

**PIKES PEAK COMMUNITY FOUNDATION
AND AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021



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**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
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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 statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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, 2022 and 2021, and the changes in their net assets and their cash flows for the years 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.

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.

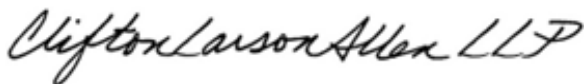
Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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
June 15, 2023

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 10,481,468	\$ 20,605,677
Investments	59,542,850	54,491,168
Notes Receivable, Net	810,838	1,681,898
Land Held for Sale	-	62,500
Property and Equipment, Net	9,604,388	8,794,632
Land Held for Investment	1,700,000	1,700,000
Water Rights	6,003,554	6,003,554
Investment in Real Estate Entity	1,255,681	900,000
Other Assets	262,143	525,521
	\$ 89,660,922	\$ 94,764,950
Total Assets	\$ 89,660,922	\$ 94,764,950
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 402,334	\$ 500,619
Funds Held as Agency Endowments	2,602,740	2,229,777
Funds Held in Trust for Others	3,574,119	4,562,208
Total Liabilities	6,579,193	7,292,604
NET ASSETS		
Without Donor Restrictions:		
Designated for Endowment	18,863,615	18,282,808
Undesignated	62,787,401	68,225,376
Total Net Assets Without Donor Restrictions	81,651,016	86,508,184
With Donor Restrictions	1,430,713	964,162
Total Net Assets With Donor Restrictions	83,081,729	87,472,346
	\$ 89,660,922	\$ 94,764,950
Total Liabilities and Net Assets	\$ 89,660,922	\$ 94,764,950

See accompanying Notes to Consolidated Financial Statements.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions	\$ 15,924,367	\$ 728,997	\$ 16,653,364	\$ 13,713,628	\$ 1,000,936	\$ 14,714,564
Investment Income, Net	(8,445,648)	2,270	(8,443,378)	5,667,130	-	5,667,130
Program Income	80,035	-	80,035	25,860	-	25,860
Contributed Nonfinancial Assets	25,500	-	25,500	6,300	-	6,300
Management Fee, Charged to Others	36,496	-	36,496	42,582	-	42,582
Paycheck Protection Program Loan Forgiveness	-	-	-	161,029	-	161,029
Other Revenue	49,148	-	49,148	50,347	-	50,347
Income from Lease of Water Rights	127,503	-	127,503	-	-	-
Income from Royalties	166,804	-	166,804	-	-	-
Net Assets Released from Restriction	264,716	(264,716)	-	36,774	(36,774)	-
Total Revenue	8,228,921	466,551	8,695,472	19,703,650	964,162	20,667,812
EXPENSES AND LOSSES						
Program Services						
Philanthropic Services	10,375,378	-	10,375,378	7,351,929	-	7,351,929
Community Impact	1,664,706	-	1,664,706	1,386,825	-	1,386,825
Community Programs	208,495	-	208,495	235,289	-	235,289
Management and General	837,510	-	837,510	874,208	-	874,208
Total Expenses	13,086,089	-	13,086,089	9,848,251	-	9,848,251
CHANGE IN NET ASSETS	(4,857,168)	466,551	(4,390,617)	9,855,399	964,162	10,819,561
Net Assets - Beginning of Year	86,508,184	964,162	87,472,346	76,652,785	-	76,652,785
NET ASSETS - END OF YEAR	<u>\$ 81,651,016</u>	<u>\$ 1,430,713</u>	<u>\$ 83,081,729</u>	<u>\$ 86,508,184</u>	<u>\$ 964,162</u>	<u>\$ 87,472,346</u>

