LIVE UNITED

United Way

Pikes Peak United Way
ppunitedway.org

Financial Statements

Years Ended June 30, 2018 and 2017

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, 2018 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, 2018 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 and schedule of funds awared are presented for purposes of additional analysis and are 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
February 20, 2019

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PIKES PEAK UNITED WAY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 (with comparative totals for 2017)

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 717,960	$ 250,467
Contributions receivable - net	719,640	874,156
Grants and other receivable	34,382	98,194
Investments	-	570,461
Prepaid expenses and other	45,167	25,196
Total current assets	1,517,149	1,818,474
Property and equipment - net	1,521,088	1,603,725
Land held for development	2,697,968	2,697,968
Investments - long-term	1,548,142	1,498,130
Beneficial interest in perpetual trusts	390,880	394,010
Total assets	$ 7,675,227	$ 8,012,307
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit	$ -	$ 86,469
Accounts payable	7,938	125,413
Accrued expenses	55,565	103,932
Allocations and designations payable	1,099,462	1,275,594
Current portion of note payable	52,000	52,000
Current portion of capital lease obligation	-	18,015
Deferred revenue	122,000	93,949
Total current liabilities	1,336,965	1,755,372
Note payable - net of current portion	212,334	264,334
Total liabilities	1,549,299	2,019,706
Net assets:		
Unrestricted:		
Equity in property and equipment, net	1,242,523	1,240,016
Undesignated	204,027	53,487
Total unrestricted	1,446,550	1,293,503
Temporarily restricted	3,288,498	3,305,088
Permanently restricted	1,390,880	1,394,010
Total net assets	6,125,928	5,992,601
Total liabilities and net assets	$ 7,675,227	$ 8,012,307

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

PIKES PEAK UNITED WAY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2018 (with comparative totals for 2017)

	2018				2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
PUBLIC SUPPORT AND REVENUE					
Gross campaign results	$ 3,588,496	$ -	$ -	$ 3,588,496	$ 3,994,759
Less donor designations to agencies	(1,075,716)	-	-	(1,075,716)	(1,231,580)
Less provision for uncollectible contributions	(205,845)	-	-	(205,845)	(230,223)
Net campaign revenue	2,306,935	-	-	2,306,935	2,532,956
Other contribution and grant revenue	190,239	446,243	-	636,482	805,634
Other revenue	168,547	-	-	168,547	158,271
Special events revenue, net	16,998	-	-	16,998	(1,833)
Legacies and bequests	27,288	-	-	27,288	16,528
Investment income (loss)	29,485	131,370	(3,130)	157,725	251,204
In-kind contributions	94,095	-	-	94,095	1,728,654
Net assets released from restrictions	594,203	(594,203)	-	-	-
Total revenue	3,427,790	(16,590)	(3,130)	3,408,070	5,491,414
EXPENSES					
Program services:					
Gross funds awarded	2,057,080	-	-	2,057,080	2,136,602
Less donor designations to agencies	(1,075,716)	-	-	(1,075,716)	(1,231,580)
Net funds awarded	981,364	-	-	981,364	905,022
Other program services	1,354,484	-	-	1,354,484	1,720,562
Total program services	2,335,848	-	-	2,335,848	2,625,584
Fundraising	617,927	-	-	617,927	647,636
General and administrative	320,968	-	-	320,968	585,588
Total expenses	3,274,743	-	-	3,274,743	3,858,808
Change in net assets	153,047	(16,590)	(3,130)	133,327	1,632,606
Net assets, beginning of period	1,293,503	3,305,088	1,394,010	5,992,601	4,359,995
Net assets, end of period	$ 1,446,550	$ 3,288,498	$ 1,390,880	$ 6,125,928	$ 5,992,601

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, 2018 (with comparative totals for 2017)

