

LIVE UNITED



Pikes Peak United Way
ppunitedway.org

Financial Statements

Years Ended June 30, 2015 and 2014

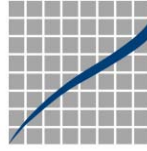
and

Independent Auditor's Report

PIKES PEAK UNITED WAY

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| FINANCIAL STATEMENTS | |
| <u>Statement of financial position</u> | 4 |
| <u>Statement of activities and changes in net assets</u> | 6 |
| <u>Statement of cash flows</u> | 7 |
| <u>Notes to financial statements</u> | 9 |
| SUPPLEMENTAL INFORMATION | |
| <u>Statement of functional expenses</u> | 26 |
| <u>Schedule of funds awarded</u> | 27 |
| <u>Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i></u> | 29 |
| <u>Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By OMB Circular A-133</u> | 32 |
| <u>Schedule of findings and questioned costs</u> | 36 |
| <u>Schedule of expenditures of federal awards</u> | 41 |
| <u>Notes to schedule of expenditures of federal awards</u> | 42 |



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees

Pikes Peak United Way

Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Pikes Peak United Way (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015 and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized information has been derived from the organization's June 30, 2014 financial statements and, in our report dated October 27, 2014, we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, 2015 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental Information

Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, along with the other supplemental information, as identified in the table of contents, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2015, on our consideration of Pikes Peak United Way's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pikes Peak United Way's internal control over financial reporting and compliance.

BiggsKofford, P.C.

Colorado Springs, Colorado
October 29, 2015

THIS PAGE INTENTIONALLY BLANK

PIKES PEAK UNITED WAY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015 (with comparative totals for 2014)

| | 2015 | 2014 |
|--|--------------|--------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 556,537 | \$ 808,471 |
| Contributions receivable - net | 1,311,561 | 1,425,572 |
| Grants and other receivable | 182,622 | 266,819 |
| Investments | 499,885 | 501,061 |
| Prepaid expenses and other | 39,553 | 33,955 |
| Total current assets | 2,590,158 | 3,035,878 |
| Property and equipment - net | 1,707,631 | 1,680,461 |
| Investments - long-term | 1,570,469 | 1,572,693 |
| Beneficial interest in perpetual trust | 403,729 | 422,671 |
| Total assets | \$ 6,271,987 | \$ 6,711,703 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 64,910 | \$ 45,269 |
| Accrued expenses | 170,725 | 138,839 |
| Allocations and designations payable | 1,824,289 | 2,054,926 |
| Current portion of note payable | 52,000 | 52,000 |
| Deferred revenue | 104,405 | 15,730 |
| Total current liabilities | 2,216,329 | 2,306,764 |
| Note payable - net of current portion | 368,334 | 420,334 |
| Total liabilities | 2,584,663 | 2,727,098 |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated | 878,038 | 1,159,618 |
| Board designated | 750,000 | 750,000 |
| Total unrestricted | 1,628,038 | 1,909,618 |
| Temporarily restricted | 655,557 | 652,316 |
| Permanently restricted | 1,403,729 | 1,422,671 |
| Total net assets | 3,687,324 | 3,984,605 |
| Total liabilities and net assets | \$ 6,271,987 | \$ 6,711,703 |

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

THIS PAGE INTENTIONALLY BLANK

PIKES PEAK UNITED WAY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2015 (with comparative totals for 2014)

| | 2015 | | | 2014 | |
|--|---------------------|---------------------------|---------------------------|---------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Total |
| PUBLIC SUPPORT AND REVENUE | | | | | |
| Gross campaign results | \$ 4,809,265 | \$ - | \$ - | \$ 4,809,265 | \$ 5,222,489 |
| Less donor designations to agencies | (1,595,120) | - | - | (1,595,120) | (1,777,602) |
| Less provision for uncollectible contributions | (281,855) | - | - | (281,855) | (304,176) |
| Net campaign revenue | 2,932,290 | - | - | 2,932,290 | 3,140,711 |
| Other contribution and grant revenue | 891,230 | 140,553 | - | 1,031,783 | 1,195,529 |
| Other revenue | 234,075 | - | - | 234,075 | 95,529 |
| Special events revenue, net | 1,727 | - | - | 1,727 | (173) |
| Legacies and bequests | 15,014 | - | - | 15,014 | 16,799 |
| Investment income | 20,931 | 37,491 | (18,942) | 39,480 | 314,859 |
| In-kind contributions | 21,499 | - | - | 21,499 | 3,410 |
| Net assets released from restrictions | 174,803 | (174,803) | - | - | - |
| Total revenue | 4,291,569 | 3,241 | (18,942) | 4,275,868 | 4,766,664 |
| EXPENSES | | | | | |
| Program services: | | | | | |
| Gross funds awarded | 3,157,408 | - | - | 3,157,408 | 3,772,717 |
| Less donor designations to agencies | (1,595,120) | - | - | (1,595,120) | (1,777,602) |
| Net funds awarded | 1,562,288 | - | - | 1,562,288 | 1,995,115 |
| Other program services | 1,827,446 | - | - | 1,827,446 | 1,420,382 |
| Total program services | 3,389,734 | - | - | 3,389,734 | 3,415,497 |
| Fundraising | 689,692 | - | - | 689,692 | 438,595 |
| General and administrative | 493,723 | - | - | 493,723 | 373,366 |
| Total expenses | 4,573,149 | - | - | 4,573,149 | 4,227,458 |
| Change in net assets | (281,580) | 3,241 | (18,942) | (297,281) | 539,206 |
| Net assets, beginning of period | 1,909,618 | 652,316 | 1,422,671 | 3,984,605 | 3,445,399 |
| Net assets, end of period | \$ 1,628,038 | \$ 655,557 | \$ 1,403,729 | \$ 3,687,324 | \$ 3,984,605 |

