

**PIKES PEAK COMMUNITY FOUNDATION
AND AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENT OF ACTIVITIES	3
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	8



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Pikes Peak Community Foundation and Affiliate
Colorado Springs, Colorado

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Pikes Peak Community Foundation and Affiliate, a nonprofit organization, (collectively, the Foundation), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pikes Peak Community Foundation and Affiliate as of December 31, 2021, and the results of its changes in 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters – Prior Period Consolidated Financial Statements

The consolidated financial statements of the Foundation as of December 31, 2020, were audited by other auditors whose report dated August 24, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.



CliftonLarsonAllen LLP

Denver, Colorado
September 1, 2022

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 20,605,677	\$ 14,152,868
Investments	54,491,168	51,418,481
Notes Receivable, Net	1,681,898	566,177
Land Held for Sale	62,500	62,500
Property and Equipment, Net	8,794,632	8,098,733
Land Held for Investment	1,700,000	1,700,000
Water Rights	6,003,554	6,003,554
Investment in Real Estate Entity	900,000	700,000
Other Assets	525,521	414,080
Total Assets	\$ 94,764,950	\$ 83,116,393
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 500,619	\$ 186,518
Conditional Grants	-	164,800
Funds Held as Agency Endowments	2,229,777	1,843,137
Funds Held in Trust for Others	4,562,208	4,269,153
Total Liabilities	7,292,604	6,463,608
NET ASSETS		
Without Donor Restrictions:		
Designated for Endowment	18,282,808	16,059,331
Undesignated	68,225,376	60,593,454
Total Net Assets Without Donor Restrictions	86,508,184	76,652,785
With Donor Restrictions	964,162	-
Total Net Assets With Donor Restrictions	87,472,346	76,652,785
Total Liabilities and Net Assets	\$ 94,764,950	\$ 83,116,393

See accompanying Notes to Consolidated Financial Statements.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions			Total	With Donor Restrictions	Total
	Internal Funds	Community Funds	Real Estate Funds			
REVENUE						
Contributions	\$ 169,265	\$ 13,437,928	\$ 106,435	\$ 13,713,628	\$ 1,000,936	\$ 14,714,564
Investment Income, Net	1,279,639	4,172,325	215,166	5,667,130	-	5,667,130
Program Income	20,000	1,260	4,600	25,860	-	25,860
In-Kind Revenue	4,880	1,420	-	6,300	-	6,300
Management Fee, Internal	726,097	(719,907)	(6,190)	-	-	-
Management Fee, Charged to Others	-	42,582	-	42,582	-	42,582
Paycheck Protection Program Loan Forgiveness	140,129	-	20,900	161,029	-	161,029
Other Revenue	9,528	37,219	3,600	50,347	-	50,347
Net Assets Released from Restriction		20,800	15,974	36,774	(36,774)	-
Total Revenue	2,349,538	16,993,627	360,485	19,703,650	964,162	20,667,812
EXPENSES AND LOSSES						
Grants	-	7,832,027	15,974	7,848,001	-	7,848,001
Payroll and Related	1,055,110	-	179,662	1,234,772	-	1,234,772
General and Administrative	236,985	112,188	48,121	397,294	-	397,294
Rent and Utilities	103,744	9,164	8,450	121,358	-	121,358
Nongrant Program Expenses	21,880	139,786	10,473	172,139	-	172,139
Legal and Professional	21,551	13,936	6,401	41,888	-	41,888
Depreciation	4,240	18,309	10,250	32,799	-	32,799
Total Expenses	1,443,510	8,125,410	279,331	9,848,251	-	9,848,251
CHANGE IN NET ASSETS	\$ 906,028	\$ 8,868,217	\$ 81,154	\$ 9,855,399	\$ 964,162	10,819,561
Net Assets - Beginning of Year						76,652,785
NET ASSETS - END OF YEAR						\$ 87,472,346

