



PIKES PEAK UNITED WAY

Financial Statements

And

Supplemental Information

For the Year Ended June 30, 2023

And

Independent Auditors' Report

PIKES PEAK UNITED WAY

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pikes Peak United Way
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of Pikes Peak United Way (the Organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Restatement

The Organization's 2022 financial statements have been restated to recognize donated property and revenue from a nonfinancial contribution related to a lease for space at rates below market value. See note 15 to the financial statements. Our opinion on the financial statements for the year ended June 30, 2023 is not modified with respect to this matter.

Responsibilities of Management 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, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on page 21 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 States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

The 2022 financial statements were audited by other auditors and their report thereon dated March 24, 2023, expressed an unmodified audit opinion. In our opinion, except for the effects of the prior period restatement discussed in Note 15, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan + Co. LLP

April 22, 2024

PIKES PEAK UNITED WAY

STATEMENT OF FINANCIAL POSITION JUNE 30, 2023 (with comparative totals for 2022)

	2023	Restated 2022
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 1,010,343	\$ 3,429,619
Investments	4,500,242	1,974,542
Pledges receivable, net	826,279	573,430
Grants and other receivables	243,467	99,941
Prepaid expenses and other current assets	35,778	81,943
Total current assets	6,616,109	6,159,475
RIGHT-OF-USE ASSETS, NET	16,924	
PROPERTY AND EQUIPMENT, NET	3,824,559	3,747,923
BENEFICIAL INTEREST IN PERPETUAL TRUSTS	405,504	392,783
TOTAL ASSETS	<u>\$ 10,863,096</u>	<u>\$ 10,300,181</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 154,626	\$ 173,081
Allocations and designations payable	1,002,168	1,041,015
Deferred revenue	1,385,570	1,618,085
Current portion of operating lease obligation	4,217	
Current portion of note payable	27,079	26,203
Total current liabilities	2,573,660	2,858,384
OPERATING LEASE OBLIGATION	12,707	
LONG-TERM NOTE PAYABLE	179,838	206,915
TOTAL LIABILITIES	<u>2,766,205</u>	<u>3,065,299</u>
NET ASSETS		
Without donor restrictions:		
Invested in property and equipment	1,394,067	1,081,911
Board designated fund for future use	591,264	591,264
Available for operations	807,119	801,632
Total net assets without donor restrictions	2,792,450	2,474,807
With donor restrictions	5,304,441	4,760,075
Total net assets	<u>8,096,891</u>	<u>7,234,882</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,863,096</u>	<u>\$ 10,300,181</u>

See notes to financial statements.

PIKES PEAK UNITED WAY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023 (with comparative totals for 2022)

	2023			Restated
	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
REVENUES				
Gross campaign revenue	\$ 2,371,757	\$ 1,378,591	\$ 3,750,348	\$ 3,662,914
Less donor designations to agencies	(855,390)		(855,390)	(1,040,952)
Less provision for uncollectable contributions	(40,322)		(40,322)	(172,465)
Net campaign revenue	1,476,045	1,378,591	2,854,636	2,449,497
Grants and contributions	312,632	1,437,541	1,750,173	1,029,366
Contributions - nonfinancial	213,747		213,747	2,689,156
Investment income (loss)	94,648	85,395	180,043	(194,163)
Change in value of beneficial interest in perpetual trusts		12,721	12,721	(80,180)
Special events (net of costs of direct benefit to donors of \$194,689)	1,950		1,950	(10,752)
Other revenues	128,148		128,148	189,868
Net assets released from restrictions	2,369,882	(2,369,882)		
Total revenues	4,597,052	544,366	5,141,418	6,072,792
EXPENSES				
Program services:				
Gross funds awarded	2,022,253		2,022,253	1,976,491
Less donor designation to agencies	(855,390)		(855,390)	(1,040,952)
Net funds awarded	1,166,863	—	1,166,863	935,539
Other program services	1,279,095		1,279,095	1,463,425
Total program services	2,445,958	—	2,445,958	2,398,964
General and administrative	1,303,422		1,303,422	938,065
Fundraising	530,029		530,029	592,097
Total expenses	4,279,409	—	4,279,409	3,929,126
Change in net assets	317,643	544,366	862,009	2,143,666
NET ASSETS, Beginning of year (restated)	2,474,807	4,760,075	7,234,882	5,091,216
NET ASSETS, End of year	\$ 2,792,450	\$ 5,304,441	\$ 8,096,891	\$ 7,234,882

See notes to financial statements.

