LIVE UNITED

United Way

Pikes Peak United Way
ppunitedway.org

Financial Statements

Years Ended June 30, 2016 and 2015

and

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

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, 2016 and the related statements 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, 2015 financial statements and, in our report dated October 29, 2015, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplemental Information

Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of functional expenses is presented for purposes of additional analysis 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 Stats of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

BiggsKofford, P.C.

Colorado Springs, Colorado
December 6, 2016

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PIKES PEAK UNITED WAY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 (with comparative totals for 2015)

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 626,074	$ 556,537
Contributions receivable - net	1,138,604	1,311,561
Grants and other receivable	149,836	182,622
Investments	520,414	499,885
Prepaid expenses and other	61,912	39,553
Total current assets	2,496,840	2,590,158
Property and equipment - net	2,708,976	1,707,631
Investments - long-term	1,418,789	1,570,469
Beneficial interest in perpetual trusts	378,857	403,729
Total assets	$ 7,003,462	$ 6,271,987
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 85,182	$ 64,910
Accrued expenses	141,633	170,725
Allocations and designations payable	1,939,838	1,824,289
Current portion of note payable	52,000	52,000
Current portion of capital lease obligation	18,015	-
Deferred revenue	72,450	104,405
Total current liabilities	2,309,118	2,216,329
Note payable - net of current portion	316,334	368,334
Capital lease obligation - net of current portion	18,015	-
Total liabilities	2,643,467	2,584,663
Net assets:		
Unrestricted:		
Undesignated	723,809	878,038
Board designated	750,000	750,000
Total unrestricted	1,473,809	1,628,038
Temporarily restricted	1,507,329	655,557
Permanently restricted	1,378,857	1,403,729
Total net assets	4,359,995	3,687,324
Total liabilities and net assets	$ 7,003,462	$ 6,271,987

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

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PIKES PEAK UNITED WAY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2016 (with comparative totals for 2015)

	2016				2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
PUBLIC SUPPORT AND REVENUE					
Gross campaign results	$ 4,711,458	$ -	$ -	$ 4,711,458	$ 4,809,265
Less donor designations to agencies	(1,283,522)	-	-	(1,283,522)	(1,595,120)
Less provision for uncollectible contributions	(285,485)	-	-	(285,485)	(281,855)
Net campaign revenue	3,142,451	-	-	3,142,451	2,932,290
Other contribution and grant revenue	378,859	530,703	-	909,562	1,172,023
Other revenue	120,406	-	-	120,406	93,835
Special events revenue, net	30,008	-	-	30,008	1,727
Legacies and bequests	22,746	-	-	22,746	15,014
Investment income (loss)	13,022	(72,972)	(24,872)	(84,822)	39,480
In-kind contributions	6,845	1,000,000	-	1,006,845	21,499
Net assets released from restrictions	605,959	(605,959)	-	-	-
Total revenue	4,320,296	851,772	(24,872)	5,147,196	4,275,868
EXPENSES					
Program services:					
Gross funds awarded	2,586,549	-	-	2,586,549	3,157,408
Less donor designations to agencies	(1,283,522)	-	-	(1,283,522)	(1,595,120)
Net funds awarded	1,303,027	-	-	1,303,027	1,562,288
Other program services	1,765,479	-	-	1,765,479	1,827,446
Total program services	3,068,506	-	-	3,068,506	3,389,734
Fundraising	619,788	-	-	619,788	493,723
General and administrative	786,231	-	-	786,231	689,692
Total expenses	4,474,525	-	-	4,474,525	4,573,149
Change in net assets	(154,229)	851,772	(24,872)	672,671	(297,281)
Net assets, beginning of period	1,628,038	655,557	1,403,729	3,687,324	3,984,605
Net assets, end of period	$ 1,473,809	$ 1,507,329	$ 1,378,857	$ 4,359,995	$ 3,687,324

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

PIKES PEAK UNITED WAY

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2016 (with comparative totals for 2015)

	2016	2015
OPERATING ACTIVITIES		
Cash received from annual fundraising campaign	$ 4,291,877	$ 4,923,276
Cash received from other income	1,068,281	1,366,796
Cash paid for community fund	(980,352)	(1,409,157)
Cash paid for designations	(858,741)	(1,824,127)
Cash paid to other facilitated community programs	(2,021,420)	(1,562,871)
Cash paid for PPUW community programs and operating expenses	(1,340,178)	(1,596,738)
Cash paid for interest	(23,184)	(24,404)
Net cash provided by (used in) operating activities	136,283	(127,225)
INVESTING ACTIVITIES		
Purchases of property and equipment	(53,323)	(120,874)
Purchases of investments	(146,137)	(11,903)
Proceeds from the sale of investments	202,815	60,068
Net cash provided by (used in) investing activities	3,355	(72,709)
FINANCING ACTIVITIES		
Payments on note payable	(52,000)	(52,000)
Payments on capital lease obligation	(18,101)	-
Net cash used in financing activities	(70,101)	(52,000)
Net increase (decrease) in cash and cash equivalents	69,537	(251,934)
Cash and cash equivalents, beginning of period	556,537	808,471
Cash and cash equivalents, end of period	$ 626,074	$ 556,537