	2018	2017
OPERATING ACTIVITIES		
Cash received from annual fundraising campaign	$ 3,743,012	$ 4,259,207
Cash received from other income	1,042,412	1,134,364
Cash paid for community fund	(800,487)	(1,150,853)
Cash paid for designations	(1,043,221)	(1,700,696)
Cash paid to other facilitated community programs	(1,229,267)	(1,565,050)
Cash paid for PPUW community programs and operating expenses	(1,702,034)	(1,425,836)
Cash paid for interest	(23,923)	(19,612)
Net cash used in operating activities	(13,508)	(468,476)
INVESTING ACTIVITIES		
Purchases of property and equipment	(20,145)	(11,815)
Purchases of investments	-	(145,812)
Proceeds from the sale of investments	657,630	234,042
Net cash provided by investing activities	637,485	76,415
FINANCING ACTIVITIES		
Payments on note payable	(52,000)	(52,000)
Payments on capital lease obligation	(18,015)	(18,015)
Net borrowings (repayments) on line of credit	(86,469)	86,469
Net cash provided by (used in) financing activities	(156,484)	16,454
Net increase (decrease) in cash and cash equivalents	467,493	(375,607)
Cash and cash equivalents, beginning of period	250,467	626,074
Cash and cash equivalents, end of period	$ 717,960	$ 250,467

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, 2018 (with comparative totals for 2017)

	2018	2017
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in net assets	$ 133,327	$ 1,632,606
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	102,782	117,067
In-kind donation of land	-	(1,697,968)
Net realized and unrealized gains on investments	(137,181)	(217,619)
(Gain) loss on beneficial interest in perpetual trusts	3,130	(15,153)
Derivative financial instrument	(15,130)	(23,228)
Changes in operating assets and liabilities:		
Contributions receivable	154,516	264,448
Grants and other receivable	63,812	51,642
Prepaid expenses and other	(19,971)	36,716
Accounts payable and accrued expenses	(150,712)	25,758
Allocations and designations payable	(176,132)	(664,244)
Deferred revenue	28,051	21,499
Net cash used in operating activities	$ (13,508)	$ (468,476)

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 2016-2017, the United Way network raised $4.72 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 $36,676 and $70,079 for the years ended June 30, 2018 and 2017, 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 accounting standards generally accepted in the United States of America ("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, at times, 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 $205,845 and $230,223 as of June 30, 2018 and 2017, 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 ("CFC") and the Colorado Combined Campaign ("CCC"). Through the CFC, the Organization is listed as an Independent Local Agency and receives funds designated to United Way only. The United Way acts as a federation level entity for the CCC, in which donors designate their gifts to a wide variety of charitable organizations, and the United Way acts as a federation level entity and distributes the campaign proceeds accordingly to those agencies that are members of the United Way 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 2017-2018

Level	Amount	Donor
Pinnacle Level	\$50,000 - \$99,000	The Anschutz Foundation El Pomar Foundation Wells Fargo
Vista Level	\$25,000 - \$49,000	Deluxe Corporation
Mesa Level	\$15,000 - \$24,999	Comcast Ent Federal Credit Union
Red Rocks Level	\$10,000 - \$14,999	GE Johnson Construction US Bank
Canyon Level	\$5,000 - \$9,999	Blazer Electric Supply Company Cherwell Software Enterprise Holdings Company Phil Long Dealerships Ms. Elizabeth Brown

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

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

In-kind contributions — 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, 2018 and 2017, the Organization received in-kind professional consulting fees and supplies and land of $94,095 and $1,728,654, respectively. Included in the above were contributions of land valued at $1,697,968 for the year ended June 30, 2017. The land donated is restricted by the donor for future development, and subsequent to year-end, the Board of Trustees approved the transfer of land back to the donor (see Notes 5 and 18).

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received approximately 16,828 and 16,120 volunteer hours during the years ended June 30, 2018 and 2017, respectively, with an estimated fair value of approximately $406,228 and $370,760 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.

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.

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

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 8).