PIKES PEAK UNITED WAY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2023 (with comparative totals for 2022)

	2023										Restated 2022 Total
	Program Services						Supporting Services			Total	
	Community Investment	Community Impact	2-1-1 Info & Referral	Co Springs Promise	Community Investment	Family Success Center	Program Total	General and Administrative	Fundraising		
Gross distributions to agencies	\$ 2,022,253						\$ 2,022,253			\$ 2,022,253	\$ 1,976,491
Less donor designations to agencies	(855,390)						(855,390)			(855,390)	(1,040,952)
Net allocation granted to agencies	1,166,863	\$ —	\$ —	\$ —	\$ —	\$ —	1,166,863	\$ —	\$ —	1,166,863	935,539
Salaries and benefits		175,899	289,148	23,145	18,758	197,125	704,075	721,791	377,527	1,803,393	1,758,393
Facilities and occupancy		24,451	91,955	9,337	8,188	223,972	357,903	101,402	61,433	520,738	268,335
Contract services		25,115	15,493	34,251	798	24,994	100,651	196,330	182,901	479,882	338,208
In-kind advertising and promotion								213,747		213,747	250,060
United Way Worldwide dues		3,560	9,664	2,034	509	4,578	20,345	19,443	10,172	49,960	57,341
Meetings		8,847	602	14,957	1,087	2,772	28,265	8,811	6,965	44,041	38,967
Printing and promotions		3,482	1,409	31	173	3,109	8,204	2,511	29,409	40,124	31,064
Insurance		2,310	5,953	1,400	303	6,576	16,542	14,991	6,627	38,160	26,589
Supplies		6,114	5,062	1,551	86	5,477	18,290	7,108	7,007	32,405	17,522
Staff development		4,006	1,177	203	1	369	5,756	12,324	3,652	21,732	16,673
Travel		1,709	3,919	749	277	5,436	12,090	2,195	4,259	18,544	12,420
Postage and shipping		892	324	1		623	1,840	1,992	2,538	6,370	6,198
Other dues		21	3,495	12	3	27	3,558	1,244	931	5,733	16,635
Programs											166,537
Miscellaneous		100		1,433		43	1,576	(467)	31,297	32,406	82,497
TOTAL EXPENSES BY FUNCTION	1,166,863	256,506	428,201	89,104	30,183	475,101	2,445,958	1,303,422	724,718	4,474,098	4,022,978
Less expenses included with revenues on the statement of activities: Cost of direct benefit to donors									(194,689)	(194,689)	(93,852)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	\$ 1,166,863	\$ 256,506	\$ 428,201	\$ 89,104	\$ 30,183	\$ 475,101	\$ 2,445,958	\$ 1,303,422	\$ 530,029	\$ 4,279,409	\$ 3,929,126
PERCENTAGE	27%	6%	10%	2%	1%	11%	57%	31%	12%	100%	

See notes to financial statements.

PIKES PEAK UNITED WAY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023 (with comparative totals for 2022)