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

PIKES PEAK UNITED WAY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015 (with comparative totals for 2014)

| | <u>2015</u> | <u>2014</u> |
|---|--------------------------|--------------------------|
| <u>OPERATING ACTIVITIES</u> | | |
| Cash received from annual fundraising campaign | \$ 4,923,276 | 5,291,551 |
| Cash received from other income | 1,366,796 | 1,321,302 |
| Cash paid for community fund | (1,409,157) | (1,478,026) |
| Cash paid for designations | (1,824,127) | (1,959,859) |
| Cash paid to other facilitated community programs | (1,562,871) | (1,362,350) |
| Cash paid for PPUW community programs and operating expenses | (1,596,738) | (1,907,912) |
| Cash paid for interest | <u>(24,404)</u> | <u>(28,255)</u> |
| Net cash used in operating activities | <u>(127,225)</u> | <u>(123,549)</u> |
| <u>INVESTING ACTIVITIES</u> | | |
| Purchases of property and equipment | (120,874) | (101,819) |
| Purchases of investments | (11,903) | (551,901) |
| Proceeds from the sale of investments | <u>60,068</u> | <u>150,914</u> |
| Net cash used in investing activities | <u>(72,709)</u> | <u>(502,806)</u> |
| <u>FINANCING ACTIVITIES</u> | | |
| Payments on note payable | <u>(52,000)</u> | <u>(52,000)</u> |
| Net cash used in financing activities | <u>(52,000)</u> | <u>(52,000)</u> |
| Net decrease in cash and cash equivalents | (251,934) | (678,355) |
| Cash and cash equivalents, beginning of period | <u>808,471</u> | <u>1,486,826</u> |
| Cash and cash equivalents, end of period | <u><u>\$ 556,537</u></u> | <u><u>\$ 808,471</u></u> |

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

PIKES PEAK UNITED WAY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015 (with comparative totals for 2014)

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES | | |
| Change in net assets | \$ (297,281) | \$ 539,206 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 93,704 | 74,508 |
| Net realized and unrealized gains on investments | (44,765) | (231,242) |
| Gain on beneficial interest in perpetual trust | 18,942 | (33,447) |
| Derivative financial instrument | (10,870) | (12,240) |
| Changes in operating assets and liabilities: | | |
| Contributions receivable | 114,011 | 69,062 |
| Grants and other receivable | 84,197 | 13,619 |
| Prepaid expenses and other | (5,598) | (5,429) |
| Accounts payable and accrued expenses | 62,397 | (1,198) |
| Allocations and designations payable | (230,637) | (182,257) |
| Deferred revenue | 88,675 | (354,131) |
| Net cash used in operating activities | <u>\$ (127,225)</u> | <u>\$ (123,549)</u> |

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

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

United Way Worldwide — As part of our commitment to community excellence and measurable impact, our work is guided by United Way Worldwide's Standards of Excellence. These standards are designed to enhance the effectiveness of the approximately 1,800 United Way affiliates in 41 countries through shared best practices and benchmarks. The Organization is certified in compliance with all Membership Requirements, including compliance in the areas of governance, accounting standards and presentation. In 2012-2013, the United Way network raised \$4.26 billion making United Way the largest privately supported nonprofit in the world. PPUW is governed by its own volunteer Board of Trustees and pays annual dues to United Way Worldwide based upon campaign results. Annual dues to United Way Worldwide totaled \$54,448 and \$55,657 for the years ended June 30, 2015 and 2014, respectively.

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

Use of Estimates — The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the provision for uncollectible pledges, useful lives of property and equipment and allocation of functional expenses. Actual results could differ from those estimates.

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

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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

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

Contributions Receivable — Contributions receivable, all of which are due within one year, are unconditional and are recognized as assets and support in the period made. The Organization provides an allowance for uncollectible contributions, which is based upon management's periodic review of outstanding receivables, historical collection information and existing economic conditions. Contributions receivable are recorded net of an allowance for uncollectible pledges of \$282,466 and \$304,176 as of June 30, 2015 and 2014, 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.

