	10,028
Texas Tech Foundation, Inc.	-	(217)
The Frontera Land Alliance	-	(21)
The Lee & Beulah Moor Children's Home	5,402	9,270
Villa Maria	4,462	-
VOLAR Center for Independent Living	2,022	719
YWCA El Paso del Norte Region	4,527	6,896
Abundant Living Faith Center	-	100
American Cancer Society	364	611
American Diabetes Association	130	-
American Foundation for Suicide Prevention	542	-
American Youth Soccer Organization	-	260
Amyotrophic Lateral Sclerosis (ALS) Association	-	130
Animal Rescue League of El Paso	10,317	813
Annunciation House	130	-
Arizona Assembly Hall of Jehovah's Witness	2,151	1,258
Army Emergency Relief	493	499
ASPCA	156	130
Assistance League of El Paso	593	276
Autism Society of America, SW Chapter	260	-
Boys & Girls Club of El Paso Foundation	-	1,000
Boys & Girls Club of America	-	130
Boys & Girls Club of Las Cruces	1,394	956
Calvary Chapel of El Paso	1,440	1,500
Cancer Services Network, Inc.	2	-
Cathedral High School	-	120
Children's Disabilities Information Coalition (CDIC)	1,137	1,145
Children's Organ Transplant Association (COTA)	388	403
Christian Joy Center of Evangelical Christian Ministries	650	650
Cielo Visa Church	109	210
Convoy of Hope	26	-
Cornelia De Lange Syndrome Foundation	991	854
Dames for Dogs	1,600	-
El Paso Children's Hospital Foundation	26	-
El Paso Humane Society	2,388	2,932
El Paso Zoological Society	(13)	592
El Pasoans for Life	306	290
Enchanted Pass Animal Rescue	477	444
Foundation for Diocese - El Paso	479	-
H.G. Polk Elementary PTA OLE Fund	1,200	-
Jehovah's Witnesses Assembly Hall of New Jersey	-	831
Junior Achievement	(6)	2,600
La Posada Home	60	-
Lupus Foundation of America, El Paso Branch	95	148
Make a Wish Foundation - El Paso	104	-
March of Dimes	52	-
MD Anderson Cancer Center	-	130
Muscular Dystrophy Association	590	260
Myositis Support and Understanding Association	24	26
National Kidney Foundation of Texas	(17)	311
New Jerusalem Church of God in Christ	600	-

Our Lady of Sorrows	(4)	115
Place of Purpose	19,301	15,470
Range Conservation Foundation	480	556
Rescue Mission of El Paso	26	-
Rio Grande Cancer Foundation	2,309	1,945
Ronald McDonald House of El Paso	312	3,233
Santa Fe Community Foundation	130	260
Scleroderma Foundation, Inc.	130	-
St. Judes Children's Research Hospital-TX	1,460	922
Siguiendo los Pasos de Jesus	773	718
Sobreviviendo El Cancer/UMC Foundation	1,884	3,204
Special Olympics Texas-El Paso	(9)	100
Susan G. Komen for the Cure Puerto Rico	415	130
United Way of Metropolitan Dallas	-	1,000
United Way of Greater Houston	300	-
United Way of Greater Los Angeles	267	-
United Way of Greater Philadelphia and Southern New Jersey	10	-
United Way of Greater San Antonio and Bexar County	35	-
United Way of the Midlands	880	-
University Medical Center Foundation of El Paso	3,881	1,479
USO Foundation	120	-
Villa Maria	-	1,355
YMCA of El Paso	763	636
Direct pay designations	146,585	139,237
	<u>622,780</u>	<u>560,413</u>
State Employees Charitable Campaign designations	88,605	95,118
County Employees Charitable Campaign designations	12,935	12,874
City Employees Charitable Campaign designations	16,836	17,424
	<u>118,376</u>	<u>125,416</u>
Total	<u>\$ 741,156</u>	<u>\$ 685,829</u>

Donor designations only relates to designations from the United Way Campaign. Designations payables at March 31, 2017 and 2016 were \$643,978 and \$607,520, respectively. This included designations payable from United Way, the State Employees Charitable Campaign, the County Employees Campaign and the City Employees Charitable Campaign.

United Way of El Paso County does not provide fiscal or program oversight for funds designated to a specific agency.

