

LIVE UNITED



Pikes Peak United Way
ppunitedway.org

Financial Statements

Years Ended June 30, 2014 and 2013

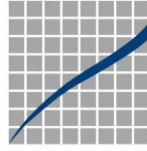
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Independent Auditor's Report

PIKES PEAK UNITED WAY

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees

Pikes Peak United Way

Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Pikes Peak United Way (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014 and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized information has been derived from the organization's June 30, 2013 financial statements and, in our report dated September 25, 2013, we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and, as of and for the year ended June 30, 2014, 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 audit to obtain reasonable assurance about whether the financial statements are free of

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pikes Peak United Way as of June 30, 2014 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pikes Peak United Way's basic financial statements. The supplemental schedules as listed in the table of contents are 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2015, on our consideration of Pikes Peak United Way'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 Pikes Peak United Way's internal control over financial reporting and compliance.

BiggsKofford, P.C.

Colorado Springs, Colorado
March 10, 2015

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PIKES PEAK UNITED WAY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014 (with comparative totals for 2013)

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 808,471	\$ 1,486,826
Contributions receivable - net	1,425,572	1,494,634
Grants and other receivable	266,819	280,438
Investments	501,061	441,525
Prepaid expenses and other	33,955	28,526
Total current assets	3,035,878	3,731,949
Property and equipment - net	1,680,461	1,653,150
Investments - long-term	1,572,693	1,000,000
Beneficial interest in perpetual trust	123,508	109,963
Total assets	<u>\$ 6,412,540</u>	<u>\$ 6,495,062</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 45,269	\$ 10,070
Accrued expenses	138,839	187,476
Allocations and designations payable	2,054,926	2,237,183
Current portion of note payable	52,000	52,000
Deferred revenue	15,730	369,861
Total current liabilities	2,306,764	2,856,590
Note payable - net of current portion	420,334	472,334
Total liabilities	<u>2,727,098</u>	<u>3,328,924</u>
Net assets:		
Unrestricted:		
Undesignated	1,084,876	435,764
Board designated	750,000	750,000
Total unrestricted	1,834,876	1,185,764
Temporarily restricted	727,058	870,411
Permanently restricted	1,123,508	1,109,963
Total net assets	<u>3,685,442</u>	<u>3,166,138</u>
Total liabilities and net assets	<u>\$ 6,412,540</u>	<u>\$ 6,495,062</u>

The accompanying notes and independent auditor's report
should be read with this financial statement.

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PIKES PEAK UNITED WAY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2014 (with comparative totals for 2013)

	2014			2013	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
PUBLIC SUPPORT AND REVENUE					
Gross campaign results	\$ 5,222,489	\$ -	\$ -	\$ 5,222,489	\$ 5,716,324
Less donor designations to agencies	(1,777,602)	-	-	(1,777,602)	(2,051,797)
Less provision for uncollectible contributions	(304,176)	-	-	(304,176)	(332,109)
Net campaign revenue	3,140,711	-	-	3,140,711	3,332,418
Other contribution and grant revenue	375,500	820,029	-	1,195,529	1,527,356
Other revenue	95,528	-	-	95,528	45,515
Special events revenue, net	(173)	-	-	(173)	13,280
Legacies and bequests	16,799	-	-	16,799	21,933
Investment income	39,760	241,653	13,545	294,958	220,539
In-kind contributions	3,410	-	-	3,410	6,248
Net assets released from restrictions	1,205,035	(1,205,035)	-	-	-
Total revenue	4,876,570	(143,353)	13,545	4,746,762	5,167,289
EXPENSES					
Program services:					
Gross funds awarded	3,772,717	-	-	3,772,717	4,977,708
Less donor designations to agencies	(1,777,602)	-	-	(1,777,602)	(2,051,797)
Net funds awarded	1,995,115	-	-	1,995,115	2,925,911
Other program services	1,420,382	-	-	1,420,382	1,271,309
Total program services	3,415,497	-	-	3,415,497	4,197,220
Fundraising	438,595	-	-	438,595	557,619
General and administrative	373,366	-	-	373,366	385,287
Total expenses	4,227,458	-	-	4,227,458	5,140,126
Change in net assets	649,112	(143,353)	13,545	519,304	27,163
Net assets, beginning of period	1,185,764	870,411	1,109,963	3,166,138	3,138,975
Net assets, end of period	<u>\$ 1,834,876</u>	<u>\$ 727,058</u>	<u>\$ 1,123,508</u>	<u>\$ 3,685,442</u>	<u>\$ 3,166,138</u>

The accompanying notes and independent auditor's report
should be read with this financial statement.