See accompanying Notes to Consolidated Financial Statements.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions				With Donor Restrictions	Total
	Internal Funds	Community Funds	Real Estate Funds	Total		
REVENUE						
Contributions	\$ 608,764	\$ 10,611,086	\$ 1,987,500	\$ 13,207,350	\$ -	\$ 13,207,350
Investment Income, Net	556,502	4,793,724	332,751	5,682,977	-	5,682,977
Program Income	83,667	23,706	5,210	112,583	-	112,583
Management Fee, Internal	563,681	(550,936)	(12,745)	-	-	-
Management Fee, Charged to Others	-	42,710	-	42,710	-	42,710
Other Revenue	8,608	151	3,600	12,359	-	12,359
Net Assets Released from Restriction	-	-	-	-	-	-
Total Revenue	<u>1,821,222</u>	<u>14,920,441</u>	<u>2,316,316</u>	<u>19,057,979</u>	<u>-</u>	<u>19,057,979</u>
EXPENSES AND LOSSES						
Grants	27,420	6,530,178	1,500	6,559,098	-	6,559,098
Payroll and Related	902,430	-	168,366	1,070,796	-	1,070,796
General and Administrative	209,011	59,906	54,712	323,629	-	323,629
Rent and Utilities	81,245	3,040	18,157	102,442	-	102,442
Nongrant Program Expenses	6,963	72,050	8,324	87,337	-	87,337
Legal and Professional	24,963	48,164	10,279	83,406	-	83,406
Depreciation	8,166	18,309	10,250	36,725	-	36,725
Total Expenses	<u>1,260,198</u>	<u>6,731,647</u>	<u>271,588</u>	<u>8,263,433</u>	<u>-</u>	<u>8,263,433</u>
CHANGE IN NET ASSETS	<u>\$ 561,024</u>	<u>\$ 8,188,794</u>	<u>\$ 2,044,728</u>	<u>\$ 10,794,546</u>	<u>\$ -</u>	<u>10,794,546</u>
Net Assets - Beginning of Year						<u>65,858,239</u>
NET ASSETS - END OF YEAR						<u>\$ 76,652,785</u>

See accompanying Notes to Consolidated Financial Statements.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services			Supporting Services				
	Philanthropic Services	Community Impact	Community Programs	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Grants	\$ 6,909,201	\$ 938,800	\$ -	\$ 7,848,001	\$ -	\$ -	\$ -	\$ 7,848,001
Payroll and Related	250,184	254,325	92,228	596,737	43,060	594,975	638,035	1,234,772
General and Administrative	72,465	73,459	49,791	195,715	12,438	189,141	201,579	397,294
Rent and Utilities	22,763	23,139	17,678	63,580	3,918	53,860	57,778	121,358
Nongrant Program Expenses	20,119	81,681	70,000	171,800	-	339	339	172,139
Legal and Professional	8,508	8,649	3,136	20,293	1,464	20,131	21,595	41,888
Depreciation	6,662	6,772	2,456	15,890	1,147	15,762	16,909	32,799
Total 2021	\$ 7,289,902	\$ 1,386,825	\$ 235,289	\$ 8,912,016	\$ 62,027	\$ 874,208	\$ 936,235	\$ 9,848,251

See accompanying Notes to Consolidated Financial Statements.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services			Supporting Services				Total
	Philanthropic Services	Community Impact	Community Programs	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Grants	\$ 3,890,219	\$ 2,667,379	\$ 1,500	\$ 6,559,098	\$ -	\$ -	\$ -	\$ 6,559,098
Payroll and Related	197,647	274,704	73,054	545,405	50,738	474,653	525,391	1,070,796
General and Administrative	56,850	79,014	43,684	179,548	14,998	129,083	144,081	323,629
Rent and Utilities	18,973	26,371	17,003	62,347	4,871	35,224	40,095	102,442
Nongrant Program Expenses	2,186	68,113	17,038	87,337	-	-	-	87,337
Legal and Professional	5,716	7,944	52,057	65,717	1,467	16,222	17,689	83,406
Depreciation	-	-	28,559	28,559	-	8,166	8,166	36,725
Total 2020	\$ 4,171,591	\$ 3,123,525	\$ 232,895	\$ 7,528,011	\$ 72,074	\$ 663,348	\$ 735,422	\$ 8,263,433