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:

	2018	2017
Equity mutual funds – domestic and international	$ 1,206,838	$ 1,236,216
Fixed income mutual funds	341,304	832,375
Beneficial interest in perpetual trusts	390,880	394,010
Total	$ 1,939,022	$ 2,462,601

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

	2018	2017
Investments – current	$ -	$ 570,461
Investments – long-term	1,548,142	1,498,130
Beneficial interest in perpetual trusts	390,880	394,010
Total	$ 1,939,022	$ 2,462,601

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

	2018	2017
Interest and dividends	$ 18,555	$ 11,049
Net realized and unrealized gains	137,181	217,619
Gain (loss) on beneficial interest in perpetual trusts	(3,130)	15,153
Investment fees	(10,011)	(15,845)
Derivative financial instrument	15,130	23,228
Total	$ 157,725	$ 251,204

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 $274,836 and $277,997 as of June 30, 2018 and 2017, respectively. The Organization received $11,600 of investment income from this trust in each of the years ended June 30, 2018 and 2017, 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 $116,044 and $116,013 as of June 30, 2018 and 2017, respectively. The Organization received $5,114 and $4,855 of investment income from this trust for the years ended June 30, 2018 and 2017, respectively.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2018	2017
Land	$ 511,992	$ 511,992
Land improvements	78,706	78,706
Building and improvements	1,452,353	1,446,115
Furniture and equipment	751,878	743,764
Construction in progress	6,519	-
Total	2,801,448	2,780,577
Accumulated depreciation	(1,280,360)	(1,176,852)
Net property and equipment	$ 1,521,088	$ 1,603,725

Depreciation expense was $102,782 and $117,067 for the years ended June 30, 2018 and 2017, respectively.

5. LAND HELD FOR DEVELOPMENT

During the years ended June 30, 2017 and 2016, the Organization received donated property totalling $1,697,968 and $1,000,000, respectively. The land is restricted by the donor to provide housing for homeless veterans. The agreement contains a reverter clause in which the land will revert back to the donor if not used for the intended purpose.

5. LAND HELD FOR DEVELOPMENT (CONTINUED)

In October 2018, the Organization determined that it no longer had the intent and ability to use the land for the intended purpose, and as such, came to a settlement agreement in which the reverter clause in the land agreement was exercised. As a result, the Board of Trustees approved the transfer of the land held for development back to the donor. The land was transferred back to the donor effective October 10, 2018. In addition and in connection with the settlement agreement, the Organization is to receive funds of $75,000 from VBG for its costs and expenses related to the property.

6. 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 payable consist of the following at June 30:

	2018	2017
Allocations approved by Board of Trustees	$ 800,000	$ 800,488
Designations payable	299,462	475,106
Total	$ 1,099,462	$ 1,275,594

7. 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% and are secured by personal property, pledges and grants. The line of credit matures on May 31, 2019. There was no balance outstanding on the line of credit as of June 30, 2018. The balance outstanding was $86,469 as of June 30, 2017.

8. NOTE PAYABLE

The Organization has a note payable with a balance of $264,334 and $316,334 as of June 30, 2018 and 2017, 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.

8. NOTE PAYABLE (CONTINUED)

Aggregate annual maturities of this note payable is as follows as of June 30, 2018:

Years Ending June 30,	
2019	$ 52,000
2020	52,000
2021	52,000
2022	52,000
2023	52,000
Thereafter	4,334
Total	$ 264,334

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 $14,231 and $29,361 as of June 30, 2018 and 2017, respectively. These amounts have been included in accrued expenses on the accompanying statement of financial position. The Organization reported gains of $15,130 and $23,228 due to changes in the fair value of the interest rate swap agreement during the years ended June 30, 2018 and 2017, respectively. Total interest expense for the years ended June 30, 2018 and 2017 was $16,695 and $19,566, respectively.

9. 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 2018; and secured by capitalized equipment. The stated interest rate on this capital lease is 0%. Imputed interest is not material to the financial statements.

Property and equipment held under capital leases included in property and equipment as of June 30, 2018 total $30,069, net of accumulated depreciation of $24,062. Amortization of capital leases is included in depreciation expense.

10. COMMITMENTS

Leases

The Organization has several noncancellable operating leases from unrelated parties expiring on various dates through March 2021. Monthly lease payments range from $121 to $340.