PIKES PEAK UNITED WAY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014 (with comparative totals for 2013)

	<u>2014</u>	<u>2013</u>
<u>OPERATING ACTIVITIES</u>		
Cash received from annual fundraising campaign	\$ 5,291,551	\$ 5,859,122
Cash received from other income	1,321,302	1,371,943
Cash paid for community fund	(1,478,026)	(1,500,000)
Cash paid for designations	(1,959,859)	(2,098,886)
Cash paid to other facilitated community programs	(1,362,350)	(1,271,309)
Cash paid for PPUW community programs and operating expenses	(1,907,912)	(2,602,003)
Cash paid for interest	<u>(28,255)</u>	<u>(33,565)</u>
Net cash used in operating activities	<u>(123,549)</u>	<u>(274,698)</u>
<u>INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(101,819)	(36,138)
Purchases of investments	(551,901)	(157,699)
Proceeds from the sale of investments	<u>150,914</u>	<u>190,103</u>
Net cash used in investing activities	<u>(502,806)</u>	<u>(3,734)</u>
<u>FINANCING ACTIVITIES</u>		
Payments on note payable	<u>(52,000)</u>	<u>(192,000)</u>
Net cash used in financing activities	<u>(52,000)</u>	<u>(192,000)</u>
Net decrease in cash and cash equivalents	(678,355)	(470,432)
Cash and cash equivalents, beginning of period	<u>1,486,826</u>	<u>1,957,258</u>
Cash and cash equivalents, end of period	<u><u>\$ 808,471</u></u>	<u><u>\$ 1,486,826</u></u>

The accompanying notes and independent auditor's report
should be read with this financial statement.

PIKES PEAK UNITED WAY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014 (with comparative totals for 2013)

	<u>2014</u>	<u>2013</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in net assets	\$ 519,304	\$ 27,163
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	74,508	72,213
Net realized and unrealized gains on investments	(231,242)	(146,411)
Gain on beneficial interest in perpetual trust	(13,545)	(7,333)
Derivative financial instrument	(12,240)	(35,069)
Changes in operating assets and liabilities:		
Contributions receivable	69,062	142,798
Grants and other receivable	13,619	(236,141)
Prepaid expenses and other	(5,429)	20,077
Accounts payable and accrued expenses	(1,198)	(6,700)
Allocations and designations payable	(182,257)	(47,089)
Deferred revenue	(354,131)	(58,206)
Net cash used in operating activities	<u>\$ (123,549)</u>	<u>\$ (274,698)</u>

The accompanying notes and independent auditor's report should be read with this financial statement.

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Pikes Peak United Way ("PPUW" or "Organization") is a not-for-profit organization incorporated in the State of Colorado. PPUW's Mission Statement is to improve the quality of life in our community, our Vision Statement: Through strengthened collaboration, we will achieve measureable improvements in education, income stability and health for the residents of El Paso and Teller Counties, our Values Statement: Community Focused, Inclusive, Collaborative.

In 1922, the Pikes Peak Social Welfare Fund was established. In 1924, it became the Community Chest. In 1962, the United Fund of the Pikes Peak Region was incorporated and in 1973 was renamed Pikes Peak United Way. Since 1922, the Organization's name and the needs of the community have changed, but its ability to reach out and provide a helping hand has not.

United Way Worldwide — As part of our commitment to community excellence and measurable impact, our work is guided by United Way Worldwide's Standards of Excellence. These standards are designed to enhance the effectiveness of the approximately 1,800 United Way affiliates in 41 countries through shared best practices and benchmarks. The organization is certified in compliance with all Membership Requirements, including compliance in the areas of governance, accounting standards and presentation. In 2012-2013, the United Way network raised \$4.26 billion making United Way the largest privately supported nonprofit in the world. PPUW is governed by its own volunteer Board of Trustees and pays annual dues to United Way Worldwide based upon campaign results. Annual dues to United Way Worldwide totaled \$55,657 and \$55,660 for the years ended June 30, 2014 and 2013, respectively.

Basis of Presentation — The accompanying financial statements have been prepared in accordance with the accounting principals generally accepted in the United States of America ("US GAAP"), and with the financial statement standards of United Way Worldwide. United Way Worldwide standards are required for membership and fully comply with US GAAP applicable for not-for-profit organizations.

Use of Estimates — The preparation of the financial statements in conformity with US 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. Significant estimates include the provision for uncollectible pledges, useful lives of property and equipment and allocation of functional expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents — For purposes of the statement of cash flows, the Organization considers cash, amounts due from banks and highly liquid investments purchased with original maturities of three months or less to be cash and cash equivalents.

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable — Contributions receivable, all of which are due within one year, are unconditional and are recognized as assets and support in the period made. The Organization provides an allowance for uncollectible contributions, which is based upon management's periodic review of outstanding receivables, historical collection information and existing economic conditions. Contributions receivable are recorded net of an allowance for uncollectible pledges of \$304,176 and \$332,109 as of June 30, 2014 and 2013, respectively.