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

**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.

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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

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

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

Cornerstone Members 2014-2015

| Level | Amount | Donor |
|-----------------|---------------------|---|
| Summit Level | \$100,000+ | Anschutz Foundation |
| Pinnacle Level | \$50,000 - \$99,000 | Rampart Supply |
| Vista Level | \$25,000 - \$49,000 | Deluxe Checks Unlimited GE Johnson Construction Co. Wells Fargo |
| Mesa Level | \$15,000 - \$24,999 | Current, Inc. Ent Federal Credit Union |
| Red Rocks Level | \$10,000 - \$14,999 | El Pomar Foundation FedEx T. Rowe Price Associates UPS - Colorado Springs U.S. Bank |

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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

Cornerstone Members 2014-2015

| <u>Level</u> | <u>Amount</u> | <u>Donor</u> |
|--------------|-------------------|--|
| Canyon Level | \$5,000 - \$9,999 | 5 Star Bank Aeroflex, Inc. Black Hills Energy Comcast Enterprise Holdings Company FirstBank Hewlett Packard Company Kaiser Permanente |

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

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

During the years ended June 30, 2015 and 2014, the Organization received in-kind professional consulting fees and supplies of \$21,499 and \$3,410, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received approximately 9,356 and 13,415 volunteer hours during the years ended June 30, 2015 and 2014, respectively, with an estimated fair value of approximately \$207,000 and \$297,000, respectively. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under US GAAP.

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

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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

The Organization follows the guidance contained in US GAAP which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken. Based on its evaluation, The Organization concluded that there are no uncertain tax positions that qualify for recognition or disclosure in the financial statements. Tax years that remain subject to examination include 2011 through the current period.

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

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

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

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

2. INVESTMENTS

Investments consist of the following at June 30:

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Equity mutual funds – domestic and international | \$ 1,721,909 | \$ 1,600,365 |
| Fixed income mutual funds | 348,445 | 473,389 |
| Beneficial interest in perpetual trust | <u>403,729</u> | <u>422,671</u> |
| Total | <u>\$ 2,474,083</u> | <u>\$ 2,496,425</u> |

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

2. INVESTMENTS (CONTINUED)

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

| | | |
|--|---------------------|---------------------|
| Investments – current | \$ 499,885 | \$ 501,061 |
| Investments – long-term | 1,570,469 | 1,572,693 |
| Beneficial interest in perpetual trust | <u>403,729</u> | <u>422,671</u> |
| Total | <u>\$ 2,474,083</u> | <u>\$ 2,496,425</u> |

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

| | | |
|---|------------------|-------------------|
| Interest and dividends | \$ 11,839 | \$ 49,471 |
| Net realized and unrealized gains | 44,611 | 231,242 |
| Gain (loss) on beneficial interest in perpetual trust | (18,942) | 33,446 |
| Investment fees | (8,898) | (11,540) |
| Derivative financial instrument | <u>10,870</u> | <u>12,240</u> |
| Total | <u>\$ 39,480</u> | <u>\$ 314,859</u> |

3. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Organization is an 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 \$286,642 and \$299,162 as of June 30, 2015 and 2014, respectively. The Organization received \$9,431 and \$8,798 of investment income from this trust for the years ended June 30, 2015 and 2014, respectively.

The Organization is an 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 \$117,087 and \$123,509 as of June 30, 2015 and 2014, respectively. The Organization received \$5,490 and \$5,207 of investment income from this trust for the years ended June 30, 2015 and 2014, respectively.

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

| | <u>2015</u> | <u>2014</u> |
|----------------------------|---------------------|---------------------|
| Land | 511,992 | \$ 511,992 |
| Land improvements | 78,706 | 78,706 |
| Building | 1,446,115 | 1,390,176 |
| Furniture and equipment | <u>625,353</u> | <u>560,417</u> |
| Total | 2,662,166 | 2,541,291 |
| Accumulated depreciation | <u>(954,535)</u> | <u>(860,830)</u> |
| Net property and equipment | <u>\$ 1,707,631</u> | <u>\$ 1,680,461</u> |

Depreciation expense was \$93,704 and \$74,508 for the years ended June 30, 2015 and 2014, respectively.

5. ALLOCATIONS AND DESIGNATIONS PAYABLE

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

Allocations and designations consist of the following at June 30:

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Allocations approved by Board of Trustees | \$ 1,125,347 | \$ 1,411,629 |
| Designations payable | <u>698,942</u> | <u>643,297</u> |
| Total | <u>\$ 1,824,289</u> | <u>\$ 2,054,926</u> |

6. LINE OF CREDIT

The Organization has a commitment from a financial institution for a line of credit in the amount of \$350,000. Borrowings under the line of credit bear interest at the greater of a floating rate equal to the institution's index plus 1.00% or the floor rate of 5.00% per annum and are secured by personal property, pledges and grants. The line of credit matures on January 30, 2016. As of June 30, 2015 and 2014, there were no balances outstanding on this line of credit.

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

7. NOTE PAYABLE

The Organization has a note payable with a balance of \$420,334 and \$472,334 at June 30, 2015 and 2014, respectively, payable in monthly installments of \$4,333 plus interest. The note bears interest at the London Interbank Offered Rate (LIBOR) plus 0.80% per annum, is collateralized by real estate and is due in July of 2023.