See accompanying Notes to Consolidated Financial Statements.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services			Total Program Services	Management and General	Total
	Philanthropic Services	Community Impact	Community Programs			
Grants	\$ 9,800,168	\$ 807,234	\$ -	\$ 10,607,402	\$ 6,010	\$ 10,613,412
Payroll and Related	439,316	351,427	87,760	878,503	651,643	1,530,146
General and Administrative	76,249	91,300	47,858	215,407	115,989	331,396
Rent and Utilities	28,011	22,407	16,492	66,910	37,414	104,324
Nongrant Program Expenses	2,083	375,512	15,323	392,918	125	393,043
Legal and Professional	11,394	16,826	9,663	37,883	16,836	54,719
Depreciation	-	-	31,399	31,399	1,870	33,269
Loss on Disposal of Fixed Asset	18,157	-	-	18,157	7,623	25,780
Total 2022	<u>\$ 10,375,378</u>	<u>\$ 1,664,706</u>	<u>\$ 208,495</u>	<u>\$ 12,248,579</u>	<u>\$ 837,510</u>	<u>\$ 13,086,089</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			Total Program Services	Management and General	Total
	Philanthropic Services	Community Impact	Community Programs			
Grants	\$ 6,909,201	\$ 938,800	\$ -	\$ 7,848,001	\$ -	\$ 7,848,001
Payroll and Related	293,244	254,325	92,228	639,797	594,975	1,234,772
General and Administrative	84,903	73,459	49,791	208,153	189,141	397,294
Rent and Utilities	26,681	23,139	17,678	67,498	53,860	121,358
Nongrant Program Expenses	20,119	81,681	70,000	171,800	339	172,139
Legal and Professional	9,972	8,649	3,136	21,757	20,131	41,888
Depreciation	7,809	6,772	2,456	17,037	15,762	32,799
Total 2021	<u>\$ 7,351,929</u>	<u>\$ 1,386,825</u>	<u>\$ 235,289</u>	<u>\$ 8,974,043</u>	<u>\$ 874,208</u>	<u>\$ 9,848,251</u>

See accompanying Notes to Consolidated Financial Statements.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (4,390,617)	\$ 10,819,561
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	33,269	32,799
Realized and Unrealized Investment Loss (Gain)	9,723,553	(4,558,926)
Loss on Disposal of Fixed Asset	25,780	-
Changes in Operating Assets and Liabilities:		
Notes Receivable, Net	871,060	(1,115,721)
Other Assets	263,378	(111,441)
Accounts Payable and Accrued Expenses	(98,285)	314,101
Conditional Grants	-	(164,800)
Net Cash Provided by Operating Activities	<u>6,428,138</u>	<u>5,215,573</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(29,300,154)	(21,644,111)
Proceeds from Sales of Investments	13,909,792	23,810,045
Proceeds from Sale of Fixed Asset	44,343	-
Purchases of Property and Equipment	(850,647)	(728,698)
Purchase of Investment in Real Estate Entity	<u>(355,681)</u>	<u>(200,000)</u>
Net Cash Provided (Used) by Investing Activities	<u>(16,552,347)</u>	<u>1,237,236</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,124,209)	6,452,809
Cash and Cash Equivalents - Beginning of Year	<u>20,605,677</u>	<u>14,152,868</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 10,481,468</u>	<u>\$ 20,605,677</u>

See accompanying Notes to Consolidated Financial Statements.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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 – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

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.

Contributed Nonfinancial Assets – In-Kind Contributions

A substantial number of board members have made significant contributions of their time to develop the Foundation's programs. The value of this contributed time is not reflected in the accompanying financial statements because the services do not require specialized skills.

Contributed nonfinancial assets consist of items and services donated for use by the Foundation. Contributed goods are recorded at fair value at the date of the donation. At December 31, 2022 and 2021, the Foundation has recorded \$25,500 and \$6,300 of contributed nonfinancial assets, respectively.

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.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021. 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.

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, 2022 and 2021, the Foundation held 16 and 13 agency funds with the balance of those funds totaling \$2,602,740 and \$2,229,777 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, 2022 and 2021, the balance of those funds totaled \$3,574,119 and \$4,562,208, 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.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Adoption of New Accounting Standards

In September 2020, the FASB issued ASU Number 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about noncash contributions nonprofit organizations receive or make, known as gifts-in-kind (GIKs). Contributed nonfinancial assets are required to be reported by category within the statements of activities, and additional disclosures are required for each category, including whether nonfinancial assets were monetized or utilized during the reporting period, the policy for monetizing nonfinancial contributions, and descriptions of the fair value techniques used to arrive at a fair value measurement. The entity adopted the requirements of the new ASU as of January 1, 2022, utilizing the retrospective method of transition. The adoption of this ASU did not result in a material impact on the Foundation's financial statements.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Foundation adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. The adoption of the standard did not have a significant impact on the assets and liabilities reported on the consolidated statements of financial position.

Subsequent Events

The Foundation has evaluated the impact of all subsequent events through June 15, 2023, 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, 2022 and 2021, 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.

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

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

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 10,481,468	\$ 20,605,677
Notes Receivable, Net	810,838	1,681,898
Investments	<u>59,542,850</u>	<u>54,491,168</u>
Total Financial Assets	70,835,156	76,778,743
Less: Amounts Unavailable for General Expenditures		
Within One Year, Due to:		
Funds Designated by Board as Endowment	18,863,615	18,282,808
Funds Held as Agency Endowments	2,602,740	2,229,777
Funds Held in Trust for Others	3,574,119	4,562,208
Illiquid Investments	546,636	1,288,213
Donor Restrictions	<u>1,430,713</u>	<u>964,162</u>
Total	<u>27,017,823</u>	<u>27,327,168</u>
Total Financial Assets Available to Management to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 43,817,333</u>	<u>\$ 49,451,575</u>

Contributions received by the Foundation are separated as Donor Advised Funds, Donor Restricted 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 designated by the donor. Field of Interest Funds are available for grant disbursement within a charitable field of interest as approved by the Foundation's Board of Trustees. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Donor Restrictions are funds subject to donor-imposed restrictions that are either temporary or perpetual in nature.