Property and Equipment — Property and equipment are stated at cost or, if donated, at the fair value at the date of the donation. The Organization capitalizes purchases in excess of \$1,000 with lesser amounts expensed in the year purchased. Depreciation is provided using the straight-line method over the estimated useful life of the asset, which ranges from three to 40 years.

Investments — Investments in equity and fixed income mutual funds are carried at fair value. Investment income, realized and unrealized gains and losses are reflected in the statement of activities and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Deferred Revenue — Deferred revenue consists of unspent contracts. The Organization recognizes revenues upon their completion. All unexpended revenues are deferred and recognized when the related expenditure occurs.

Unrestricted Net Assets — Assets and liabilities that are associated with the principle mission of the Organization not otherwise restricted by donors, whether or not designated for specific purposes by the Board of Trustees. The presence of a surplus or deficit for this net asset category is the primary measure of the economic performance of the Organization in the short and long term.

Temporarily Restricted Net Assets — Assets and liabilities that include donations and other inflows of assets whose use by the Organization is restricted by donor imposed stipulations that either expire by passage of time or other specified future event, or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Typically this balance consists of restricted grants for which spending has not been completed, or campaign revenues restricted at a given point in time. This category can be subject to timing differences that can result in material short-term increases or decreases that can significantly impact the change in total net assets in ways that are inconsistent with the true economic performance of the Organization as measured by unrestricted net assets.

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Permanently Restricted Net Assets — Assets and liabilities that include gifts and other inflows of assets which require by donor restriction that the asset principal be invested in perpetuity and only the income be made available for current operations in accordance with donor stipulations as to the specific purpose for which the income may be expended.

Total Net Assets — This is the total of the balances of all three categories of the net assets and is the amount reported on the Organization's tax return and audit reports and is used for reporting to the public. The misleading impact in material short-term changes in Temporarily Restricted Net Assets on the Total Net Assets makes it critical to understand the underlying factors associated with changes in Total Net Assets as a result of these factors.

Contributions — Revenues include contributions from the fundraising campaign conducted each year to help support agency allocations, program services and operations of the Organization. Contributions are considered available for unrestricted use unless they are specifically restricted by the donor. Contributions received are recorded in the year the related commitments are received as either unrestricted, temporarily restricted or permanently restricted revenue. As restrictions on temporarily restricted net assets are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restriction in the statement of activities.

Donor Designations — Certain contributions/pledges received in fundraising campaigns are designated by individuals for specific agencies or for United Way organizations in areas other than the Pikes Peak Region. To promote philanthropy, Board policy allows donors to designate to any qualified 501(c)(3) organization in the United States. Annual campaign gifts in which the Organization agrees to transfer the gift to another beneficiary as designated by the donor and are deducted from gross campaign results to arrive at contribution revenue. In accordance with United Way Worldwide membership requirements, these designations are presented as part of gross campaign results and gross agency distributions on the statement of activities, but are then deducted to arrive at the Organization's actual revenue and expense under US GAAP.

The United Way also participates in local campaigns in the metropolitan Colorado Springs area on behalf of the Combined Federal Campaign and the Colorado Combined Campaign. Through these campaigns, donors designate their gifts to a wide variety of charitable organizations, and the United Way distributes the campaign proceeds accordingly. The United Way acts as a federation level entity for these campaigns, and distributes the campaign proceeds to those agencies that are members of our federation.

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

The Cornerstone Program offers companies the opportunity to help underwrite the administrative and fundraising costs of PPUW, allowing individual donors to contribute to their most cherished causes without the burden of a fee.

Cornerstone Members 2013-2014

Level	Amount	Donor
Summit Level	\$100,000+	El Pomar Foundation
Pinnacle Level	\$50,000 - \$99,000	The Anschutz Foundation Rampart Supply
Vista Level	\$25,000 - \$49,000	Agilent Technologies, Inc. Deluxe Checks Unlimited Wells Fargo
Mesa Level	\$15,000 - \$24,999	Comcast Current, Inc. Ent Federal Credit Union
Red Rocks Level	\$10,000 - \$14,999	GE Johnson Construction Co. T. Rowe Price Associates UPS - Colorado Springs U.S. Bank
Canyon Level	\$5,000 - \$9,999	Aeroflex, Inc. Black Hills Energy Blazer Electric Supply Company Enterprise Holdings Company FedEx FirstBank Kaiser Permanente Neumann Systems Group 5 Star Bank

(Plus several additional contributors under the \$5,000 level.)