Aggregate annual maturities of these notes payable are as follows as of June 30, 2015:

| <u>Years Ending June 30,</u> | |
|------------------------------|--------------------------|
| 2016 | \$ 52,000 |
| 2017 | 52,000 |
| 2018 | 52,000 |
| 2019 | 52,000 |
| 2020 | 52,000 |
| Thereafter | <u>160,334</u> |
| Total | <u><u>\$ 420,334</u></u> |

The Organization holds an interest rate swap agreement to fix the interest rate on the note at 5.59% per annum for the term of the note. The swap agreement was issued with a notional principal amount equivalent to the outstanding note. The estimated fair value of the swap agreement was a liability of \$54,044 and \$64,914 as of June 30, 2015 and 2014, respectively. These amounts have been included in accrued expenses on the accompanying statement of financial position. The Organization reported gains of \$10,870 and \$12,240 due to changes in the fair value of the interest rate swap agreement during the years ended June 30, 2015 and 2014, respectively. Total interest expense for the years ended June 30, 2015 and 2014 was \$24,404 and \$28,255, respectively.

8. 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, 2015 and 2014.

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

8. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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.

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

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

8. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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:

| | 2015 | | | |
|--------------------------------------|---------------------|---------------------|-------------------|----------------|
| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| ASSETS | | | | |
| Equity and fixed income mutual funds | \$ 2,070,354 | \$ 2,070,354 | \$ - | \$ - |
| Beneficial interest in perpetual | <u>403,729</u> | <u>-</u> | <u>403,729</u> | <u>-</u> |
| | <u>\$ 2,474,083</u> | <u>\$ 2,070,354</u> | <u>\$ 403,729</u> | <u>\$ -</u> |
| LIABILITIES | | | | |
| Interest rate swap (Note 7) | <u>\$ 54,044</u> | <u>\$ -</u> | <u>\$ 54,044</u> | <u>\$ -</u> |
| | | | | |
| | 2014 | | | |
| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| ASSETS | | | | |
| Equity and fixed income mutual funds | \$ 2,073,754 | \$ 2,073,754 | \$ - | \$ - |
| Beneficial interest in perpetual | <u>422,671</u> | <u>-</u> | <u>422,671</u> | <u>-</u> |
| | <u>\$ 2,496,425</u> | <u>\$ 2,073,754</u> | <u>\$ 422,671</u> | <u>\$ -</u> |
| LIABILITIES | | | | |
| Interest rate swap (Note 7) | <u>\$ 64,914</u> | <u>\$ -</u> | <u>\$ 64,914</u> | <u>\$ -</u> |

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

9. BOARD DESIGNATED UNRESTRICTED NET ASSETS

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

10. TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2015 and 2014, temporarily restricted net assets are available for the following purposes:

| | <u>2015</u> | <u>2014</u> |
|--|-------------------|-------------------|
| El Pomar Emergency Grant Fund | \$ 506,696 | \$ 586,191 |
| Women's Leadership Council | 11,710 | 26,710 |
| Community Information Systems contracts | 40,853 | 19,309 |
| 2-1-1 contracts | 26,298 | 11,557 |
| Healthcare navigator position (Colorado Health Partners) | 70,000 | - |
| Leaders in giving | - | 5,000 |
| Military Family Assistance Program | - | 3,549 |
| Total | <u>\$ 655,557</u> | <u>\$ 652,316</u> |

11. PERMANENTLY RESTRICTED NET ASSETS

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

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| El Pomar Emergency Grant Fund | \$ 1,000,000 | \$ 1,000,000 |
| Beneficial interest in perpetual trust | 403,729 | 422,671 |
| Total | <u>\$ 1,403,729</u> | <u>\$ 1,422,671</u> |

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

11. PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

In a previous year, a donor established an irrevocable, perpetual trust with a bank, naming the Organization as one of its beneficiaries. Under the terms of the trust agreement, the Organization is to receive a stated percentage of the interest earned on the corpus of the trust assets, at the date of the donor's death, in perpetuity for its unrestricted use. The Organization's percentage of the assets held in the trust totaled \$403,729 and \$422,671 as of June 30, 2015 and 2014, respectively, and is reported at fair value in the Organization's statement of financial position.

12. ENDOWMENT FUNDS

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

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

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

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

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

12. ENDOWMENT FUNDS (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2015, is as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|----------------------------------|---------------------|-------------------------------|-------------------------------|---------------------|
| Donor-restricted endowment funds | \$ - | \$ 506,696 | \$ 1,403,729 | \$ 1,910,425 |
| Board-designated endowment funds | <u>621,994</u> | <u>-</u> | <u>-</u> | <u>621,994</u> |
| Total funds | <u>\$ 621,994</u> | <u>\$ 506,696</u> | <u>\$ 1,403,729</u> | <u>\$ 2,532,419</u> |

Changes in endowment net assets for the year ended June 30, 2015, are as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-------------------------------|-------------------------------|---------------------|
| Endowment net assets, beginning of year | <u>\$ 528,383</u> | <u>\$ 586,191</u> | <u>\$ 1,422,671</u> | <u>\$ 2,537,245</u> |
| Investment return: | | | | |
| Investment income | 11,339 | 3,402 | - | 14,741 |
| Net appreciation (realized and unrealized) | <u>7,276</u> | <u>37,491</u> | <u>-</u> | <u>44,767</u> |
| Total investment return | <u>18,615</u> | <u>40,893</u> | <u>-</u> | <u>59,508</u> |
| Contributions | 10,391 | - | - | 10,391 |
| Board appropriation - Emergency Grant Fund | 70,435 | (70,435) | - | - |
| Appreciation (depreciation) of endowment | <u>(5,830)</u> | <u>(49,953)</u> | <u>(18,942)</u> | <u>(74,725)</u> |
| Endowment net assets, end of year | <u>\$ 621,994</u> | <u>\$ 506,696</u> | <u>\$ 1,403,729</u> | <u>\$ 2,532,419</u> |