	2023	Restated 2022
OPERATING ACTIVITIES		
Change in net assets	\$ 862,009	\$ 2,143,666
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	267,893	63,918
Contributions restricted for endowment	(320,000)	
Contribution of long term nonfinancial asset		(2,432,894)
Net realized and unrealized (gains) losses on investments	(133,961)	206,202
Change in value of beneficial interest in perpetual trusts	(12,721)	80,180
Forgiveness of Paycheck Protection Program loan		(212,500)
Changes in operating assets and liabilities:		
Pledges receivable, net	(252,849)	78,283
Grants and other receivables	(143,526)	(12,659)
Prepaid expenses and other current assets	46,166	(37,308)
Accounts payable and accrued expenses	(44,656)	(23,233)
Allocations and designations payable	(38,847)	(113,446)
Deferred revenue	(232,515)	1,522,585
Net cash flows provided by (used in) operating activities	<u>(3,007)</u>	<u>1,262,794</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(344,529)	(23,127)
Proceeds from sales of investments	2,220,691	93,469
Purchases of investments	<u>(4,558,277)</u>	<u>(20,737)</u>
Net cash provided by (used in) investing activities	<u>(2,682,115)</u>	<u>49,605</u>
FINANCING ACTIVITIES		
Collections of contributions restricted for endowment	320,000	
Payments on notes payable	<u>(27,077)</u>	<u>(25,968)</u>
Net cash flows provided by (used in) financing activities	<u>292,923</u>	<u>(25,968)</u>
Net change in cash and cash equivalents	(2,712,199)	1,286,431
CASH AND CASH EQUIVALENTS, Beginning of year	<u>3,429,619</u>	<u>2,169,156</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,010,343</u>	<u>\$ 3,429,619</u>
SUPPLEMENTARY DISCLOSURE		
Interest paid	<u>\$ 7,291</u>	<u>\$ 7,524</u>
Right of use asset obtained in exchange for new operating lease obligation	<u>\$ 21,072</u>	<u>\$ —</u>

See notes to financial statements.

PIKES PEAK UNITED WAY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pikes Peak United Way (the Organization) is a nonprofit organization incorporated in the State of Colorado with a mission to improve the quality of life in their community. The Organization's vision statement states, "Through strengthened collaboration, we will achieve measurable improvements in education, income stability, and health for the residents of El Paso and Teller Counties," and the Organization's values statement states, "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, it was renamed to 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 the Organization's commitment to community excellence and measurable impact, the Organization's 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. The Organization is governed by its own volunteer board of directors and pays annual dues to United Way Worldwide totaling \$49,960 and \$57,341 for the years ended June 30, 2023 and 2022, respectively.

Basis of Presentation —The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents — The Organization considers all liquid investments with an original maturity of three months or less, which are not held for long-term investment purposes, to be cash equivalents. Cash and liquid financial instruments held for long-term investment purposes, regardless of length to maturity, are reported as investments and excluded from this definition.

The Organization maintains its cash and equivalents in financial institutions that, at times, may exceed federally insured limits. The risk is managed by maintaining deposits with high-quality financial institutions. The Organization does not anticipate nonperformance by these institutions.

Pledges Receivable — Unconditional pledges receivable are recognized in the period received. Pledges receivable are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. All pledges receivable are due within one year. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to account for uncollectible pledges receivable. The allowance is based on historical experience, management's periodic review of outstanding pledges and existing economic conditions. Pledges receivable are recorded net of an allowance for uncollectible pledges totaling \$261,344 and \$218,752 as of June 30, 2023 and 2022, respectively.

Investments — Investments are reported at fair value. Realized and unrealized gains and losses are included as revenue without donor restrictions in the statements of activities. Donated investments are recorded at fair market value on the date of donation. See Note 4 for information on fair value measurements.

Property and Equipment — Property and equipment are recorded at cost, or if donated, at the estimated fair value at the date of donation. The Organization's policy is to capitalize acquisitions of property and equipment costing in excess of \$1,000 and having a useful life exceeding one year. Depreciation is provided using the straight-line method over estimated useful lives, which range from three to forty years.

Deferred Revenue — Deferred revenue consists of conditional grant funding for programs in which the expenses will be incurred in a future period or for sponsorships of future fundraising events. The Organization recognizes income when the related expenses are incurred or when the event takes place.

Net Assets — The financial statements present information regarding the financial position and activities according to two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available for operations at managements discretion; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time and resources for which use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time, nor can be fulfilled or otherwise removed by actions of the Organization. Board-designated net assets as of June 30, 2023 and 2022 consist of a board reserve to be used for potential disasters or other unforeseen events

Donor Designations — The Organization also participates in local campaigns in the metropolitan Colorado Springs area on behalf of the Combined Federal Campaign (the CFC). Through the CFC, the Organization is listed as an independent local agency and receives funds designated to the Organization only.