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Donated Services and Materials — Donated services and materials are recorded as both revenues and expenditures in the accompanying statement of activities and changes in net assets at their estimated fair values. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

During the years ended June 30, 2014 and 2013, the Organization received in-kind professional consulting fees and supplies of \$3,410 and \$6,248, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received approximately 13,415 and 7,350 volunteer hours during the years ended June 30, 2014 and 2013, respectively, with an estimated fair value of approximately \$297,000 and \$165,000, respectively. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under US GAAP.

Income Taxes — PPUW is a qualifying tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("Code") and has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Code.

The Organization follows the guidance contained in ASC Topic 740-10-25, *Accounting for Uncertainty in Income Taxes*. ASC Topic 740-10-25 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken. Based on its evaluation, The Organization concluded that there are no uncertain tax positions that qualify for recognition or disclosure in the financial statements. Tax years that remain subject to examination include 2010 through the current period.

Functional Allocation of Expense — The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Hedge Accounting — In order to reduce the risk to variability in interest rates relative to its variable rate note payable, the Organization entered into an interest rate swap agreement. Changes to the fair value of the interest rate swap agreement are accounted for as increases or decreases in general and administrative expense (see Note 6).

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events — Management has evaluated subsequent events through the date of the attached audit report, the date on which the financial statements were available to be issued.

2. INVESTMENTS

Investments consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Equity mutual funds – domestic and international	\$ 1,600,365	\$ 1,129,433
Fixed income mutual funds	473,389	312,092
Beneficial interest in perpetual trust	<u>123,508</u>	<u>109,963</u>
Total	<u>\$ 2,197,262</u>	<u>\$ 1,551,488</u>

These amounts are included in the statement of financial position as follows:

Investments – current	\$ 501,061	\$ 441,525
Investments – long-term	1,572,693	1,000,000
Beneficial interest in perpetual trust	<u>123,508</u>	<u>109,963</u>
Total	<u>\$ 2,197,262</u>	<u>\$ 1,551,488</u>

Investment income consists of the following for the years ended June 30:

Interest and dividends	\$ 37,931	\$ 31,726
Net realized and unrealized gains	231,242	146,411
Gain on beneficial interest in perpetual trust	13,545	7,333
Derivative financial instrument	<u>12,240</u>	<u>35,069</u>
Total	<u>\$ 294,958</u>	<u>\$ 220,539</u>

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2014</u>	<u>2013</u>
Land	\$ 511,992	\$ 511,992
Land improvements	78,706	78,706
Building	1,390,176	1,345,627
Furniture and equipment	<u>560,417</u>	<u>503,148</u>
Total	2,541,291	2,439,473
Accumulated depreciation	<u>(860,830)</u>	<u>(786,323)</u>
Net property and equipment	<u>\$ 1,680,461</u>	<u>\$ 1,653,150</u>

Depreciation expense was \$74,508 and \$72,213 for the years ended June 30, 2014 and 2013, respectively.

4. ALLOCATIONS AND DESIGNATIONS PAYABLE

Allocations approved by the Organization's Board of Trustees are recorded as an expense and a payable. Annual fundraising campaign revenue includes amounts designated by donors for specified agencies. The amounts raised on behalf of others are reflected as reductions of gross campaign results in the statement of activities and changes in net assets.

Allocations and designations consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Allocations approved by Board of Trustees	\$ 1,411,629	\$ 1,500,000
Designations payable	<u>643,297</u>	<u>737,183</u>
Total	<u>\$ 2,054,926</u>	<u>\$ 2,237,183</u>

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

5. LINE OF CREDIT

The Organization has a commitment from a financial institution for a line of credit in the amount of \$350,000 which matured on August 30, 2013. Borrowings under the line of credit bear interest at the greater of a floating rate equal to the Index plus 1.00% or the floor rate of 5.00% per annum and is secured by personal property, pledges and grants. There is no balances due at June 30, 2014 and 2013. The line of credit was renewed on August 12, 2013 and extended the maturity to October 30, 2014 (see Note 13).

6. NOTE PAYABLE

The Organization has a note payable with a balance of \$472,334 and \$524,334 at June 30, 2014 and 2013, respectively, payable in monthly installments of \$4,333 plus interest. The note bears interest at the London Interbank Offered Rate (LIBOR) plus 0.80% per annum, is collateralized by real estate and is due in July of 2023.