Permanently Restricted Net Assets

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

\$ 1,403,729

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

12. ENDOWMENT FUNDS (CONTINUED)

Temporarily Restricted Net Assets

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

| | |
|--------------------------|-------------------|
| With purpose restriction | <u>\$ 506,696</u> |
|--------------------------|-------------------|

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

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

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

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

See independent auditor's report

PIKES PEAK UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

13. PENSION PLAN

The Organization has a defined contribution pension plan (403(b) Thrift Plan) covering all full-time regular employees, who are eligible after one year of service. The Organization's base contribution consists of 6.00% of eligible employee gross salaries with an additional 2.00% matching contribution based on participating employee individual contributions. The Organization contributed \$19,285 to the defined contribution plan for the year ended June 30, 2015. The Organization did not make any contributions for the year ended June 30, 2014.

14. RESTATEMENT

The Organization identified a prior period error that required restating beginning net assets in the accompanying financial statements for the recording of an additional beneficial interest in perpetual trust in the amount of \$299,163.

The effects on the Association's previously issued June 30, 2014 financial statements are summarized as follows:

Statement of financial position as of June 30, 2014:

| | Previously Reported | Change | Restated |
|--|------------------------|-------------------|---------------------|
| Beneficial interest in perpetual trust | <u>\$ 123,508</u> | <u>\$ 299,163</u> | <u>\$ 422,671</u> |
| Total assets | <u>\$ 6,412,540</u> | <u>\$ 299,163</u> | <u>\$ 6,711,703</u> |
| Net assets, beginning of period | <u>\$ 3,166,138</u> | <u>\$ 279,261</u> | <u>\$ 3,445,399</u> |
| Net assets, end of period | <u>\$ 3,685,442</u> | <u>\$ 299,163</u> | <u>\$ 3,984,605</u> |

Statement of activities for the year ended June 30, 2014:

| | | | |
|----------------------|---------------------|------------------|---------------------|
| Revenues | <u>\$ 4,746,762</u> | <u>\$ 19,902</u> | <u>\$ 4,766,664</u> |
| Change in net assets | <u>\$ 519,304</u> | <u>\$ 19,902</u> | <u>\$ 539,206</u> |

* * * * *

See independent auditor's report

PIKES PEAK UNITED WAY

SUPPLEMENTAL INFORMATION

PIKES PEAK UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

| | PROGRAM SERVICES | | | | | | | | SUPPORTING SERVICES | | | 2015 Totals | |
|--|---------------------|-------------------|-------------------------|-------------------------------|---|--------------------|----------------------|------------------|---------------------|-------------------|-------------------------------|---------------------|---------------------|
| | Net Funds Awarded | Community Impact | 2-1-1 Info and Referral | Community Information Systems | Education - Friends, Families & Neighbors | Volunteer Services | Dolly Parton Library | Other Programs | Total | Fundraising | Organizational Administration | | Total |
| Gross distributions to agencies | \$ 3,157,408 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,157,408 | \$ - | \$ - | \$ - | \$ 3,157,408 |
| Less donor designations to agencies | (1,595,120) | - | - | - | - | - | - | - | (1,595,120) | - | - | - | (1,595,120) |
| Net allocations granted to agency programs | 1,562,288 | - | - | - | - | - | - | - | 1,562,288 | - | - | - | 1,562,288 |
| Salaries | - | 307,470 | 247,979 | 184,346 | 37,441 | 17,750 | 38,500 | 36,162 | 869,648 | 276,554 | 457,455 | 734,009 | 1,603,657 |
| Payroll taxes | - | 22,708 | 17,876 | 13,897 | 2,737 | 1,298 | 2,814 | 2,590 | 63,920 | 20,375 | 32,923 | 53,298 | 117,218 |
| Employee benefits | - | 27,476 | 42,261 | 28,753 | 4,751 | 2,246 | 4,886 | 3,671 | 114,044 | 35,170 | 54,273 | 89,443 | 203,487 |
| Total | 1,562,288 | 357,654 | 308,116 | 226,996 | 44,929 | 21,294 | 46,200 | 42,423 | 2,609,900 | 332,099 | 544,651 | 876,750 | 3,486,650 |
| Occupancy | - | 37,128 | 83,353 | 43,161 | 7,514 | 2,630 | 6,902 | 12,872 | 193,560 | 38,180 | 64,917 | 103,097 | 296,657 |
| Contract services | - | 70,837 | 51,212 | 65,576 | 5,334 | 1,850 | 4,844 | 23,679 | 223,332 | 43,837 | 45,657 | 89,494 | 312,826 |
| United Way Worldwide dues | - | 7,610 | 12,049 | 8,033 | 1,607 | 562 | 1,473 | 1,607 | 32,941 | 7,626 | 13,881 | 21,507 | 54,448 |
| Printing | - | 2,071 | 4,733 | 695 | 358 | 49 | 337 | 5,992 | 14,235 | 13,423 | 1,200 | 14,623 | 28,858 |
| Supplies | - | 1,371 | 3,604 | 1,498 | 5,509 | 45 | 202,857 | 1,023 | 215,907 | 3,182 | 1,107 | 4,289 | 220,196 |
| Staff development | - | 14,828 | 6,342 | 3,851 | 1,315 | 209 | 549 | 2,401 | 29,495 | 4,132 | 5,171 | 9,303 | 38,798 |
| Insurance | - | 4,104 | 5,421 | 3,614 | 723 | 253 | 663 | 723 | 15,501 | 3,431 | 6,245 | 9,676 | 25,177 |
| Postage and shipping | - | 191 | 269 | 168 | 90 | 11 | 50 | 405 | 1,184 | 5,714 | 265 | 5,979 | 7,163 |
| Meeting expense | - | 12,282 | 4,054 | 2,674 | 500 | 155 | 407 | 2,254 | 22,326 | 34,180 | 3,833 | 38,013 | 60,339 |
| Travel | - | 7,992 | 3,348 | 3,522 | 1,249 | 93 | 244 | 3,436 | 19,884 | 7,646 | 2,303 | 9,949 | 29,833 |
| Miscellaneous | - | 423 | 10,605 | 267 | 53 | 19 | 49 | 53 | 11,469 | 273 | 462 | 735 | 12,204 |
| Total | - | 158,837 | 184,990 | 133,059 | 24,252 | 5,876 | 218,375 | 54,445 | 779,834 | 161,624 | 145,041 | 306,665 | 1,086,499 |
| TOTAL OPERATING EXPENSES | \$ 1,562,288 | \$ 516,491 | \$ 493,106 | \$ 360,055 | \$ 69,181 | \$ 27,170 | \$ 264,575 | \$ 96,868 | \$ 3,389,734 | \$ 493,723 | \$ 689,692 | \$ 1,183,415 | \$ 4,573,149 |