See accompanying Notes to Consolidated Financial Statements.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 10,819,561	\$ 10,794,546
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	32,799	36,725
Realized and Unrealized Investment Gains	(4,558,926)	(4,320,906)
Donation of Land Held for Sale	-	(62,500)
Other	-	49,241
Changes in Operating Assets and Liabilities:		
Notes Receivable, Net	(1,115,721)	(566,177)
Other Assets	(111,441)	(62,166)
Accounts Payable and Accrued Expenses	314,101	15,231
Conditional Grants	(164,800)	164,800
Net Cash Provided by Operating Activities	5,215,573	6,048,794
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(21,644,111)	(27,848,981)
Proceeds from Sales of Investments	23,810,045	32,183,238
Purchases of Property and Equipment	(728,698)	-
Purchase of Investment in Real Estate Entity	(200,000)	(700,000)
Net Cash Provided by Investing Activities	1,237,236	3,634,257
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,452,809	9,683,051
Cash and Cash Equivalents - Beginning of Year	14,152,868	4,469,817
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 20,605,677	\$ 14,152,868
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Donation of Land Held for Sale	\$ -	\$ 62,500

See accompanying Notes to Consolidated Financial Statements.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pikes Peak Community Foundation (PPCF) is a Colorado nonprofit corporation. The mission of PPCF is to inspire generosity, serve fundholders and mobilize resources to effectively and equitably address the Pikes Peak Region's critical issues and transformational opportunities, now and for generations to come. The Foundation is dedicated to building community through grantmaking, partnerships and research. Together with fundholders, the Foundation mobilizes and aligns resources to support immediate and long-term needs for the Pikes Peak Region.

Principles of Consolidation

The consolidated financial statements include the accounts of PPCF and Pikes Peak Real Estate Foundation (PPREF) (collectively, the Foundation). PPREF was organized to support PPCF and is consolidated since PPCF has both an economic interest in and control over the entity. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Foundation have been prepared on the basis of accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – represent the expendable resources that are available for operations at management's discretion. Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Most funds of the Foundation are classified as net assets without donor restriction because the governing instruments of the Foundation and donor agreements provide the Foundation with variance power. The Board of Trustees of the Foundation has variance power to modify any restriction or condition placed on the distribution of funds and to apply the whole or any part of the principal or income of funds as in its judgement is necessary to serve more effectively the charitable purposes of the Foundation. However, the Board of Trustees would only exercise this authority if the stated purpose of a contribution is no longer applicable and incapable of fulfillment. It is the expressed intention of the Foundation to honor the designations of the donors.

Net Assets With Donor Restrictions – represent resources restricted by donors as to purpose or by the passage of time and resources whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Internal Funds

Internal funds consist of activity related to PPCF operations, including the management fee charged to all community funds, PPCF discretionary grants, Venetucci Farm and Aspen Valley Ranch.

Revenue Recognition

The Foundation records unconditional contributions in accordance with the requirements of accounting principles generally accepted in the United States of America (U.S. GAAP) for nonprofit entities. The Organization recognizes revenue for contributions (and grants considered to be contributions) based upon the presence or absence of donor-imposed conditions. For those contributions absent of donor-imposed conditions, revenues are recognized at the time the Foundation is notified of the contribution and that promise is verified, regardless of timing of cash receipt. For contributions with donor-imposed conditions – that is, those with a measurable performance or other barrier and a right of return or release – revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

Donated Services

The Foundation recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by persons possessing those skills and would typically need to be purchased if not provided by donation.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Foundation 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.

Investments

Investments are carried at fair value. Fair values for money market accounts, mutual funds, exchange traded funds, real estate investment trusts and common stock are determined principally through quoted market prices. Fair values for government obligations and corporate bonds are determined principally through pricing services. The Foundation also holds shares or units of alternative investment funds involving private equity. For financial statement presentation purposes, an investment may be considered alternative if the investment does not meet the following four criteria: (1) it is registered with the Securities Exchange Commission (SEC), (2) it makes semiannual filings with the SEC, (3) it calculates a net asset value daily, and (4) purchase and redemption of shares may be done daily. Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, funds may hold assets that require the estimate of fair values in the absence of readily determinable market values. The Foundation's investments in private equity funds are recorded at net asset value (NAV).

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Realized and unrealized gains and losses are reflected in the consolidated statement of activities. Earnings on restricted investments are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the earnings are recognized. All other earnings on donor restricted investments are recognized as an increase in net assets with donor restrictions according to the nature of the restrictions on the original gift. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Investments in privately held companies are reported at historical cost, less any impairment, and plus or minus changes resulting from observable price changes. Realized and unrealized gains and losses are reported in change in net assets.

Notes Receivable

The Foundation has made loans to nonprofit organizations at below-market interest rates. The repayment schedules and interest rates on the loans are varied.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of \$50,000 are capitalized. Property and equipment, which consist of land, buildings and furniture and fixtures, are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of three to five years for furnishings and equipment and 40 years for buildings.