Aggregate annual maturities of these notes payable are as follows as of June 30, 2013:

<u>Years Ending June 30,</u>	
2015	\$ 52,000
2016	52,000
2017	52,000
2018	52,000
2019	52,000
Thereafter	<u>212,334</u>
Total	<u>\$ 472,334</u>

The Organization holds an interest rate swap agreement to fix the interest rate on the note at 5.59% per annum for the term of the note. The swap agreement was issued with a notional principal amount equivalent to the outstanding note. The estimated fair value of the swap agreement was a liability of \$64,914 and \$77,154 as of June 30, 2014 and 2013, respectively. The Organization incurred a gain of \$12,240 and \$35,068 due to changes in the fair value of the interest rate swap agreement during the years ended June 30, 2014 and 2013, respectively. Total interest expense for the years ended June 30, 2014 and 2013 was \$28,255 and \$33,565, respectively.

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce amounts that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used between June 30, 2014 and 2013.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three levels:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The valuation methodologies used for assets measured at fair value are as follows:

Equity and fixed income mutual funds - quoted market prices are available for identical securities in an active market, so these securities are classified within Level 1 of the valuation hierarchy.

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Beneficial interest in perpetual trusts: Valued using income approach in the form of present value techniques.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following table sets forth, by level within the fair value hierarchy, the Organization's financial instruments at fair value as of June 30:

	2014			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS				
Equity and fixed income mutual funds	\$ 2,073,754	\$ 2,073,754	\$ -	\$ -
Beneficial interest in perpetual	<u>123,508</u>	<u>-</u>	<u>123,508</u>	<u>-</u>
	<u>\$ 2,197,262</u>	<u>\$ 2,073,754</u>	<u>\$ 123,508</u>	<u>\$ -</u>
LIABILITIES				
Interest rate swap (Note 6)	<u>\$ 64,914</u>	<u>\$ -</u>	<u>\$ 64,914</u>	<u>\$ -</u>
	2013			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS				
Equity and fixed income mutual funds	\$ 1,441,525	\$ 1,441,525	\$ -	\$ -
Beneficial interest in perpetual	<u>109,963</u>	<u>-</u>	<u>109,963</u>	<u>-</u>
	<u>\$ 1,551,488</u>	<u>\$ 1,441,525</u>	<u>\$ 109,963</u>	<u>\$ -</u>
LIABILITIES				
Interest rate swap (Note 6)	<u>\$ 77,154</u>	<u>\$ -</u>	<u>\$ 77,154</u>	<u>\$ -</u>

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

8. BOARD DESIGNATED UNRESTRICTED NET ASSETS

To be good stewards with donor dollars, the Board of Trustees adopted a cash reserve policy to maintain a cash reserve of Seven Hundred Fifty Thousand dollars (\$750,000). The purpose of this reserve is for emergency cash flows for operating expenses. These board designated reserves are separately accounted for on the general ledger as a cash balance and separately reported in its internal financial statements. Up to \$500,000 held as reserves may be transferred from the reserve account or used for any purpose other than as reserves without the approval of the Finance Committee and Board of Trustees of PPUW. The remaining \$250,000 needs approval from the Finance Committee and Board of Trustees. The Finance Committee and Board of Trustees reserves the right to make withdrawals should the circumstances warrant such action.

9. TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2014 and 2013, temporarily restricted net assets are available for the following purposes:

	<u>2014</u>	<u>2013</u>
El Pomar Emergency Fund	\$ 660,933	\$ 457,593
Women's Leadership Council	26,710	22,983
Community Information Systems contracts	19,309	16,100
2-1-1 contracts	11,557	3,743
Leaders in giving	5,000	-
Military Family Assistance Program	3,549	7,643
Colorado Springs Housing and Community Development	-	359,349
Community celebration	-	3,000
	<u>\$ 727,058</u>	<u>\$ 870,411</u>
Total	<u>\$ 727,058</u>	<u>\$ 870,411</u>

10. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of investments in perpetuity, the income from which is expendable to support the Organization's programs as follows:

	<u>2014</u>	<u>2013</u>
Emergency relief	\$ 1,000,000	\$ 1,000,000
Beneficial interest in perpetual trust	123,508	109,963
	<u>\$ 1,123,508</u>	<u>\$ 1,109,963</u>
Total	<u>\$ 1,123,508</u>	<u>\$ 1,109,963</u>

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

10. PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

In a previous year, a donor established an irrevocable, perpetual trust with a bank, naming the Organization as one of its beneficiaries. Under the terms of the trust agreement, the Organization is to receive a stated percentage of the interest earned on the corpus of the trust assets, at the date of the donor's death, in perpetuity for its unrestricted use. The Organization's percentage of the assets held in the trust totaled \$123,508 and \$109,963 as of June 30, 2014 and 2013, respectively, and is reported at fair market value in the Organization's statement of financial position.

11. ENDOWMENT FUNDS

The Organization's endowment consists of two individual funds established for a variety of purposes. Its endowment includes both donor-related endowment funds and funds designated by the Board of Trustees to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

During 2008, the State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Organization has interpreted UPMIFA as requiring the preservation of the original fair value of the gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible affect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization.