See independent auditor's report.

PIKES PEAK UNITED WAY
SCHEDULE OF FUNDS AWARDED
FOR THE YEAR ENDED JUNE 30, 2015 AND 2014

| Allocations to Partner Agencies and Affiliates | 2015 | 2014 |
|--|------------------|------------------|
| American Red Cross Pikes Peak Chapter | \$ 3,599 | \$ 4,499 |
| The ARC of the Pikes Peak Region | 8,368 | 10,460 |
| AspenPointe Youth Directions | 12,494 | 15,617 |
| BethHaven, Incorporated | 13,159 | 16,449 |
| Big Brothers Big Sisters of Colorado, Inc. - Pikes Peak | 25,450 | 31,812 |
| Care and Share Food Bank for Southern Colorado | 31,789 | 39,736 |
| * CASA of the Pikes Peak Region | 45,099 | 56,374 |
| Catholic Charities of Central Colorado | 101,385 | 126,731 |
| Marion Downs Center (formerly The Center for Hearing, Speech & Language) | - | 4,945 |
| Cheyenne Village, Inc. | 48,105 | 60,131 |
| Colorado Legal Services | 11,878 | 14,848 |
| Community Partnership for Child Development | 111,432 | 139,290 |
| * Diakonia | 5,998 | 7,498 |
| Amblicab (formerly Disability Services, Inc.) | 25,655 | 32,069 |
| Early Connection Learning Centers | 133,758 | 167,197 |
| Energy Resource Center | 23,204 | 29,005 |
| Franciscan Community Counseling, Inc. | 5,584 | 6,980 |
| Griffith Centers for Children / CHINS UP | 1,307 | 1,634 |
| * Joint Initiaves for Youth and Families / Alliance for Kids | 8,210 | 10,263 |
| LULAC National Education Service Centers, Inc. | 2,736 | 3,420 |
| Lutheran Family Services - Rocky Mountains | 13,294 | 16,617 |
| Partners in Housing | 26,581 | 33,226 |
| Peak Vista Community Health Centers | 80,090 | 100,112 |
| REACH Pikes Peak (formerly Pikes Peak Community Action Agency) | 39,941 | 49,926 |
| Pikes Peak Habitat for Humanity, Inc. | 12,891 | 16,114 |
| The Resource Exchange, Inc. | 37,602 | 47,002 |
| The Salvation Army, El Paso County | 151,393 | 189,241 |
| Silver Key Senior Services, Inc. | 28,627 | 35,784 |
| Southern Colorado AIDS Project | 9,139 | 11,424 |
| TESSA | 62,736 | 78,420 |
| Tri-Lakes Cares | 28,609 | 35,762 |
| Women's Resource Agency, Inc. | 15,234 | 19,043 |
| Total partner and affiliates allocations | 1,125,347 | 1,411,629 |

See independent auditor's report.