Certain contributions and 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, the 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, are deducted from gross campaign results to arrive at net campaign results. In accordance with United Way Worldwide membership requirements, these designations are presented as part of gross campaign results and gross agency distributions in the statements of activities but are then deducted to arrive at the Organization's profits under US GAAP.

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

Cornerstone Members 2022 – 2023		
Level	Donor	Amount
Pinnacle Level	Rampart Supply	\$50,000 - \$100,000+
Mesa Level	ANB Bank	\$15,000 - \$49,999
Red Rocks Level	Amazon	\$10,000 - \$14,999
	Kaiser Permanente Health Plan	
	UC Health	
	Colorado Springs Utilities	
	Scheels	
	Fred Koch	
Canyon Level	U.S. Bank	\$5,000-\$9,999

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

Contributions and Grants — Contribution and grant income includes contributions and grants from the fundraising campaign conducted each year to help support agency allocations, program services and operations of the Organization. Contributions and grant income are recorded when cash is received, when unconditional promises are made, or when ownership of contributed assets is transferred to the Organization. In accordance with US GAAP, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions.

Donated Services and Materials — Donated services and materials are recorded as both revenues and expenditures in the accompanying statements of activities 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.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received approximately 9,218 and 13,561 volunteer hours during the years ended June 30, 2023 and 2022, respectively, with an estimated fair value of approximately \$250,730 and \$387,031, 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 — The Organization is exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a)(2) of the Code. The Organization evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of FASB ASC 450, Contingencies. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions for the Organization. The Organization has no unrelated business taxable income. Accordingly, no provision for income taxes is made in the financial statements.

Functional Allocation of Expenses — Expenses are recognized when incurred in accordance with the accrual basis of accounting. The financial statements report certain categories of expenses that are attributable to one or more program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and contractors, which are allocated based upon the average departmental full-time employees (i.e., headcount); depreciation is allocated on a square footage basis; and salaries, benefits, payroll taxes, and professional fees, allocated on the basis of estimates of time and effort. Other expenses that could be directly assigned to a specific function are allocated to that function.

Changes in Accounting Principles — In February 2016, the FASB issued ASU 2016-02, Leases, which supersedes existing guidance on accounting for leases and generally requires all leases to be recognized on the statement of financial position. This guidance also requires disclosures about the amount, timing and uncertainty of cash flows arising from leases.

Reclassifications — Certain reclassifications have been made to the prior amounts to conform to the current year presentation.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

Amounts not available include net assets with donor restrictions and board designated funds that are not considered in the annual operating budget. While the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

	2023	2022
Cash and cash equivalents	\$ 1,010,343	\$ 3,429,619
Investments	4,500,242	1,974,542
Beneficial interest in perpetual trusts	405,504	392,783
Pledges receivable, net	826,279	573,430
Grants and other receivables	<u>243,467</u>	<u>99,941</u>
Total financial assets	<u>6,985,835</u>	<u>6,470,315</u>
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(1,355,362)	(934,398)
Restricted by donors in perpetuity	<u>(1,725,504)</u>	<u>(1,392,783)</u>
Total amounts unavailable for general expenditures with one year	<u>(3,080,866)</u>	<u>(2,327,181)</u>
Less amounts unavailable to management without Board's approval:		
Board designated for future use	<u>(591,264)</u>	<u>(591,264)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,313,705</u>	<u>\$ 3,551,870</u>

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition to the above, the Organization operates in accordance with a board-approved budget and anticipates collecting sufficient revenue to cover general expenditures.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2023	2022
Land	\$ 511,992	\$ 511,992
Land Improvements	82,840	82,840
Building and improvements	4,266,711	3,927,073
Furniture and equipment	<u>819,101</u>	<u>814,210</u>
Total	5,680,644	5,336,115
Less accumulated depreciation	<u>(1,856,085)</u>	<u>(1,588,192)</u>
Property and equipment, net	<u>\$ 3,824,559</u>	<u>\$ 3,747,923</u>

Depreciation expense totaled \$267,893 and \$63,918 for the years ended June 30, 2023 and 2022, respectively.

During 2022, the Organization entered into a 10 year building lease that has below market rates. The Organization recognized the building at the estimated fair value at the time of the lease in excess of the actual lease payments totaling \$2,432,894. The building is depreciated over the term of the lease.