Land Held for Investment

Land held for investment is recorded at appraised value and is expected to be sold or donated to another nonprofit organization.

Water Rights

Water rights are recorded at fair value on the date of donation and are assessed for impairment annually. No impairment loss was recognized during the years December 31, 2021 and 2020. See Note 7 for further information.

Investment in Real Estate Entity

The Foundation's investment in a real estate entity is accounted for under the equity method. Under the equity method of accounting investments are recorded at cost and are adjusted for the proportionate share of the undistributed earnings.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held as Agency Endowments

The Foundation has adopted accounting standards for transactions in which a community foundation accepts a contribution from a nonprofit organization and agrees to transfer those assets, the return on investment of those assets, or both, back to the nonprofit organization. The standards specifically require that if a nonprofit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency funds. As of December 31, 2021 and 2020, the Foundation held 13 and 14 agency funds with the balance of those funds totaling \$2,229,777 and \$1,843,137 respectively. The Foundation maintains variance power and legal ownership of the agency endowment funds and they appear in the accompanying consolidated statements of financial position as funds held as agency endowments.

Funds Held in Trust for Others

The Foundation receives certain transfers of assets that are revocable or are not assets held for the benefit of the Foundation. These transfers are accounted for as a liability by the Foundation and appear in the accompanying consolidated statements of financial position as funds held in trust for others. At December 31, 2021 and 2020, the balance of those funds totaled \$4,562,208 and \$4,269,153, respectively.

Concentrations of Credit Risk

Certain financial instruments potentially subject the Foundation to concentrations of credit risk. These financial instruments consist primarily of cash and investments.

Use of Estimates

Preparation of the Foundation's consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation. The reclassifications had no impact on previously reported net assets.

Tax Status

The Foundation is a nonprofit corporation which is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies as a public charity for purposes of Charitable Contribution deduction. The Foundation believes that it does not have any uncertain tax positions that are material to the consolidated financial statements.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Foundation has evaluated the impact of all subsequent events through September 1, 2022, which is the date that the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The following table reflects the Foundation's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statements of financial position date because of contractual restrictions, internal board designations, or donor restrictions.

The following table reflects the Foundation's financial assets as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 20,605,677	\$ 14,152,868
Notes Receivable, Net	1,681,898	566,177
Investments	<u>54,491,168</u>	<u>51,418,481</u>
Total Financial Assets	76,778,743	66,137,526
Less: Amounts Unavailable for General Expenditures		
Within One Year, Due to:		
Funds Designated by Board as Endowment	18,282,808	16,059,331
Funds Held as Agency Endowments	2,229,777	1,843,137
Funds Held in Trust for Others	4,562,208	4,269,153
Illiquid Investments	1,288,213	606,706
Donor Restrictions	964,162	-
Total	<u>27,327,168</u>	<u>22,778,327</u>
Total Financial Assets Available to Management to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 49,451,575</u>	<u>\$ 43,359,199</u>

Contributions received by the Foundation are separated as Donor Advised Funds, Designated Funds, Field of Interest Funds or Undesignated Funds at the request of the donor. Donor Advised Funds are available for grant disbursement generally based on donor recommendation. Designated Funds are generally used for a specific charitable organization as recommended by the donor. Field of Interest Funds are available for grant disbursement within a charitable field of interest as recommended by the Foundation's Board of Trustees. The Foundation has the unilateral right to redirect the use of these donor contributions to another beneficiary, however the Foundation's intent is to honor the wishes of donors as long as those wishes are capable of fulfillment.

The Foundation's liquidity management policy is to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Foundation's typical operating procedures to manage an emergency cash flow need is to liquidate investments. The Foundation manages its cash flow through regular (monthly) analysis of cash flows and budgeted expenses.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3 NOTES RECEIVABLE

The foundation invests in projects that advance philanthropic purposes. These program-related investments are loans to nonprofit entities outstanding for up to six years bearing interest from 0% to 2%. These loans are treated as qualifying distributions for tax reporting purposes. Loans are recorded based on estimated value that is discounted utilizing an interest rate commensurate with the risk of individual loans. Discount rates range from 2% to 4%. As of December 31, 2021 and 2020, the loans have a principal balance of \$1,895,385 and \$617,927 and an unamortized discount of \$213,487 and \$51,750, respectively.