As of June 30, 2018, future minimum lease payments under these leases are as follows:

Years Ending June 30,		
2019	$	11,273
2020		8,220
2021		5,402
	$	24,895

Total rent expense under these lease agreements for the year's ended June 30, 2018 and 2017 totalled $15,043 and $13,975, respectively.

Software agreements

The Organization has also entered into various commitments for software with varying payments, expiring on various dates through December 31, 2020.

As of June 30, 2018, future minimum payments under these agreemeents are as follows:

Years Ending June 30,		
2019	$	90,282
2020		28,500
2021		9,600
	$	128,382

11. 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, 2018 and 2017.

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.

11. 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:

	2018			
	Fair Value	Level 1	Level 2	Level 3
ASSETS				
Equity and fixed income mutual funds	$ 1,548,142	$ 1,548,142	$ -	$ -
Beneficial interest in perpetual trusts	390,880	-	390,880	-
	1,939,022	1,548,142	390,880	-
LIABILITIES				
Interest rate swap (Note 8)	$ 14,231	$ -	$ 14,231	$ -

	2017			
	Fair Value	Level 1	Level 2	Level 3
ASSETS				
Equity and fixed income mutual funds	$ 2,068,591	$ 2,068,591	$ -	$ -
Beneficial interest in perpetual trusts	394,010	-	394,010	-
	2,462,601	2,068,591	394,010	-
LIABILITIES				
Interest rate swap (Note 8)	$ 29,361	$ -	$ 29,361	$ -

12. BOARD DESIGNATED UNRESTRICTED NET ASSETS

To be good stewards with donor dollars, the Board of Trustees adopted a cash and liquidity reserve policy to maintain a 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.

During the year ended June 30, 2018, in response to the reserve falling below the $250,000 limit, the Board of Trustees approved the liquidation of the quasi-endowment fund. This resulted in the transfer of approximately $575,000 in unrestricted equity and fixed income mutual fund holdings to a money market account. Cash, in the amount of $330,000, was transferred from the money market account to the operating account for operating expenses.

13. TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2018 and 2017, temporarily restricted net assets are available for the following purposes:

	2018	2017
Land restricted for development	$ 2,697,968	$ 2,697,968
El Pomar Emergency Grant Fund	528,980	442,094
El Paso County (Promise program grant)	17,424	-
T Rowe Price (Promise program grant)	12,711	-
50/50 Central-Delaware, Inc. raffle	8,940	9,365
Simplex-Grinnell (Youth Venturing program grant)	7,967	7,967
America's Promise (GradNation program grant)	7,657	7,657
Women's Leadership Council	4,899	8,649
Quality of Life Indicators	1,250	6,250
Colorado Springs Promise Contribution	702	-
Community Information Systems contracts	-	79,398
2017 Campaign funds (time restriction)	-	25,316
Peak Living Community Foundation	-	8,250
2-1-1 contracts	-	7,174
Respite Care Contract	-	5,000
Total	$ 3,288,498	$ 3,305,088

14. 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:

	2018	2017
El Pomar Emergency Grant Fund	$ 1,000,000	$ 1,000,000
Beneficial interest in perpetual trusts	390,880	394,010
Total	$ 1,390,880	$ 1,394,010

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 $390,880 and $394,010 as of June 30, 2018 and 2017, respectively, and is reported at fair value in the Organization's statement of financial position.

15. 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.

15. ENDOWMENT FUNDS (CONTINUED)

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.

Endowment net asset composition by type of fund as of June 30, 2018, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 619,554	$ 1,390,880	$ 2,010,434
Board-designated endowment funds	721,920	-	-	721,920
Total funds	$ 721,920	$ 619,554	$ 1,390,880	$ 2,732,354

15. ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2018, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 662,770	$ 442,094	$ 1,394,010	$ 2,498,874
Investment return:				
Investment income (loss)	1,963	803	-	2,766
Net appreciation (realized and unrealized)	21,556	131,370	-	152,926
Total investment return	23,519	132,173	-	155,692
Contributions	33,229	-	-	33,229
Board appropriation - Emergency Grant Fund	67,064	(67,064)	-	-
Net appreciation (depreciation) of endowment	(64,662)	112,351	(3,130)	44,559
Endowment net assets, end of year	$ 721,920	$ 619,554	$ 1,390,880	$ 2,732,354

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	$ 1,390,880

Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to a time restriction under UPMIFA:	
With purpose restriction	$ 619,554

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, 2018 and 2017.