4. FAIR VALUE DISCLOSURES

The Organization is required to use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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; and
- 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 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 is a description of the valuation methodologies used for the Organization's assets measured at fair value. There have been no changes in the methodologies used for the years ended June 30, 2023 and 2022.

Money Market and Mutual Funds — Valued at quoted prices in active markets.

See Note 5 regarding the fair value methodology of beneficial interest in perpetual trusts held by the Organization.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets stated at fair value as of June 30:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023:				
Money market funds	\$ 854,220	\$ 854,220		
Equity and fixed-income mutual funds	<u>3,646,022</u>	<u>3,646,022</u>		
Total investments	4,500,242	4,500,242	\$ —	\$ —
Beneficial interest in perpetual trusts	<u>405,504</u>		<u>405,504</u>	
Total	<u>\$ 4,905,746</u>	<u>\$ 4,500,242</u>	<u>\$ 405,504</u>	<u>\$ —</u>
2022:				
Money market funds	\$ 371,851	\$ 371,851		
Equity and fixed-income mutual funds	<u>1,602,691</u>	<u>1,602,691</u>		
Total investments	1,974,542	1,974,542	\$ —	\$ —
Beneficial interest in perpetual trusts	<u>392,783</u>		<u>392,783</u>	
Total	<u>\$ 2,367,325</u>	<u>\$ 1,974,542</u>	<u>\$ 392,783</u>	<u>\$ —</u>

Net investment income (loss) was composed of the following for the years ended June 30:

	2023	2022
Interest and dividends	\$ 58,694	\$ 25,403
Net realized and unrealized gains (losses)	133,961	(206,202)
Investment management and custodial fees	<u>(12,612)</u>	<u>(13,364)</u>
Investment income (loss), net	<u>\$ 180,043</u>	<u>\$ (194,163)</u>

5. BENEFICIAL INTEREST IN PERTEPTUAL TRUSTS

The Organization is an income beneficiary of two separate trusts whose principal is held at various financial institutions in perpetuity. The Organization's share of the fair value of the trusts totaled \$405,504 and \$392,783 at June 30, 2023 and 2022, respectively.

The fair value of the Organization's interest in the trusts is determined primarily based on the Organization's proportionate share of the fair value of the underlying assets of the trusts. Fair value of the underlying assets is determined using quoted market prices and pricing services. The Organization received \$12,229 and \$18,703 in distributions from the trusts during the years ended June 30, 2023 and 2022, respectively. The change in the beneficial interest in the trusts was \$12,721 and (\$80,180) in 2023 and 2022, respectively.

6. ALLOCATIONS AND DESIGNATIONS PAYABLE

Allocations approved by the Organization’s finance committee 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 statements of activities.

Allocations and designations payable was composed of the following for the years ended June 30:

	2023	2022
Allocations approved by the finance committee	\$ 700,680	\$ 757,500
Designations payable	<u>301,488</u>	<u>283,515</u>
Total	<u>\$ 1,002,168</u>	<u>\$ 1,041,015</u>

7. PAYCHECK PROTECTION PROGRAM LOAN

During the year ended June 30, 2020, the Organization applied for and received a \$212,500 forgivable loan from the Small Business Administration as part of the Paycheck Protection Program, which is part of the federal government’s Coronavirus Aid, Relief, and Economic Security Act. The Organization chose to account for the proceeds as debt. The loan was forgiven during the year ended June 30, 2022, and the proceeds were included in contributions and grants in the accompanying statement of activities.

8. NOTE PAYABLE

On May 28, 2020, the Organization refinanced a previously issued bond/swap with a note payable in the amount of \$285,000. The note bears interest at a fixed rate of 3.25% per annum and is secured by the Organization’s building. The note matures on May 28, 2030. The note is payable in monthly installments of \$2,791 with one irregular final payment of \$2,847.