Program related investments notes receivable are expected to be collected as follows:

	<u>2021</u>	<u>2020</u>
Amounts Due in:		
2021	N/A	\$ 125,000
2022	500,000	-
2023	477,703	492,927
2024	-	-
2025	-	-
2026	-	-
2027	917,682	-
Gross Notes Receivable	<u>1,895,385</u>	<u>617,927</u>
Less: Discount		
(5.5% and 4.0%, Respectively) on Receivable	<u>(213,487)</u>	<u>(51,750)</u>
Net Notes Receivable	<u>\$ 1,681,898</u>	<u>\$ 566,177</u>

The nature of program related investments notes receivables consist of the following:

<u>2021</u>			
<u>Programmatic Purpose</u>	<u>Number of Loans Outstanding</u>	<u>Weighted Average Loan Face Value</u>	<u>Weighted Average Loan Carrying Value</u>
Philanthropic Services	2	617,013	532,797
Community Impact	1	443,677	398,623

<u>2020</u>			
<u>Programmatic Purpose</u>	<u>Number of Loans Outstanding</u>	<u>Weighted Average Loan Face Value</u>	<u>Weighted Average Loan Carrying Value</u>
Philanthropic Services	1	125,000	122,549
Community Impact	1	443,677	394,427

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Foundation 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 Foundation 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 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.

We use net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of private equity funds which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Land held for investment is valued using a third party's appraisal that is based on recent sales of comparable properties to estimate the fair value of the land. This is classified within Level 2.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of December 31:

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December 31, 2021</u>				
Assets Measured at Fair Value on a Recurring Basis:				
Investments:				
Common Stock:				
Domestic	\$11,452,983	\$11,452,983	\$ -	\$ -
International	8,818,555	8,818,555	-	-
Money Market Accounts	25,574	25,574		
Exchange-Traded Funds:				
Real Estate and Alternative Domestic Equity	2,984,173	2,984,173	-	-
Domestic Fixed Income	3,279,939	3,279,939	-	-
International Equity	3,582,586	3,582,586	-	-
International Fixed Income	867,789	867,789	-	-
Closed End	71,943	71,943	-	-
	-	-	-	-
Mutual Funds:				
Domestic Fixed Income	5,985,580	5,985,580	-	-
Domestic Equity	2,708,840	2,708,840	-	-
International Equity	2,118,686	2,118,686	-	-
Real Estate and Alternatives	1,593,197	1,593,197	-	-
International Fixed Income	944,874	944,874	-	-
Other	1,229,346	1,229,346	-	-
Real Estate Investment Trusts	2,025,080	2,025,080	-	-
Fixed Income:				
Corporate Bonds	2,652,330	-	2,652,330	-
Government Obligations	2,861,480	-	2,861,480	-
	<u>53,202,955</u>	<u>\$47,689,145</u>	<u>\$ 5,513,810</u>	<u>\$ -</u>
Total Investments Measured Using the Fair Value Hierarchy				
Private Equity Fund Measured at Net Asset Value Per Share (A)	1,033,655			
Investments in Privately-Held Companies (B)	<u>254,558</u>			
Total Investments	<u>\$54,491,168</u>			
Asset Measured at Fair Value on a Nonrecurring Basis:				
Land Held for Investment	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 1,700,000</u>	<u>\$ -</u>

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December, 31, 2020</u>				
Assets Measured at Fair Value on a Recurring Basis:				
Investments:				
Common Stock:				
Domestic	\$13,038,875	\$13,038,875	\$ -	\$ -
International	8,487,184	8,487,184	-	-
Money Market Accounts	742,780	742,780	-	-
Exchange-Traded Funds:				
Real Estate and Alternative	2,983,265	2,983,265	-	-
Domestic Equity	2,547,862	2,547,862	-	-
Domestic Fixed Income	1,482,574	1,482,574	-	-
International Equity	522,709	522,709	-	-
International Fixed Income	42,676	42,676	-	-
Closed End	27,262	27,262	-	-
Mutual Funds:				
Domestic Fixed Income	6,035,738	6,035,738	-	-
Domestic Equity	2,611,085	2,611,085	-	-
International Equity	2,233,148	2,233,148	-	-
Real Estate and Alternatives	1,797,546	1,797,546	-	-
International Fixed Income	680,666	680,666	-	-
Other	695,324	695,324	-	-
Real Estate Investment Trusts	1,325,242	1,325,242	-	-
Fixed Income:				
Coporate Bonds	2,910,699	-	2,910,699	-
Government Obligations	2,647,140	-	2,647,140	-
Total Investments Measured Using the Fair Value Hierarchy	50,811,775	<u>\$45,253,936</u>	<u>\$ 5,557,839</u>	<u>\$ -</u>
Private Equity Fund Measured at Net Asset Value Per Share (A)	352,148			
Investments in Privately-Held Companies (B)	<u>254,558</u>			
Total Investments	<u>\$51,418,481</u>			
Asset Measured at Fair Value on a Nonrecurring Basis:				
Land Held for Investment	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 1,700,000</u>	<u>\$ -</u>