PIKES PEAK UNITED WAY
SCHEDULE OF FUNDS AWARDED
FOR THE YEAR ENDED JUNE 30, 2015 AND 2014

| Allocations to Partner Agencies and Affiliates (continued) | <u>2015</u> | <u>2014</u> |
|---|--------------------------------|--------------------------------|
| Other Gross Funds Awarded | | |
| Designations, partner agencies | \$ 643,540 | \$ 846,044 |
| Designations, non-partner agencies | 949,950 | 931,558 |
| Colorado Springs Housing and Community Development | 234,600 | 420,153 |
| El Pomar Emergency Grants | 112,892 | 34,156 |
| Military Family Assistance | 46,490 | 36,451 |
| Sponsorships | 20,432 | 14,700 |
| Siemer Family/Kaiser Grants | 25,000 | - |
| Manitou Springs Flood Relief | - | 100,000 |
| Funds awarded in 2014 year not paid out in 2015 | <u>(2,472)</u> | <u>(21,974)</u> |
| Total gross funding to agencies | <u>3,155,779</u> | <u>3,772,717</u> |
| Less designation | <u>(1,593,490)</u> | <u>(1,777,602)</u> |
| Net funds awarded | <u><u>\$ 1,562,289</u></u> | <u><u>\$ 1,995,115</u></u> |

* Affiliates

See independent auditor's report.



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

Board of Trustees
Pikes Peak United Way
Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pikes Peak United Way (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pikes Peak United Way's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002 and 2015-003.

Pikes Peak United Way's Response to Findings

Pikes Peak United Way's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Pikes Peak United Way's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

BiggsKofford, P.C.

Colorado Springs, Colorado
October 29, 2015

THIS PAGE INTENTIONALLY BLANK



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

Board of Trustees
Pikes Peak United Way
Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program

We have audited Pikes Peak United Way's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Pikes Peak United Way's major federal programs for the year ended June 30, 2015. Pikes Peak United Way's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Pikes Peak United Way's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pikes Peak United Way's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our report does not provide a legal determination of Pikes Peak United Way's compliance.

Opinion on Each Major Federal Program

In our opinion, Pikes Peak United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Pikes Peak United Way is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Pikes Peak United Way's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pikes Peak United Way's internal control over compliance.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompany schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003 that we consider to be material weaknesses.

Pikes Peak United Way's response to the internal control over compliance findings identified in our audit is described in the accompany schedule of findings and questioned costs. Pikes Peak United Way's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

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

We have audited the financial statements of Pikes Peak United Way as of and for the year ended June 30, 2015, and have issued our report thereon dated October 29, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted of the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements.

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

BiggsKofford, P.C.

Colorado Springs, Colorado
October 29, 2015

THIS PAGE INTENTIONALLY BLANK

PIKES PEAK UNITED WAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS

Financial statements

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

Federal awards

| | |
|--|-------------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | <i>Yes</i> |
| Significant deficiencies identified? | <i>No</i> |
| Type of auditors' report issued on compliance for major programs: | <i>Unmodified</i> |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | <i>Yes</i> |

Identification of major programs

| Name of program | CFDA # |
|---|------------|
| Emergency shelter grants program | 14.231 |
| Community development block grants - entitlement grants | 14.218 |
| Dollar threshold used to determine between type A and B programs: | \$ 300,000 |
| Auditee qualified as a low-risk auditee? | <i>No</i> |

2. FINANCIAL STATEMENT FINDINGS

The audit disclosed no findings required to be reported.

3. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings were reported.

PIKES PEAK UNITED WAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

| REFERENCE NUMBER | Correction Actions Not Started or In Progress |
|------------------|--|
| 2015-001 | <p><u>Criteria</u></p> <p>OMB Circular A-133, Subpart C, §____.320, <i>Report submission</i>, requires the auditee to submit its reporting package to the Federal Audit Clearinghouse ("FAC") within the earlier of 30 days after receipt of the auditor's reports, or nine months after the end of the audit period.</p> <p><u>Condition</u></p> <p>During our field work we noted that the Organization had not submitted its reporting package as of and for the year ended June 30, 2014 report with the Federal Audit Clearinghouse ("FAC").</p> <p><u>Cause</u></p> <p>The Organization experienced turnover in accounting leadership around the time the audit as of and for the year ended June 30, 2014 was completed and new management was unfamiliar with this requirement.</p> <p><u>Effect</u></p> <p>The Organization is late in filing its reporting package with the FAC.</p> <p><u>Perspective information</u></p> <p>There were no findings or questioned costs from the audit as of an for the year ended June 30, 2014.</p> <p><u>Questioned costs</u></p> <p>N/A</p> <p><u>Recommendations</u></p> <p>We recommend management implement procedures necessary to ensure timely submission of the Organization's reporting package to the FAC.</p> |

PIKES PEAK UNITED WAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

| REFERENCE NUMBER | Correction Actions Not Started or In Progress |
|-------------------------|---|
| 2015-001 (continued) | <p><u>Views of responsible officials</u></p> <p>Management is now aware of this requirement and has been attempting to file the Organization's reporting package as of and for the year ended June 30, 2014 report with the FAC. However, the website for submission has not been accessible since management became aware of the requirement. Management intends to continue to check accessibility of the website and submit this report as soon as possible. Management also intends to implement procedures necessary to ensure timely submissions going forward.</p> |
| 2015-002 | <p><u>Criteria</u></p> <p>The 2014-15 Human Services Agreement Community Development Block Grant Funds ("CDBG") Contract; Section 6 states, "In order to receive payment, Contractor must submit a Request for Reimbursement and all required attachments...All requests for reimbursement must include the Request for Reimbursement Form...and all required supporting documentation (e.g. time sheets and payroll records)."</p> <p><u>Condition</u></p> <p>We noted several expense reimbursement requests from a sub recipient that were submitted to the Organization without the proper backup to support the request for distributions.</p> <p><u>Cause</u></p> <p>The Organization did not have the controls in place to review the supporting documentation and ensure it supported the full amount of reimbursement requested.</p> <p><u>Effect</u></p> <p>The Organization distributed funds which the underlying documentation provided by the sub recipient did not substantiate.</p> <p><u>Perspective information</u></p> <p>Upon discovery of this omission, management requested and obtained documentation to substantiate all previously provided reimbursements.</p> |