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

11. ENDOWMENT FUNDS (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2014, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 537,425	\$ 1,123,508	\$ 1,660,933
Board-designated endowment funds	<u>539,425</u>	<u>-</u>	<u>-</u>	<u>539,425</u>
Total funds	<u>\$ 539,425</u>	<u>\$ 537,425</u>	<u>\$ 1,123,508</u>	<u>\$ 2,200,358</u>

Changes in endowment net assets for the year ended June 30, 2014, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 528,488</u>	<u>\$ 441,525</u>	<u>\$ 1,109,963</u>	<u>\$ 2,079,976</u>
Investment return:				
Investment income	1,798	36,133	-	37,931
Net appreciation (realized and unrealized)	<u>3,946</u>	<u>227,296</u>	<u>-</u>	<u>231,242</u>
Total investment return	<u>5,744</u>	<u>263,429</u>	<u>-</u>	<u>269,173</u>
Contributions	11,592	-	-	11,592
Appreciation (Depreciation) of endowment	<u>(6,399)</u>	<u>(167,529)</u>	<u>13,545</u>	<u>(160,383)</u>
Endowment net assets, end of year	<u>\$ 539,425</u>	<u>\$ 537,425</u>	<u>\$ 1,123,508</u>	<u>\$ 2,200,358</u>

Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA

\$ 1,123,508

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

11. ENDOWMENT FUNDS (CONTINUED)

Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to a time restriction under UPMIFA:

With purpose restriction	<u>\$ 537,425</u>
--------------------------	-------------------

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2014 and 2013.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce maximum results while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately the sum of 5.00% plus the Consumer Price Index (CPI) annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a great emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a policy of appropriating for distribution each year 5.00% of its board-designated endowment fund's end-of-year fair value. The Organization also has a policy that suspends distribution from its donor-restricted funds to allow the fund to grow to a critical mass. In establishing these policies, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the original fair value of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

12. PENSION PLAN

The Organization has a defined contribution pension plan ("403(b) Thrift Plan") covering all full-time regular employees, who are eligible after one year of service. The Organization's base contribution consists of 6.00% of eligible employee gross salaries with an additional 2.00% matching contribution based on participating employee individual contributions. Due to the economy, employer contributions were suspended and there were no contributions in either 2014 or 2013.

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See independent auditor's report

PIKES PEAK UNITED WAY

SUPPLEMENTAL INFORMATION

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PIKES PEAK UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	PROGRAM SERVICES									SUPPORTING SERVICES			2014 Totals	
	Net Funds Awarded	Community Impact	Allocation Services	2-1-1 Info and Referral	Community Information Systems	Success By 6 - School Readiness	Quality of Life Indicators	Dolly Parton	Other Programs	Total	Fundraising	Organizational Administration		Total
Gross distributions to agencies	\$ 3,772,717	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,772,717	\$ -	\$ -	\$ -	\$ 3,772,717
Less donor designations to agencies	(1,777,602)	-	-	-	-	-	-	-	-	(1,777,602)	-	-	-	(1,777,602)
Net allocations granted to agency programs	1,995,115	-	-	-	-	-	-	-	-	1,995,115	-	-	-	1,995,115
Salaries	-	199,300	44,499	210,774	163,828	15,591	11,323	15,670	73,423	734,408	254,279	272,419	526,698	1,261,106
Payroll taxes	-	14,634	3,267	15,476	12,029	1,145	831	1,151	5,391	53,924	18,670	20,002	38,672	92,596
Employee benefits	-	28,160	6,287	29,781	23,148	2,203	1,600	2,214	10,374	103,767	35,928	38,490	74,418	178,185
Total	1,995,115	242,094	54,053	256,031	199,005	18,939	13,754	19,035	89,188	2,887,214	308,877	330,911	639,788	3,527,002
Occupancy	-	12,074	12,282	76,334	43,789	8,846	9,376	785	86,364	249,850	17,415	10,277	27,692	277,542
Contract services	-	62,664	3,121	28,158	39,238	1,075	1,943	1,117	5,128	142,444	45,344	14,104	59,448	201,892
United Way Worldwide dues	-	9,291	2,075	9,826	7,638	727	528	731	3,423	34,239	11,854	9,564	21,418	55,657
Printing	-	682	97	1,568	423	34	4,818	410	419	8,451	16,073	448	16,521	24,972
Supplies	-	2,344	511	996	1,863	60	79	34,901	766	41,520	8,071	623	8,694	50,214
Staff development	-	7,725	559	3,236	2,788	196	142	197	957	15,800	4,693	2,579	7,272	23,072
Insurance	-	3,263	729	3,451	2,682	255	185	257	3,703	14,525	4,163	3,361	7,524	22,049
Postage and shipping	-	500	143	623	401	38	28	159	696	2,588	7,678	498	8,176	10,764
Meeting expense	-	6,108	257	1,066	1,010	45	2,065	128	795	11,474	7,165	594	7,759	19,233
Travel	-	1,298	136	2,283	1,069	77	50	11	508	5,432	4,298	140	4,438	9,870
Miscellaneous	-	540	58	275	214	20	15	301	537	1,960	2,964	267	3,231	5,191
Total	-	106,489	19,968	127,816	101,115	11,373	19,229	38,997	103,296	528,283	129,718	42,455	172,173	700,456
TOTAL OPERATING EXPENSES	\$ 1,995,115	\$ 348,583	\$ 74,021	\$ 383,847	\$ 300,120	\$ 30,312	\$ 32,983	\$ 58,032	\$ 192,484	\$ 3,415,497	\$ 438,595	\$ 373,366	\$ 811,961	\$ 4,227,458