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

PIKES PEAK UNITED WAY

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2016 (with comparative totals for 2015)

	2016	2015
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in net assets	$ 672,671	$ (297,281)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	106,109	93,704
In-kind donation of land	(1,000,000)	-
Net realized and unrealized (gains) losses on investments	74,473	(44,765)
Loss on beneficial interest in perpetual trusts	24,872	18,942
Derivative financial instrument	(1,455)	(10,870)
Changes in operating assets and liabilities:		
Contributions receivable	172,957	114,011
Grants and other receivable	32,786	84,197
Prepaid expenses and other	(22,359)	(5,598)
Accounts payable and accrued expenses	(7,365)	62,397
Allocations and designations payable	115,549	(230,637)
Deferred revenue	(31,955)	88,675
Net cash provided by (used in) operating activities	$ 136,283	$ (127,225)

SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES

The Organization purchased assets through the issuance of debt as follows:

	2016	2015
Cost of property and equipment	$ 107,454	$ -
Less cash paid	(53,323)	-
Equipment financed through capital lease	$ 54,131	$ -

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

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 $57,201 and $54,448 for the years ended June 30, 2016 and 2015, 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.

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

Cash and Cash Equivalents (continued) — The Organization maintains its cash and equivalents in bank deposit accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Organization does have some cash accounts that exceed the federally insured amount. The Organization does not anticipate nonperformance by these financial institutions.

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 $253,567 and $282,466 as of June 30, 2016 and 2015, 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 live 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.

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

Temporarily Restricted Net Assets — Assets and liabilities that include donations and other inflows of assets whose use by the Organization are 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.

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.

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

Donor Designations (continued) — 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.

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 2015-2016

Level	Amount	Donor
Summit Level	$100,000+	Anschutz Foundation El Pomar Foundation
Pinnacle Level	$50,000 - $99,000	Rampart Supply
Vista Level	$25,000 - $49,000	Wells Fargo
Red Rocks Level	$10,000 - $14,999	Child Care Connections, Inc. FedEx National Christian Foundation UPS - Colorado Springs
Canyon Level	$5,000 - $9,999	Black Hills Energy Blazer Electric Supply Company Enterprise Holdings Company Heating & Plumbing Engineers 5 Star Bank

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

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, 2016 and 2015, the Organization received in-kind professional consulting fees and supplies of $1,006,845 and $21,499, respectively. In addition, during the year ended June 30, 2016, the Organization received a contribution of land valued at $1,000,000.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received approximately 2,448 and 9,356 volunteer hours during the years ended June 30, 2016 and 2015, respectively, with an estimated fair value of approximately $56,000 and $207,000 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 US GAAP which 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 2012 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 7).

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

Reclassifications — Certain prior year balances and amounts have been reclassified to conform with the presentation adopted in the current year.

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:

	2016	2015
Equity mutual funds – domestic and international	$ 1,438,454	$ 1,721,909
Fixed income mutual funds	500,749	348,445
Beneficial interest in perpetual trusts	378,857	403,729
Total	$ 2,318,060	$ 2,474,083

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

	2016	2015
Investments – current	$ 520,414	$ 499,885
Investments – long-term	1,418,789	1,570,469
Beneficial interest in perpetual trusts	378,857	403,729
Total	$ 2,318,060	$ 2,474,083

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

	2016	2015
Interest and dividends	$ 13,068	$ 11,685
Net realized and unrealized gains	(74,473)	44,765
Gain (loss) on beneficial interest in perpetual trusts	(24,872)	(18,942)
Investment fees	-	(8,898)
Derivative financial instrument	1,455	10,870
Total	$ (84,822)	$ 39,480

3. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Organization is a 11% beneficiary of the income of the Donald A. and Phyllis F. Hibbard Charitable Trust whose principal is to be held in perpetuity. The Organization's share of the fair market value of this trust totaled $272,396 and $286,642 as of June 30, 2016 and 2015, respectively. The Organization received $11,600 and $9,431 of investment income from this trust for the years ended June 30, 2016 and 2015, respectively.