PIKES PEAK UNITED WAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

| REFERENCE NUMBER | Correction Actions Not Started or In Progress |
|-------------------------|---|
| 2015-002 (continued) | <p><u>Questioned costs</u></p> <p>N/A</p> <p><u>Recommendations</u></p> <p>We recommend the Organization implement procedures to ensure reimbursements to sub recipients are only provided after full review of supporting documentation to ensure all requirements have been met and substantiated.</p> <p><u>Views of responsible officials</u></p> <p>Management acknowledges the omission and intends to implement the recommendation above.</p> |
| 2015-003 | <p><u>Criteria</u></p> <p>OMB Circular A-133 Compliance Supplement, Part 6, Section M, <i>Sub Recipient Monitoring</i>, requires the Organization to monitor sub recipients including performing procedures to provide reasonable assurance that the sub recipient obtains required audits and takes appropriate corrective action on audit findings.</p> <p><u>Condition</u></p> <p>The Organization did not perform the required procedures during the period under audit.</p> <p><u>Cause</u></p> <p>Management was unaware of this requirement.</p> <p><u>Effect</u></p> <p>The Organization was out of compliance with this requirement.</p> |

PIKES PEAK UNITED WAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

| REFERENCE NUMBER | Correction Actions Not Started or In Progress |
|-------------------------|---|
| 2015-003 (continued) | <p><u>Perspective information</u></p> <p>Once management became aware of this requirement, they inquired of all sub recipients regarding audit requirements and determined all were either under the thresholds requiring an audit under the requirements of OMB Circular A-133 for the period in question or had received such an audit with no findings or questioned costs.</p> <p><u>Questioned costs</u></p> <p>N/A</p> <p><u>Recommendations</u></p> <p>We recommend the Organization implement procedures to ensure it complies with compliance requirements related to sub recipients of federal funds, including obtaining reasonable assurance that required audits have been obtained and appropriate correction action is taken with respect to audit findings.</p> <p><u>Views of responsible officials</u></p> <p>Management acknowledges the omission and intends to implement the recommendation above.</p> |

PIKES PEAK UNITED WAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

| <u>Federal Grantor / Program Title</u> | <u>CFDA Number</u> | <u>Direct</u> | <u>Pass - Through</u> | <u>Total</u> |
|--|------------------------|-------------------|---------------------------|-------------------|
| <u>Department of Housing and Urban Development</u> | | | | |
| Continuum of care program | 14.267 | \$ 196,174 | \$ - | \$ 196,174 |
| Emergency shelter grants program | 14.231 | 50,450 | - | 50,450 |
| Community development block grants - entitlement grants | 14.218 | <u>8,000</u> | <u>234,600</u> | <u>242,600</u> |
| <i>Total Department of Housing and Urban Development</i> | | <u>254,624</u> | <u>234,600</u> | <u>489,224</u> |
| <u>Department of Health and Human Services</u> | | | | |
| Special programs for the aging - Title III, part B, grants for supportive services and senior centers | 93.044 | <u>32,101</u> | <u>-</u> | <u>32,101</u> |
| <i>Total Department of Health and Human Services</i> | | <u>32,101</u> | <u>-</u> | <u>32,101</u> |
| <i>Total expenditures of federal awards</i> | | <u>\$ 286,725</u> | <u>\$ 234,600</u> | <u>\$ 521,325</u> |

PIKES PEAK UNITED WAY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

1. BASIS OF PRESENTATION

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

2. SUB RECIPIENTS

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

| Program Title | CFDA number | Amounts provided to sub recipients |
|--|----------------|--|
| U.S. Department of Housing and Urban Development - | | |
| Community development block grant | | |
| Catholic Charities - Marian House | 14.218 | \$ 45,460 |
| Special Kids Special Families - Zach's Place | 14.218 | 17,000 |
| Early Connections Learning Centers | 14.218 | 18,500 |
| The Salvation Army - RJ Montgomery Center | 14.218 | 72,000 |
| Safe Passage - Victim Advocacy | 14.218 | 9,000 |
| CASA - Dependency & Neglect | 14.218 | 14,000 |
| CASA - Supervised Engage & Parenting Time | 14.218 | 6,500 |
| Ascending to Health Respite Care | 14.218 | 36,640 |
| Interfaith Hospitality Network | 14.218 | 7,500 |
| The Salvation Army - Children's Discovery Center | 14.218 | <u>8,000</u> |
| Federal awards provided to sub recipients | | <u><u>\$ 234,600</u></u> |

* * * * *