Direct Pay Designations—While the United Way of El Paso County (UWEPC) is responsible for the overall coordination of workplace giving campaigns in several national corporations, the employee designations to charities other than UWEPC are sent directly to the designated agencies. The national corporations withhold the money from their employees paychecks and remit the withholding directly to the designated agencies. UWEPC does not ever receive those designations nor does it disburse those designations. In accordance with United Way Worldwide policies, UWEPC does report the designations on its statement of activities as both revenue and expense. The amount of direct pay designations that the UWEPC was aware of for the years ended March 31, 2017 and 2016 were \$146,585 and \$143,709, respectively.

8. DEFINED CONTRIBUTION PENSION PLAN

The Agency sponsors a Defined Contribution Pension Plan for the benefit of its employees. The Plan provides for partial vesting after the first year and full vesting after five years of services. Total Plan expenses for the Defined Contribution Pension Plan were \$42,781 and \$34,534 for the years ended March 31, 2017 and 2016, respectively.

9. RELATED PARTY TRANSACTIONS

Three board members are employed by financial institutions where the Agency maintains its bank accounts.

The Agency is also the Local Campaign Manager in the El Paso area for the State Employee Charitable Campaign (SECC) which includes eight counties. The official administration of the program is performed by the State Comptroller, who collects the funds and then submits the collected funds to United Way and other federations for distribution.

The Agency also acts as the Campaign Manager for both the El Paso County and the El Paso City Employee Combined Charitable Campaigns (CECC). All monies contributed to the CECC are distributed directly to CECC participating agencies.

Under the arrangements with the above entities, the Agency manages the SECC and CECC campaigns, pays all administrative and campaign expenses, and is reimbursed for expenses incurred on behalf of SECC and CECC. Annual campaigns are conducted from January 1 to December 31 to raise support for designations to member agencies in the subsequent calendar year. Campaign production, expenses for annual campaigns, and administrative expenses are recognized as they are incurred.

SECC and CECC receive reimbursements for campaign and administrative expenses on a pro rata basis from its group of member agencies, of which the Agency is the largest.

The Agency's transactions with SECC, and CECC for March 31, 2017 are as follows:

	SECC	County ECC	City ECC
Pledges receivable	\$ 98,791	\$ 19,010	\$ 8,426
Campaign expenses receivable	41,632	3,862	2,273
Public support to UWEPC	98,791	19,010	8,426
Administrative income	5,670	1,711	1,317

The Agency's transactions with CFC, SECC, and CECC for March 31, 2016 are as follows:

	SECC	County ECC	City ECC
Pledges receivable	\$ 102,188	\$ 18,766	\$ 18,146
Campaign expenses receivable	42,779	3,998	3,493
Public support to UWEPC	114,061	20,868	20,163
Administrative income	7,820	1,693	1,476

10. ECONOMIC DEPENDENCY

The Agency relies exclusively on local public contributions for its services. Therefore, the Agency is significantly affected by economic conditions as well as public perception.

11. COMMITMENTS

The Agency signed an agreement on July 9, 2012 for office space in a new location. The lease is for a period of one hundred twenty-two months and began on February 1, 2013. The lease calls for a monthly rent of \$7,035 for the period beginning on the commencement date and ending sixty months after the commencement date; \$7,341 for the period beginning sixty-one months after the commencement date and ending eighty-four months after the commencement date; and \$7,647 beginning eighty-five months after the commencement date and ending one hundred twenty-two months after the commencement date.

The monthly payment includes occupancy expenses such as rent, utilities, janitorial services, and building and grounds maintenance and supplies. Occupancy expenses for the years ended March 31, 2017 and 2016 totaled \$95,139 and \$97,210, respectively. The lease at the previous location included only rent. The other expenses were paid separately. Office lease expense was \$86,901 and \$86,758 for the years ended March 31, 2017 and 2016, respectively.

Future minimum payments are as follows:

Year Ending March 31

2018	\$	86,563
2019		88,092
2020		90,233
2021		91,763
2022		91,763
Thereafter		53,527
	\$	<u>501,941</u>

12. FEDERAL AND STATE FINANCIAL ASSISTANCE

The Agency has been awarded one federal grant and one state grant in the amount of \$874,895. The grants are considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Revenue and expenses recognized under these grants were \$830,096 and \$786,161 for the year ended March 31, 2017 and 2016.

13. SUBSEQUENT EVENTS

The Board of Directors approved approximately \$1.24 million for the allocation process for the 2017-2018 funding cycle.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
of United Way of El Paso County

We have audited, in accordance with the 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, the financial statements of United Way of El Paso County (a nonprofit organization), which comprise the statement of financial position as of March 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated July 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of El Paso County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 of El Paso County's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of El Paso County's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of El Paso County's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

STRICKLER & PRISTO, LLP

July 17, 2017