The Organization is a 10% beneficiary of the income of the Florence S. Knight Charitable Trust whose principal is to be held in perpetuity. The Organization's share of the fair market value of this trust totaled $106,461 and $117,087 as of June 30, 2016 and 2015, respectively. The Organization received $5,158 and $5,490 of investment income from this trust for the years ended June 30, 2016 and 2015, respectively.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2016	2015
Land	$ 1,511,992	$ 511,992
Land improvements	78,706	78,706
Building	1,446,115	1,446,115
Furniture and equipment	685,517	625,353
Construction in progress	47,290	-
Total	3,769,620	2,662,166
Accumulated depreciation	(1,060,644)	(954,535)
Net property and equipment	$ 2,708,976	$ 1,707,631

Depreciation expense was $106,109 and $93,704 for the years ended June 30, 2016 and 2015, respectively.

5. 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.

5. ALLOCATIONS AND DESIGNATIONS PAYABLE (CONTINUED)

Allocations and designations payable consist of the following at June 30:

	2016	2015
Allocations approved by Board of Trustees	$ 1,118,700	$ 1,125,347
Designations payable	821,138	698,942
Total	$ 1,939,838	$ 1,824,289

6. LINE OF CREDIT

The Organization has a commitment from a financial institution for a line of credit in the amount of $250,000. Borrowings under the line of credit bear interest at the greater of a floating rate equal to the institution's index plus 1.00% or the floor rate of 5.00% per annum and are secured by personal property, pledges and grants. The line of credit matures on March 31, 2017. As of June 30, 2016 and 2015, there were no balances outstanding on this line of credit.

7. NOTE PAYABLE

The Organization has a note payable with a balance of $368,334 and $420,334 at June 30, 2016 and 2015, 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, 2016:

Years Ending June 30,	
2017	$ 52,000
2018	52,000
2019	52,000
2020	52,000
2021	52,000
Thereafter	108,334
Total	$ 368,334

7. NOTE PAYABLE (CONTINUED)

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 $52,589 and $54,044 as of June 30, 2016 and 2015, respectively. These amounts have been included in accrued expenses on the accompanying statement of financial position. The Organization reported gains of $1,455 and $10,870 due to changes in the fair value of the interest rate swap agreement during the years ended June 30, 2016 and 2015, respectively. Total interest expense for the years ended June 30, 2016 and 2015 was $22,548 and $24,404, respectively.

8. CAPITAL LEASE OBLIGATION

The Organization entered into a lease obligation with a third party, payable in yearly installments of $18,015 per year; maturing in February 2019;and secured by capitalized equipment. The stated interest rate on this capital lease is 0%. Imputed interest is not material to the financial statements.

The future minimum lease payments required under the capital lease as of June 30, 2016 are as follows:

Years Ending June 30,		
2017	$	18,015
2018		18,015
	$	36,030

Property and equipment held under capital leases included in property and equipment consist of the following as of June 30, 2016:

Equipment	$	54,131
Accumulated Depreciation		(6,015)
	$	48,116

9. COMMITMENTS

The Organization entered into a lease agreement for copier machines from an unrelated party that expires in March 2021. This lease agreement requires monthly lease payments of $600. Total rent expense under this lease agreement for the year ended June 30, 2016 totaled $2,100.

9. COMMITMENTS (CONTINUED)

As of June 30, 2016, future minimum lease payments under this lease are as follows:

Years Ending June 30,	
2017	$ 7,200
2018	7,200
2019	7,200
2020	7,200
2021	5,400
	$ 34,200

10. 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, 2016 and 2015.

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.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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.

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:

	2016			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
ASSETS				
Equity and fixed income mutual funds	$ 1,939,203	$ 1,939,203	$ -	$ -
Beneficial interest in perpetual trusts	378,857	-	378,857	-
	2,318,060	1,939,203	378,857	-
LIABILITIES				
Interest rate swap (Note 7)	$ 52,589	$ -	$ 52,589	$ -

See independent auditor's report

10. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	2015			
	Fair Value	Level 1	Level 2	Level 3
ASSETS				
Equity and fixed income mutual funds	$ 2,070,354	$ 2,070,354	$ -	$ -
Beneficial interest in perpetual trusts	403,729	-	403,729	-
	2,474,083	2,070,354	403,729	-
LIABILITIES				
Interest rate swap (Note 7)	$ 54,044	$ -	$ 54,044	$ -

11. 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 $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.

12. TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2016 and 2015, temporarily restricted net assets are available for the following purposes:

	2016	2015
El Pomar Emergency Grant Fund	$ 349,586	$ 506,696
Women's Leadership Council	10,710	11,710
Community Information Systems contracts	24,634	40,853
2-1-1 contracts	50,550	26,298
Simplex-Grinnell (Youth Venturing program grant)	20,410	-
America's Promise (GradNation program grant)	7,657	-
Quality of Life Indicators	19,500	-
Healthcare navigator position (Colorado Health Partners)	24,282	70,000
Land restricted for housing development	1,000,000	-
Total	$ 1,507,329	$ 655,557

13. 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:

	2016	2015
El Pomar Emergency Grant Fund	$ 1,000,000	$ 1,000,000
Beneficial interest in perpetual trusts	378,857	403,729
Total	$ 1,378,857	$ 1,403,729

In previous years, donors established irrevocable perpetual trusts with a bank, naming the Organization as one of its beneficiaries. Under the terms of the trust agreements, 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 trusts totaled $378,857 and $403,729 as of June 30, 2016 and 2015, respectively, and is reported at fair value in the Organization’s statement of financial position.

14. 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.

14. ENDOWMENT FUNDS (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2016, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 349,586	$ 1,378,857	$ 1,728,443
Board-designated endowment funds	622,006	-	-	622,006
Total funds	$ 622,006	$ 349,586	$ 1,378,857	$ 2,350,449

Changes in endowment net assets for the year ended June 30, 2016, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 621,994	$ 506,696	$ 1,403,729	$ 2,532,419
Investment return:				
Investment income	12,908	3,402	-	16,310
Net depreciation (realized and unrealized)	(1,501)	(72,972)	-	(74,473)
Total investment return	11,407	(69,570)	-	(58,163)
Contributions	10,391	-	-	10,391
Board appropriation - Emergency Grant Fund	69,863	(69,863)	-	-
Net depreciation of endowment	(91,649)	(17,677)	(24,872)	(134,198)
Endowment net assets, end of year	$ 622,006	$ 349,586	$ 1,378,857	$ 2,350,449

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	$ 1,378,857

See independent auditor's report

14. ENDOWMENT FUNDS (CONTINUED)

Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to a time restriction under UPMIFA:	
With purpose restriction	$ 349,586

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, 2016 and 2015.

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.

15. 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. The Organization contributed $24,327 and $20,600 to the defined contribution plan for the years ended June 30, 2016 and 2015, respectively.

16. MEMORANDUM OF AGREEMENT

On May 26, 2016, the Organization entered into a joint venture agreement with Vecino Bond Group, LLC ("VBG"). VBG will partner with the Organization in the development and ownership of a proposed fifty (50) unit affordable housing project for Veterans who are formally homeless.

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SUPPLEMENTAL INFORMATION

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PIKES PEAK UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	PROGRAM SERVICES										SUPPORTING SERVICES			
	Net Funds Awarded	Community Impact	Allocation Services	2-1-1 Info and Referral	Community Information Systems	Education	Volunteer Services	Dolly Parton Library	Other Programs	Total	Fundraising	Organizational Administration	Total	2016 Totals
Gross distributions to agencies	$ 2,586,549	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,586,549	$ -	$ -	$ -	$ 2,586,549
Less donor designations to agencies	(1,283,522)	-	-	-	-	-	-	-	-	(1,283,522)	-	-	-	(1,283,522)
Net allocations granted to agency programs	1,303,027	-	-	-	-	-	-	-	-	1,303,027	-	-	-	1,303,027
Salaries	-	272,036	-	259,414	265,779	51,678	8,330	-	-	857,237	379,714	443,120	822,834	1,680,071
Payroll taxes	-	20,285	-	18,943	19,598	4,154	637	-	-	63,617	27,820	32,611	60,431	124,048
Employee benefits	-	31,403	-	50,989	44,630	5,832	-	-	-	132,854	66,379	76,160	142,539	275,393
Total	1,303,027	323,724	-	329,346	330,007	61,664	8,967	-	-	2,356,735	473,913	551,891	1,025,804	3,382,539
Occupancy	-	52,186	-	62,332	46,428	22,510	333	-	5,500	189,289	41,195	64,114	105,309	294,598
Contract services	-	92,650	56	30,609	73,832	15,819	-	210	681	213,857	23,851	69,096	92,947	306,804
United Way Worldwide dues	-	10,344	-	12,803	6,558	1,967	560	1,800	1,600	35,632	6,164	15,405	21,569	57,201
Printing	-	966	-	1,276	261	61	1,900	2,058	320	6,842	18,577	1,052	19,629	26,471
Supplies	-	8,516	-	6,644	2,036	597	-	178,785	-	196,578	4,210	5,149	9,359	205,937
Staff development	-	10,750	-	4,607	6,836	2,294	-	-	-	24,487	11,923	35,154	47,077	71,564
Insurance	-	2,082	-	1,589	2,740	822	2,722	-	-	9,955	2,575	14,092	16,667	26,622
Postage and shipping	-	451	-	630	530	98	-	1,074	6	2,789	7,779	1,683	9,462	12,251
Meeting expense	-	4,628	344	1,815	2,139	653	-	-	-	9,579	13,078	9,291	22,369	31,948
Travel	-	9,698	-	4,075	4,439	3,317	-	12	22	21,563	16,340	18,305	34,645	56,208
Miscellaneous	-	256	500	113	193	138	-	-	-	1,200	183	999	1,182	2,382
Total	-	192,527	900	126,493	145,992	48,276	5,515	183,939	8,129	711,771	145,875	234,340	380,215	1,091,986
TOTAL OPERATING EXPENSES	$ 1,303,027	$ 516,251	$ 900	$ 455,839	$ 475,999	$ 109,940	$ 14,482	$ 183,939	$ 8,129	$ 3,068,506	$ 619,788	$ 786,231	$ 1,406,019	$ 4,474,525