Future payments related to the note payable are as follows:

2024	\$ 27,079
2025	27,985
2026	28,921
2027	29,889
2028	30,888
Thereafter	<u>62,155</u>
Total	<u>\$ 206,917</u>

9. LINE OF CREDIT

The Organization has available a revolving line of credit with a financial institution in the amount of \$300,000. Borrowings under the line of credit bear interest at the institution's index less 0.50% with a floor of 3% per annum and is secured by the Organization's building. The line of credit matures on June 1, 2025. There was no balance outstanding on the line of credit as of June 30, 2023 and 2022.

10. LEASES

The Organization adopted ASU 2016-02 effective July 1, 2022. The Organization leases office equipment. The Organization determines if an arrangement is a lease at the inception of a contract. Leases with an initial term of twelve months or less (short-term lease) are not recorded on the balance sheet. For leases that commenced before the effective date of ASU 2016-02, the Organization elected the permitted practical expedients to not reassess the following: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases. Right-of-use (ROU) assets represent the Organization's right to use an underlying asset during the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and operating lease liabilities of \$21,072 were recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. As the Organization's operating lease does not provide the implicit rate, the Organization elected to use the risk-free rate as of the commencement date in determining the present value of lease payments. The Organization considers publicly available data for instruments with similar characteristics when calculating its risk-free rate. Operating lease costs incurred during the year ended June 30, 2023, were \$4,466.

Other information:

Cash paid for amounts included in the measurement of lease liability:

Operating cash flows from operating lease	\$	4,466
Weighted average remaining lease term		3.92 years
Weighted average discount rate		1.66%

Undiscounted future cash flows for the operating lease as of June 30, 2023 are as follows:

2024	\$	4,466
2025		4,466
2026		4,466
2027		<u>4,094</u>
Future minimum lease payments		17,492
Lease amount representing interest		<u>568</u>
Operating lease liability recognized on the balance sheet	\$	<u><u>16,924</u></u>

11. ENDOWMENT FUNDS

Net assets with donor restrictions as of June 30, 2023 include several endowment funds for which the total investment return on such net assets may be used for the purposes of the Organization. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The state of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization has interpreted the state of Colorado's UPMIFA as permitting preservation of the fair value of the original 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 net assets with donor restrictions to be held in perpetuity (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 at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as net assets with donor restrictions restricted for a specified purpose or the passage of time 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 effect 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

The Organization has investment and spending policies for endowment assets that emphasize long-term growth and income. The Organization's endowment assets are invested in a manner that is intended to produce future income and stabilized returns.

Changes in endowment net assets with donor restrictions for the years ended June 30, are as follows:

	2023	2022
Endowment net assets, Beginning of year	\$ 1,932,641	\$ 2,299,279
Contributions	320,000	
Investment return, net	207,036	(293,046)
Appropriations for expenditure:		
Emergency grant fund	<u> </u>	<u>(73,592)</u>
Endowment net assets, End of year	<u>\$ 2,459,677</u>	<u>\$ 1,932,641</u>

	2023	2022
Net assets with donor restrictions		
The portion of endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ 1,725,504	\$ 1,392,783
Accumulated investment gains	<u>734,173</u>	<u>539,858</u>
Total	<u>\$ 2,459,677</u>	<u>\$ 1,932,641</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. No deficiency existed as of June 30, 2023 and 2022.

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.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30:

	2023	2022
Contributed family success center building, net	\$ 2,223,575	\$ 2,432,894
El Pomar Emergency Grant Fund, held in perpetuity	1,000,000	1,000,000
El Pomar Emergency Grant Fund	734,173	539,858
Beneficial interest in perpetual trusts	405,504	392,783
Nelson Reiger Estate Gift, held in perpetuity	320,000	
Family Success Center	451,895	252,907
CS Promise	70,221	105,081
Dolly Parton Imagination Library	88,073	25,906
Women United	11,000	8,731
Backpack Supply Drive	<u> </u>	<u>1,915</u>
Total net assets with donor restrictions	<u>\$ 5,304,441</u>	<u>\$ 4,760,075</u>

13. RETIREMENT PLAN

The Organization has a defined contribution pension plan (403(b) Thrift Plan) covering all employees, except those who are nonresident aliens. Participants are eligible for employer matching contributions 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 \$29,076 and \$24,823 to the defined contribution plan for the years ended June 30, 2023 and 2022, respectively.