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

(A) Investment in Private Equity Fund Limited Partnership

At December 31, 2021 and 2020, the Foundation has invested \$200,000 in PV Ventures II, L.P. (the Partnership) and has no further commitments for additional investments. The Partnership has a term of 10 years which commenced on December 31, 2014, with provisions for two additional one-year period extensions at the sole discretion of the General Partner, and additional one-year period extensions at the consent of the majority in interest of the Limited Partners. The partnership does not have a redemption feature but may be dissolved prior to the termination date subject to certain conditions. The Partnership's primary investment focus is to pursue a venture capital strategy, generally through investments in seed and early-stage technology companies.

(B) Investment in Privately-Held Companies

Investment in a nonmarketable equity security consists of an investment in the stock of a private company for which there is no readily determinable market value and generally no observable equity transactions. During 2021 and 2020, no upward or downward adjustments have been applied to the cost of the investment related to impairment or observable price changes.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 7,907,000	\$ 7,207,000
Buildings	1,142,370	1,142,370
Furniture and Equipment	33,215	42,391
Construction in Progress	28,698	-
Art and Sculptures	39,500	39,500
Total	<u>9,150,783</u>	<u>8,431,261</u>
Less: Accumulated Depreciation	356,151	332,528
Property and Equipment, Net	<u>\$ 8,794,632</u>	<u>\$ 8,098,733</u>

NOTE 6 LAND HELD FOR INVESTMENT

During the year ended December 31, 2014, the Foundation received a donation of 131 acres of land which had an appraised value of \$4,323,000 at the time of the donation. The land is expected to be developed, sold or donated to another nonprofit organization. At December 31, 2021 and 2020, the land had an appraised value of \$1,700,000. No impairment was recorded during 2020 or 2021. The land is recorded at estimated fair market value in the accompanying consolidated statements of financial position.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 WATER RIGHTS AND LEASES OF WATER RIGHTS

Management has been notified that the water available under its water rights has been contaminated by Perfluorinated Compounds. These water rights are leased to the Security Water District, the City of Fountain and the Widefield Water and Sanitation District (the Water Districts). The water lease contains provisions for a reduction of the lease payments if the water does not meet drinking water standards. On January 1, 2018, the Foundation entered into an abeyance agreement with the Water Districts which suspends the lease payments. Currently, the Foundation and the Water Districts are pursuing a claim against the United States Air Force for damages sustained as a result of the water contamination.

As of December 31, 2021 and 2020, the timeline and prospect of treatment is undetermined; however during 2021 a water filtration system was been installed and is being tested. As of December 31, 2021 and 2020, no impairment of the water rights is recorded because management has determined impairment is not probable.

NOTE 8 INVESTMENT IN REAL ESTATE ENTITY

During 2020, the Foundation purchased a 14% interest in 315 Collective, LLC which was formed to purchase a building in Colorado Springs, Colorado. This entity will lease office space to the Foundation and other organizations. During 2021, the Foundation contributed an additional \$200,000 in capital in the form of an investment. As of December 31, 2021 and 2020, the investment is recorded at \$900,000 and \$700,000, respectively.

NOTE 9 PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

In 2020, the Foundation received loans in the amount of \$164,800 to fund payroll, rent and utilities through the federal Paycheck Protection Program. These loans had stipulations that allowed the amounts owed to be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program administered by the U.S. Small Business Administration. The loans originated on April 21, 2020, at a 1% fixed interest rate. On March 19, 2021, the Foundation was notified that the SBA approved full forgiveness for the entire amount of its PPP Loan. Accordingly, the Foundation recognized \$164,800 of revenue related to this agreement during the year ended December 31, 2021, which represents the entire amount of the PPP loan as management believes that all the related performance barriers have been met. This revenue is included in contribution revenue in the consolidated statements of activities.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 10 CHARITABLE TRUST SPLIT-INTEREST AGREEMENTS

The Foundation serves as trustee for a revocable charitable remainder trust for which the Foundation is currently listed as the beneficiary. The trust assets, which total \$1,235,522 and \$1,112,865 at December 31, 2021 and 2020, respectively, are included within investments and funds held in trust for others in the accompanying consolidated statements of financial position.