15. ENDOWMENT FUNDS (CONTINUED)

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.

16. FUND RAISING

Fund raising consists of several community events as follows for the years ended June 30,:

	2018	2017
Gross revenue from fund raising events	$ 100,595	$ 102,797
Direct cost of fund raising events	(83,597)	(104,630)
	$ 16,998	$ (1,833)

17. 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 contribution consists of a 4.00% matching contribution of eligible employee gross salaries based on employee individual contributions. The Organization contributed $27,810 and $24,327 to the defined contribution plan for the years ended June 30, 2018 and 2017, respectively.

18. SUBSEQUENT EVENTS

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

In October 2018, the Organization determined that it no longer had the intent and ability to use the land for the intended purpose, and as such, came to a settlement agreement in which the reverter clause in the land agreement was exercised. As a result, the Board of Trustees approved the transfer of the land held for development back to the donor. The land was transferred back to the donor effective October 10, 2018. In addition and in connection with the settlement agreement, the Organization is to receive funds of $75,000 from VBG for its costs and expenses related to the property.

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SUPPLEMENTAL INFORMATION

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PIKES PEAK UNITED WAY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

	PROGRAM SERVICES								SUPPORTING SERVICES			
	Net Funds Awarded	Community Impact	2-1-1 Info and Referral	Income, Housing and Stability	Education	Dolly Parton Library	Other Programs	Total	Fundraising	Organizational Administration	Total	2018 Totals
Gross distributions to agencies	$ 2,057,080	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,057,080	$ -	$ -	$ -	$ 2,057,080
Less donor designations to agencies	(1,075,716)	-	-	-	-	-	-	(1,075,716)	-	-	-	(1,075,716)
Net allocations granted to agency programs	981,364	-	-	-	-	-	-	981,364	-	-	-	981,364
Salaries	-	264,466	162,509	225,513	41,131	11,772	6,163	711,554	404,418	112,845	517,263	1,228,817
Payroll taxes	-	19,194	13,407	19,438	3,577	1,086	453	57,155	33,068	20,863	53,931	111,086
Employee benefits	-	25,887	29,244	34,298	3,657	982	-	94,068	57,092	26,520	83,612	177,680
Total	981,364	309,547	205,160	279,249	48,365	13,840	6,616	1,844,141	494,578	160,228	654,806	2,498,947
Programs	-	18,801	-	18,790	125	105,842	-	143,558	-	-	-	143,558
Occupancy	-	45,903	41,614	42,555	7,268	3,634	337	141,311	64,958	104,536	169,494	310,805
Contract services	-	93,147	9,775	19,341	2,490	907	13,231	138,891	16,511	25,060	41,571	180,462
United Way Worldwide dues	-	4,096	5,041	5,513	945	472	-	16,067	8,364	12,244	20,608	36,675
Printing and publications	-	953	1,785	289	49	25	363	3,464	5,330	629	5,959	9,423
Supplies	-	1,581	1,026	823	141	70	1,271	4,912	1,467	2,954	4,421	9,333
Staff development	-	2,182	281	1,178	28	14	25	3,708	1,213	503	1,716	5,424
Insurance	-	4,047	3,009	3,290	563	281	-	11,190	5,027	10,124	15,151	26,341
Other dues	-	2,341	7,457	106	17	8	-	9,929	3,424	3,592	7,016	16,945
Postage and shipping	-	563	258	230	38	19	77	1,185	4,820	553	5,373	6,558
Meeting expense	-	6,505	610	555	85	42	574	8,371	1,064	1,111	2,175	10,546
Travel	-	3,495	1,047	2,502	113	60	417	7,634	10,952	(634)	10,318	17,952
Miscellaneous	-	83	33	37	6	3	1,325	1,487	219	68	287	1,774
Total	-	183,697	71,936	95,209	11,868	111,377	17,620	491,707	123,349	160,740	284,089	775,796
TOTAL OPERATING EXPENSES	$ 981,364	$ 493,244	$ 277,096	$ 374,458	$ 60,233	$ 125,217	$ 24,236	$ 2,335,848	$ 617,927	$ 320,968	$ 938,895	$ 3,274,743
Percentage of total expenses	29.97%	15.06%	8.46%	11.43%	1.84%	3.82%	0.74%	71.33%	18.87%	9.80%	28.67%	100.00%

See independent auditor's report.