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, 2022 AND 2021**

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 1.25% to 6.5%. As of December 31, 2022 and 2021, the loans have a principal balance of \$971,230 and \$1,895,385 and an unamortized discount of \$160,392 and \$213,487, respectively.

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

	2022	2021
Amounts Due in:		
2022	N/A	\$ 500,000
2023	371,230	477,703
2024	-	-
2025	-	-
2026	-	-
2027	600,000	917,682
Gross Notes Receivable	971,230	1,895,385
Less: Discount		
(5.5% and 5.5%, Respectively) on Receivable	(160,392)	(213,487)
Net Notes Receivable	\$ 810,838	\$ 1,681,898

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

2022			
Programmatic Purpose	Number of Loans Outstanding	Weighted Average Loan Face Value	Weighted Average Loan Carrying Value
Philanthropic Services	2	315,000	243,625
Community Impact	1	338,392	320,751
2021			
Programmatic Purpose	Number of Loans Outstanding	Weighted Average Loan Face Value	Weighted Average Loan Carrying Value
Philanthropic Services	2	617,013	532,797
Community Impact	1	443,677	398,623

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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.

The Foundation uses 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.

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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:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December, 31, 2022</u>				
Assets Measured at Fair Value on a Recurring Basis:				
Investments:				
Common Stock:				
Domestic	\$ 11,398,671	\$ 11,398,671	\$ -	\$ -
International	7,730,317	7,730,317	-	-
Money Market Accounts	1,402,462	1,402,462	-	-
International Preferred Stock	23,092	23,092	-	-
Exchange-Traded Funds:				
Real Estate and Alternative	2,948,711	2,948,711	-	-
Domestic Equity	9,352,602	9,352,602	-	-
Domestic Fixed Income	3,574,180	3,574,180	-	-
International Equity	561,190	561,190	-	-
International Fixed Income	131,343	131,343	-	-
Mutual Funds:				
Domestic Fixed Income	5,939,875	5,939,875	-	-
Domestic Equity	2,514,468	2,514,468	-	-
International Equity	2,130,619	2,130,619	-	-
Real Estate and Alternatives	1,538,407	1,538,407	-	-
International Fixed Income	683,992	683,992	-	-
Other	1,175,311	1,175,311	-	-
Real Estate Investment Trusts	2,055,136	2,055,136	-	-
Fixed Income:				
Corporate Bonds	2,701,181	-	2,701,181	-
Government Obligations	3,134,657	-	3,134,657	-
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Total Investments Measured Using the Fair Value Hierarchy	58,996,214	<u>\$ 53,160,376</u>	<u>\$ 5,835,838</u>	<u>\$ -</u>
Private Equity Fund Measured at Net Asset Value Per Share (A)	292,078			
Investments in Privately-Held Companies (B)	254,558			
Total Investments	<u>\$ 59,542,850</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
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NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<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	2,984,173	2,984,173	-	-
Domestic Equity	3,279,939	3,279,939	-	-
Domestic Fixed Income	3,582,586	3,582,586	-	-
International Equity	867,789	867,789	-	-
International Fixed Income	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	-
<hr/>				
Total Investments Measured Using the Fair Value Hierarchy	53,202,955	<u>\$ 47,689,145</u>	<u>\$ 5,513,810</u>	<u>\$ -</u>
Private Equity Fund Measured at Net Asset Value Per Share (A)	1,033,655			
Investments in Privately-Held Companies (B)	254,558			
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
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NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

(A) Investment in Private Equity Fund Limited Partnership

At December 31, 2022 and 2021, 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 2022 and 2021, 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>2022</u>	<u>2021</u>
Land	\$ 8,659,989	\$ 7,907,000
Buildings	1,218,727	1,142,370
Furniture and Equipment	18,695	33,215
Construction in Progress	50,000	28,698
Art and Sculptures	39,500	39,500
Total	<u>9,986,911</u>	<u>9,150,783</u>
Less: Accumulated Depreciation	<u>382,523</u>	<u>356,151</u>
Property and Equipment, Net	<u>\$ 9,604,388</u>	<u>\$ 8,794,632</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. At December 31, 2022 and 2021, the land had an appraised value of \$1,700,000. No impairment was recorded during 2022 or 2021. The land is recorded at estimated fair market value in the accompanying consolidated statements of financial position.