See independent auditor's report.

PIKES PEAK UNITED WAY
SCHEDULE OF FUNDS AWARDED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	Allocations to Partner Agencies and Affiliates	**2016**	**2015**
	Amblicab (fka: Disability Services, Inc.)	$ 17,959	$ 25,655
	American Red Cross	-	3,599
	AspenPointe Youth Directions	-	12,494
	Atlas Prep	50,000	-
	BethHaven, Inc.	-	13,159
	Big Brothers & Big Sisters-Pikes Peak	32,200	25,450
	Care & Share Food Bank for So. CO	-	31,789
*	CASA of the Pikes Peak Region	-	45,099
	Catholic Charities of Central Colorado	76,325	101,385
	Catholic Charities--Collaboration w/CPCD	25,000	-
	Cheyenne Village, Inc.	33,674	48,105
	Colorado Legal Services	-	11,878
	Colorado Springs Teen Court	10,000	-
	Comm. Partnership for Child Develop.	145,000	111,432
	Community of Caring Foundation	30,000	-
*	Diakonia	20,000	5,998
	Early Connections Learning Centers	170,000	133,758
	Energy Resource Center	30,000	23,204
	Franciscan Community Counseling, Inc.	-	5,584
	Griffith Centers for Children	10,000	1,307
*	Joint Initiatives for Youth & Families / Alliance for Kids	-	8,210
	LULAC National Education Svc. Ctrs.	-	2,736
	Lutheran Family Services - Rocky Mtn.'s	15,000	13,294
	Mile High Youth Corps-DBA Year One	15,000	-
	Partners in Housing	50,000	26,581
	Peak Education	20,000	-
	Peak Vista Community Health Centers	56,063	80,090
	Pikes Peak Habitat for Humanity, Inc.	18,000	12,891
	Pikes Peak Workforce	17,291	-
	REACH Pikes Peak	25,000	39,941
	Silver Key Senior Services, Inc.	-	28,627
	So. CO AIDS Project	-	9,139
	TESSA	65,000	62,736
	The ARC of Pikes Peak Region	-	8,368
	The Resource Exchange, Inc.	50,000	37,602
	The Salvation Army, El Paso County	45,689	151,393
	Tri-Lakes Cares	40,000	28,610
	University of Colorado at Colorado Springs	17,500	-
	Urban Peak	20,000	-
	Womens Resource Agency, Inc.	14,000	15,234
	Total partner and affiliates allocations	$ 1,118,700	$ 1,125,347

See independent auditor's report.

PIKES PEAK UNITED WAY
SCHEDULE OF FUNDS AWARDED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Allocations to Partner Agencies and Affiliates (continued)	2016	2015
Other Gross Funds Awarded		
Designations, non-partner agencies	$ 570,610	$ 949,950
Designations, partner agencies	405,859	643,540
Designations, pass through	307,053	-
Siemer Family/Kaiser Grants	74,990	25,000
El Pomar Emergency Grants	71,720	112,892
Sponsorships	65,750	20,432
Colorado Springs Housing and Community Development	39,700	234,600
Military Family Assistance	34,790	46,490
Youth Ventures Grants	9,590	-
Other	630	-
Funds awarded and not paid out	(112,843)	(2,472)
Total other gross funds awarded	1,467,849	2,030,432
Total gross funding to agencies	2,586,549	3,155,779
Less designation	(1,283,522)	(1,593,490)
Net funds awarded	$ 1,303,027	$ 1,562,289

* Affiliates

See independent auditor's report.