PIKES PEAK UNITED WAY
SCHEDULE OF FUNDS AWARDED
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Allocations to Partner Agencies and Affiliates	2018	2017
	Amblicab (fka: Disability Services, Inc.)	$ 14,000	$ 12,570
	Atlas Prep	20,000	25,000
	Big Brothers & Big Sisters-Pikes Peak	25,000	22,540
	Boy Scouts of America	5,000	-
	Casa of Pikes Peak Region	30,000	-
	Catholic Charities of Central Colorado	80,000	53,428
	Catholic Charities--Collaboration w/CPCD	-	47,880
	Cheyenne Village, Inc.	10,000	23,571
	Colorado Springs Conservatory	-	14,000
	Colorado Springs Teen Court	10,000	7,000
	Comm. Partnership for Child Develop.	80,000	101,500
	Community of Caring Foundation	30,000	21,000
	Court Care of Pikes Peak Region	13,000	-
*	Diakonia	-	14,000
	Early Connections Learning Centers	120,000	119,000
	Energy Resource Center	10,000	21,000
	Greccio Housing Unlimited	15,000	-
	Griffith Centers for Children	-	7,000
	Homeward Pikes Peak	10,000	-
	Interfaith Hospitality Network	20,000	-
	Ithaka Land Trust	5,000	-
	Lutheran Family Services - Rocky Mtn.'s	20,000	10,500
	Mile High Youth Corps-DBA Year One	-	10,500
	Partners in Housing	72,000	35,000
	Peak Education	-	14,000
	Peak Vista Community Health Centers	6,000	39,244
	Pikes Peak Habitat for Humanity, Inc.	15,000	12,600
	Pikes Peak Workforce	-	12,104
	REACH Pikes Peak	-	17,500
	Silver Key	15,000	-
	TESSA	55,000	45,500
	The Resource Exchange, Inc.	50,000	35,000
	The Salvation Army, El Paso County	25,000	15,000
	Tri-Lakes Cares	20,000	28,000
	University of Colorado at Colorado Springs	-	12,250
	Urban Peak	20,000	14,000
	Westside Cares	5,000	-
	Womens Resource Agency, Inc.	-	9,800
	Total partner and affiliates allocations	$ 800,000	$ 800,487

See independent auditor's report.

PIKES PEAK UNITED WAY
SCHEDULE OF FUNDS AWARDED
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Allocations to Partner Agencies and Affiliates (continued)	**2018**	**2017**
Other Gross Funds Awarded		
Designations, non-partner agencies	$ 254,860	$ 266,879
Designations, partner agencies	612,229	707,152
Designations, pass through	208,627	257,549
Colorado Springs Housing and Community Development	-	3,831
Homeless Management Information Systems	19,087	-
Pikes Peak Continuum of Care	56,129	-
El Pomar Emergency Grants	-	5,000
Military Family Assistance	36,969	18,501
Youth Ventures Grants	800	8,583
Sponsorships	250	62,000
Deputy Flick Family Fund Telethon	13,121	-
Fire Victim Fund Telethon (Sunstone)	3,510	-
Siemer Family/Kaiser Grants	50,000	50,000
Other	1,498	3,500
Funds awarded and not paid out	-	(46,880)
Total other gross funds awarded	1,257,080	1,336,115
Total gross funding to agencies	2,057,080	2,136,602
Less designation	(1,075,716)	(1,231,580)
Net funds awarded	$ 981,364	$ 905,022

* Affiliates

See independent auditor's report.