See independent auditor's report.

PIKES PEAK UNITED WAY
SCHEDULE OF FUNDS AWARDED
FOR THE YEAR ENDED JUNE 30, 2014 AND 2013

Allocations to Partner Agencies and Affiliates	2014	2013
American Red Cross Pikes Peak Chapter	\$ 4,499	\$ 4,499
The ARC of the Pikes Peak Region	10,460	10,460
AspenPointe Health Services	-	39,667
AspenPointe Youth Directions	15,617	15,617
BethHaven, Incorporated	16,449	16,449
Big Brothers Big Sisters of Colorado, Inc. - Pikes Peak	31,812	31,812
Boys & Girls Club of the Pikes Peak Region	-	25,479
Care and Share Food Bank for Southern Colorado	39,736	39,736
* CASA of the Pikes Peak Region	56,374	56,374
Catholic Charities of Central Colorado	126,731	126,731
Marion Downs Center (formerly The Center for Hearing, Speech & Language)	4,945	4,945
Cheyenne Village, Inc.	60,131	60,131
* Child Care Connections	-	13,536
Colorado Legal Services	14,848	14,848
Community Partnership for Child Development	139,290	139,290
* Diakonia	7,498	7,498
Amblicab (formerly Disability Services, Inc.)	32,069	32,069
Early Connection Learning Centers	167,197	167,197
Energy Resource Center	29,005	29,005
Franciscan Community Counseling, Inc.	6,980	6,980
Griffith Centers for Children / CHINS UP	1,634	1,634
* Joint Initiaves for Youth and Families / Alliance for Kids	10,263	10,263
LULAC National Education Service Centers, Inc.	3,420	3,420
Lutheran Family Services - Rocky Mountains	16,617	16,617
Partners in Housing	33,226	33,226
Peak Vista Community Health Centers	100,112	100,112
REACH Pikes Peak (formerly Pikes Peak Community Action Agency)	49,926	49,926
Pikes Peak Habitat for Humanity, Inc.	16,114	16,114
* Pikes Peak Library District Foundation	-	9,689
The Resource Exchange, Inc.	47,002	47,002
The Salvation Army, El Paso County	189,241	189,241
Silver Key Senior Services, Inc.	35,784	35,784
Southern Colorado AIDS Project	11,424	11,424
TESSA	78,420	78,420
Tri-Lakes Cares	35,762	35,762
Women's Resource Agency, Inc.	19,043	19,043
Total Partner and Affiliates Allocations	1,411,629	1,500,000

See independent auditor's report.

PIKES PEAK UNITED WAY
SCHEDULE OF FUNDS AWARDED
FOR THE YEAR ENDED JUNE 30, 2014 AND 2013

Allocations to Partner Agencies and Affiliates (continued)	<u>2014</u>	<u>2013</u>
Other Gross Funds Awarded		
Designations, Partner Agencies	\$ 846,044	\$ 872,454
Designations, Non-Partner Agencies	931,558	1,179,343
Waldo Canyon Fire	-	940,300
Colorado Springs Housing and Community Development	420,153	381,396
El Pomar Emergency Grants	34,156	50,000
Military Family Assistance	36,451	44,465
Sponsorships	14,700	9,750
Manitou Springs Flood Relief	100,000	-
Funds awarded in 2013 year not paid out in 2014	<u>(21,974)</u>	<u>-</u>
 Total Gross Funding to Agencies	 <u>3,772,717</u>	 <u>4,977,708</u>
 Less Designation	 <u>(1,777,602)</u>	 <u>(2,051,797)</u>
 Net Funds Awarded	 <u><u>\$ 1,995,115</u></u>	 <u><u>\$ 2,925,911</u></u>

* Affiliates

See independent auditor's report.