14. CONTRIBUTIONS — NONFINANCIAL ASSETS

Contributions of nonfinancial assets consist of the following for the year ended June 30:

	Revenue Recognized	Utilization in Programs / Activities	Donor Restriction	Valuation Techniques / Inputs
2023:				
Media coverage	\$ 198,181	Management development	None	Fair market value
Supplies and other	12,339	Programs	None	Fair market value
Decor	1,932	Programs	None	Fair market value
Food and beverages	<u>1,295</u>	Programs	None	Fair market value
Total	<u>\$ 213,747</u>			

	Revenue Recognized	Utilization in Programs / Activities	Donor Restriction	Valuation Techniques / Inputs
2022:				
Donated FSC building	\$ 2,432,894	Programs	Time	Fair market value
Media coverage	250,060	Management development	None	Fair market value
Food and beverages	3,499	Programs	None	Fair market value
Supplies and other	1,396	Programs	None	Fair market value
Decor	<u>1,307</u>	Programs	None	Fair market value
Total	<u>\$ 2,689,156</u>			

15. RESTATEMENT OF PRIOR YEARS' FINANCIAL STATEMENTS

In the prior year, the Organization did not recognize a contributed nonfinancial asset related to donated property as a result of a 10 year building lease that had below market rates. The restatement resulted in an increase in property and equipment, net assets with donor restrictions and net income of \$2,432,894.

PIKES PEAK UNITED WAY

SUPPLEMENTAL INFORMATION

PIKES PEAK UNITED WAY

SCHEDULE OF FUNDS AWARDED FOR YEAR ENDED JUNE 30, 2023 (with comparative totals for 2022)

	2023	2022
Allocations to Partner Agencies		
Assistance League of Colorado Springs	\$ 13,300	\$ 10,000
Big Brothers Big Sisters of Colorado	26,000	35,000
Care and Share Food Bank	13,300	
CASA of the Pikes Peak Region	30,000	30,000
Catholic Charities	10,000	20,000
Colorado Springs Conservatory		5,000
Community of Caring Foundation	19,000	20,000
CPCD — Early head Start	86,000	100,000
CPCD — 2Gen	10,000	20,000
Court Care of the Pikes Peak Region	15,000	20,000
Crossfire Ministries	20,000	15,000
Dream Centers	10,000	3,000
Early Connections — Early Care and Education	107,500	125,000
Early Connections — Home Network	34,500	40,000
Envida		3,000
Forge Evolution	10,000	15,000
Fostering Hope Foundation	30,000	30,000
Greccio Housing	13,800	12,500
Homeward Pikes Peak	10,000	12,500
Hope & Home	14,950	
Interfaith Hospitality Network		15,000
Junior Achievement of Southern Colorado	10,000	7,500
Lutheran Social Services	28,230	40,000
Mt Carmel Veterans Service Center	10,000	20,000
Partners in Housing	32,500	20,000
Peak Education	30,000	20,000
Ronald McDonald House of Charities	10,000	5,000
Safe Passage	13,300	16,000
Serenity Recovery Connection	10,000	
Silver Key	20,000	20,000
TESSA	15,000	5,000
The Resource Exchange	10,000	10,000
The Salvation Army		8,000
Tri-Lakes Cares	13,300	15,000
The Place	25,000	40,000
	<u>700,680</u>	<u>757,500</u>
Total partner allocations		

(Continued)

PIKES PEAK UNITED WAY

SCHEDULE OF FUNDS AWARDED

FOR YEAR ENDED JUNE 30, 2023 (with comparative totals for 2022)

	2023	2022
Other Gross Funds Awarded		
Catholic Charities, Siemer Grants and Match	212,500	137,500
Donor designations	855,390	1,040,952
El Pomar Emergency Grants	70,000	31,900
Other agency awards and distributions	111,611	8,639
Awards to individuals	72,072	
	<hr/>	<hr/>
Total other gross funds awarded	1,321,573	1,218,991
Total gross funds awarded to agencies	2,022,253	1,976,491
Less designation	(855,390)	(1,040,952)
	<hr/>	<hr/>
Net funds awarded	\$ 1,166,863	\$ 935,539
	<hr/>	<hr/>

(Concluded)