NOTE 11 ENDOWMENT FUNDS

The Foundation has no donor-restricted endowments due to its variance power. The Foundation's endowment consists of 51 individual funds established for a variety of purposes. These funds include funds established by donors for specified charitable purposes or nonprofit organizations. As required by generally accepted accounting principles, 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.

The state of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation has interpreted UPMIFA as requiring the 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. The Foundation classifies as board-designated net assets (a) the original value of gifts designated by the board as endowment, (b) the original value of subsequent gifts to the board-designated endowment and (c) accumulations of investment earnings and/or losses to the board-designated endowment in accordance to board designations. The Foundation considers all earnings and/or losses on board-designated endowments to accumulate in the board-designated endowment 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 Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation 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 Foundation 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 Foundation
- 7) The investment policies of the Foundation

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 11 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets without donor restrictions for the years ended December 31, 2021 and 2020 are as follows:

Endowment Net Assets January 1, 2020	\$ 14,425,891
Reclassifications	49,241
Investment Return, Net	1,741,104
Contributions	294,372
Distributions	<u>(451,277)</u>
Endowment Net Assets December 31, 2020	16,059,331
Reclassifications	205,685
Investment Return, Net	2,501,918
Contributions	599,597
Distributions	<u>(1,083,723)</u>
Endowment Net Assets December 31, 2021	<u><u>\$ 18,282,808</u></u>

Investment and Spending Policies

The Foundation 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. The Foundation's spending policy considers market returns for the previous twelve quarters along with inflation and investment fees and typically spends within 3% to 6% of the balance of the endowed 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 Foundation expects its endowment funds, over time, to provide a rate of return sufficient to keep pace with the rate of inflation. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Workforce Housing Fund	\$ 687,956	\$ -
RISE Power and Resiliency Fund	136,204	-
RISE Youth Advisory Council Fund	100,000	-
Boettcher 315 Operating Fund	40,002	-
Total Net Assets with Donor Restrictions	<u>\$ 964,162</u>	<u>\$ -</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions:		
Workforce Housing Fund	\$ 15,974	\$ -
RISE Power and Resiliency Fund	20,800	-
Total Net Assets Released from Donor Restrictions	<u>\$ 36,774</u>	<u>\$ -</u>

NOTE 13 COMMITMENTS

The Foundation entered into an operating lease with a related party in November 2016 for office space through 2021. As of December 31, 2021 and 2020, the future minimum lease payments under this lease are \$0- and \$85,869, respectively.

NOTE 14 RELATED PARTIES

Certain board members are fund advisors of donor advised funds that are held with the Foundation. As of December 31, 2021 and 2020, the value of these donor advised funds was \$10,384,604 and \$7,371,810, respectively.

The Foundation leases office space from an entity owned by a board member. Rent expense under the lease was \$85,746 and \$94,748 during the years ended December 31, 2021 and 2020, respectively.

In August 2020, the Foundation purchased an interest in an LLC for \$700,000. As of December 31, 2021, the interest is valued at \$900,000. During 2020, the Foundation's board chair is the executive director of the majority investor in the LLC. A Foundation board member is the president of another investor in the LLC.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 14 RELATED PARTIES (CONTINUED)

During the years ended December 31, 2021 and 2020, the Foundation received contributions from organizations for which Foundation board members serve on the organizations' board of directors or are part of the executive staff totaling \$2,740,158 and \$751,000.

NOTE 15 CONCENTRATIONS

For the years ended December 31, 2021 and 2020, approximately 38% and 49% of the Foundation's contribution revenue was received from three and two donors, respectively.

NOTE 16 FUNCTIONAL EXPENSES ALLOCATION METHODS

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Foundation. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated fully to the related programs include grants, nongrant program expenses and depreciation. The expenses that are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services include payroll and related taxes, rent and utilities, general and administrative, legal and professional.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.