**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 AUDIT STANDARDS**

Board of Trustees
Pikes Peak United Way
Colorado Springs, Colorado

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 Pikes Peak United Way (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pikes Peak United Way'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 Pikes Peak United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of Pikes Peak United Way'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 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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pikes Peak 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*.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

BiggsKofford, P.C.

Colorado Springs, Colorado
March 10, 2015

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
Pikes Peak United Way
Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program

We have audited Pikes Peak United Way's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Pikes Peak United Way's major federal programs for the year ended June 30, 2014. Pikes Peak United Way's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Pikes Peak United Way's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Pikes Peak 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 on compliance for each major federal program. However, our report does not provide a legal determination of Pikes Peak United Way's compliance.

Opinion on Each Major Federal Program

In our opinion, Pikes Peak United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Pikes Peak United Way is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Pikes Peak United Way's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Pikes Peak United Way's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Pikes Peak United Way as of and for the year ended June 30, 2014, and have issued our report thereon dated March 10, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted of the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BiggsKofford, P.C.

Colorado Springs, Colorado
March 10, 2015

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PIKES PEAK UNITED WAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF AUDITOR'S RESULTS

Financial statements

Type of auditors' report issued:	<i>Unmodified</i>
Internal control over financial reporting:	
Material weakness(es) identified?	<i>No</i>
Significant deficiencies identified?	<i>None reported</i>
Noncompliance material to financial statements noted?	<i>No</i>

Federal awards

Internal control over major programs:	
Material weakness(es) identified?	<i>No</i>
Significant deficiencies identified?	<i>None reported</i>
Type of auditors' report issued on compliance for major programs:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	<i>No</i>

Identification of major programs

Name of program	CFDA #
Continuum of care program	14.267
Community development block grants - entitlement grants	14.218
Dollar threshold used to determine between type A and B programs:	\$ 300,000
Auditee qualified as a low-risk auditee?	<i>No</i>

2. FINANCIAL STATEMENT FINDINGS

The audit disclosed no findings required to be reported.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The audit disclosed no findings required to be reported.

4. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings were reported.

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PIKES PEAK UNITED WAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Direct</u>	<u>Pass - Through</u>	<u>Total</u>
<u>Department of Housing and Urban Development</u>				
Continuum of care program	14.267	\$ 203,562	\$ -	\$ 203,562
Emergency shelter grants program	14.231	28,000	-	28,000
Community development block grants - entitlement grants	14.218	-	276,746	276,746
<i>Total Department of Housing and Urban Development</i>		<u>231,562</u>	<u>276,746</u>	<u>508,308</u>
<u>Department of Health and Human Services</u>				
Temporary assistant for needy families (TANF)	93.558	6,240	-	6,240
Special programs for the aging - Title III, part B, grants for supportive services and senior centers	93.044	44,960	-	44,960
<i>Total Department of Health and Human Services</i>		<u>51,200</u>	<u>-</u>	<u>51,200</u>
<i>Total expenditures of federal awards</i>		<u><u>\$ 282,762</u></u>	<u><u>\$ 276,746</u></u>	<u><u>\$ 559,508</u></u>

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PIKES PEAK UNITED WAY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the Pikes Peak United Way ("Organization") expenditures charged to federal programs. The information in this schedule is presented on the accrual basis of accounting and is in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. SUB RECIPIENTS

Of the federal expenditures presented in the schedule, the Organization provided federal awards to sub recipients as follows:

Program Title	CFDA number	Amounts provided to sub recipients
U.S. Department of Housing and Urban Development -		
Community development block grant		
Catholic Charities - Marian House	14.218	\$ 52,368
Special Kids Special Families - Zach's Place	14.218	34,476
Early Connections Learning Centers -		
Early Care and Education	14.218	28,000
The Salvation Army - RJ Montgomery Center	14.218	26,000
Safe Passage - Victim Advocacy	14.218	25,361
CASA - Dependency and Neglect	14.218	19,716
TESSA - Victim Services	14.218	17,613
The Salvation Army - Red Shield	14.218	15,000
Disability Services - Amblicab	14.218	10,545
Court Care for the Pikes Peak Region -		
Childcare Services	14.218	8,419
CASA - SEPT	14.218	6,000
CO Veterans Resource Coalition - Crawford House	14.218	5,000
Diakonia - Community Preschools	14.218	5,000
Ecumenical Social Ministries - Rental Assistance	14.218	5,000
Interfaith Hospitality Network - Family Shelter	14.218	5,000
Partners in Housing - Homeless Services	14.218	5,000
The Salvation Army - Children's Discovery Center	14.218	5,000
Silver Key Senior Services -		
Housing Case Management	14.218	<u>3,248</u>
Federal awards provided to sub recipients		<u><u>\$ 276,746</u></u>

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