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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, 2022 and 2021, the timeline and prospect of treatment is undetermined; however during 2021 a water filtration system was installed and tested. During 2022, the Foundation received payments in the amount of \$127,503 from the limited capacity of water produced as a result of the water filtration system. At the end of 2022, the water filtration system was at full capacity and as a result, the Foundation received full payment for 2023 during 2022. As of December 31, 2022 and 2021, 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, 2022 and 2021, the investment is recorded at \$1,255,681 and \$900,000, respectively.

315 F&B, LLC was a single-member LLC wholly owned by 315 Collective, LLC. During 2022, 315 F&B, LLC was reorganized as a stand-alone LLC, owned by the same ownership group of 315 Collective, LLC with the same respective ownership percentages.

NOTE 9 PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

In 2020, the Foundation received a loan in the amount of \$164,800 to fund payroll, rent and utilities through the federal Paycheck Protection Program. This loan had stipulations that allowed 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 loan 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 Paycheck Protection Program (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 shown as PPP Loan forgiveness in the consolidated statements of activities.

The Small Business Administration (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.

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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 \$956,114 and \$1,235,522 at December 31, 2022 and 2021, 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 39 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. 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 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
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NOTE 11 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets without donor restrictions for the years ended December 31, 2022 and 2021 are as follows:

Endowment Net Assets, January 1, 2021	\$ 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	18,282,808
Investment Return, Net	(3,237,206)
Contributions	4,934,805
Distributions	<u>(1,116,792)</u>
Endowment Net Assets, December 31, 2022	<u><u>\$ 18,863,615</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.

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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>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Workforce Housing Fund	\$ 1,070,860	\$ 687,956
RISE Power and Resiliency Fund	224,578	136,204
RISE Youth Advisory Council Fund	55,275	100,000
Boettcher 315 Operating Fund	-	40,002
Catchafire Co-Funding Initiative	80,000	-
Total Net Assets with Donor Restrictions	<u>\$ 1,430,713</u>	<u>\$ 964,162</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>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions:		
Workforce Housing Fund	\$ 15,826	\$ 15,974
RISE Power and Resiliency Fund	49,068	20,800
RISE Youth Advisory Council Fund	44,725	-
Boettcher 315 Operating Fund	40,097	-
Catchafire Co-Funding Initiative	115,000	-
Total Net Assets Released from Donor Restrictions	<u>\$ 264,716</u>	<u>\$ 36,774</u>

NOTE 12 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, the future minimum lease payments under this lease are \$-0-.

The Foundation entered into an operating lease through 2024 with an LLC in which the Foundation has an ownership interest. As of December 31, 2022, the future minimum lease payments under this lease are \$112,354.

NOTE 13 RELATED PARTIES

Certain board members are fund advisors of donor advised funds that are held with the Foundation. As of December 31, 2022 and 2021, the value of these donor advised funds was \$7,300,057 and \$10,384,604, respectively.

The Foundation leased office space from an entity owned by a board member. Rent expense under the lease was \$85,746 during the year ended December 31, 2021.

In August 2020, the Foundation purchased an interest in an LLC for \$700,000. As of December 31, 2022, the interest is valued at \$1,255,681. During 2020, the Foundation's

**PIKES PEAK COMMUNITY FOUNDATION AND AFFILIATE
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NOTE 13 RELATED PARTIES (CONTINUED)

board chair was the executive director of the majority investor in the LLC. A former Foundation board member is the president of another investor in the LLC. These individuals were not board members of the Foundation during 2022.

During the years ended December 31, 2022 and 2021, 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 \$232,537 and \$2,740,158.

NOTE 14 CONCENTRATIONS

For the years ended December 31, 2022 and 2021, approximately 56% and 38% of the Foundation's contribution revenue was received from two and three donors, respectively.

NOTE 15 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.

NOTE 16 CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statements of activities are as follows for the years ended December 31:

Nonfinancial Asset	2022 Revenue Recognized	2021 Revenue Recognized	Monetized or Utilized	Utilization in Function	Donor Restrictions	Valuation Technique
Donated Services	\$ -	\$ 4,880	Utilized	Program Service	None	Fair value based on comparable services received
Donated Goods	-	1,420	Utilized	Program Service	None	Fair value based on comparable goods received
Donated Artwork	25,500	-	Utilized	Program Service	None	Fair value based on artwork appraisal
	\$ 25,500	\$ 6,300				



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