



Pikes Peak Library District Foundation, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2023 and 2022



Pikes Peak Library District Foundation, Inc.
Contents
December 31, 2023 and 2022

Contents

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position.....	3
Statement of Activities – Year Ended December 31, 2023.....	4
Statement of Activities – Year Ended December 31, 2022.....	5
Statements of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

Board of Directors
Pikes Peak Library District Foundation, Inc.
Colorado Springs, Colorado

Opinion

We have audited the financial statements of Pikes Peak Library District Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its 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 "Auditor's Responsibilities for the Audit of the 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

Forvis Mazars, LLP

Colorado Springs, Colorado
June 28, 2024

Pikes Peak Library District Foundation, Inc.
Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 940,364	\$ 966,329
Contributions receivable, net	152,674	257,225
Accounts receivable	50,000	1,400
Prepaid items	-	4,684
Investments	<u>2,435,965</u>	<u>2,104,323</u>
Total assets	<u>\$ 3,579,003</u>	<u>\$ 3,333,961</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 7,578	\$ 203,251
Due to PPLD	<u>1,588</u>	<u>8,598</u>
Total liabilities	<u>9,166</u>	<u>211,849</u>
Net Assets		
Without donor restrictions		
Undesignated	999,709	879,036
Board-designated	<u>1,231,321</u>	<u>1,057,446</u>
	2,231,030	1,936,482
With donor restrictions	<u>1,338,807</u>	<u>1,185,630</u>
Total net assets	<u>3,569,837</u>	<u>3,122,112</u>
Total liabilities and net assets	<u>\$ 3,579,003</u>	<u>\$ 3,333,961</u>

Pikes Peak Library District Foundation, Inc.
Statement of Activities
Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions - financial assets	\$ 640,430	\$ 481,487	\$ 1,121,917
Contributions - nonfinancial assets	243,304	-	243,304
Investment return, net	314,307	30,545	344,852
Net assets released from restrictions	<u>358,855</u>	<u>(358,855)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,556,896</u>	<u>153,177</u>	<u>1,710,073</u>
Expenses			
Program services			
Distributions to PPLD	952,779	-	952,779
Contributions - nonfinancial assets	<u>9,488</u>	<u>-</u>	<u>9,488</u>
Total program services	<u>962,267</u>	<u>-</u>	<u>962,267</u>
Support services			
General and administrative			
Contributions - nonfinancial assets	<u>23,265</u>	<u>-</u>	<u>23,265</u>
Fundraising			
Contributions - nonfinancial assets	210,551	-	210,551
Other	<u>66,265</u>	<u>-</u>	<u>66,265</u>
Total support services	<u>276,816</u>	<u>-</u>	<u>276,816</u>
Total support services	<u>300,081</u>	<u>-</u>	<u>300,081</u>
Total expenses	<u>1,262,348</u>	<u>-</u>	<u>1,262,348</u>
Change in Net Assets	294,548	153,177	447,725
Net Assets, Beginning of Year	<u>1,936,482</u>	<u>1,185,630</u>	<u>3,122,112</u>
Net Assets, End of Year	<u>\$ 2,231,030</u>	<u>\$ 1,338,807</u>	<u>\$ 3,569,837</u>

Pikes Peak Library District Foundation, Inc.
Statement of Activities
Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions - financial assets	\$ 811,843	\$ 479,379	\$ 1,291,222
Contributions - nonfinancial assets	293,465	-	293,465
Investment return, net	(249,754)	(83,223)	(332,977)
Net assets released from restrictions	<u>430,070</u>	<u>(430,070)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,285,624</u>	<u>(33,914)</u>	<u>1,251,710</u>
Expenses			
Program services			
Distributions to PPLD	1,025,434	-	1,025,434
Contributions - nonfinancial assets	<u>16,551</u>	<u>-</u>	<u>16,551</u>
Total program services	<u>1,041,985</u>	<u>-</u>	<u>1,041,985</u>
Support services			
General and administrative			
Contributions - nonfinancial assets	<u>18,100</u>	<u>-</u>	<u>18,100</u>
Fundraising			
Contributions - nonfinancial assets	258,814	-	258,814
Other	<u>30,116</u>	<u>-</u>	<u>30,116</u>
	<u>288,930</u>	<u>-</u>	<u>288,930</u>
Total support services	<u>307,030</u>	<u>-</u>	<u>307,030</u>
Total expenses	<u>1,349,015</u>	<u>-</u>	<u>1,349,015</u>
Change in Net Assets	(63,391)	(33,914)	(97,305)
Net Assets, Beginning of Year	<u>1,999,873</u>	<u>1,219,544</u>	<u>3,219,417</u>
Net Assets, End of Year	<u>\$ 1,936,482</u>	<u>\$ 1,185,630</u>	<u>\$ 3,122,112</u>

Pikes Peak Library District Foundation, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in net assets	\$ 447,725	\$ (97,305)
Items not requiring cash		
Net realized and unrealized (gain) loss on investments	(273,265)	332,977
Changes in		
Contributions receivable	104,551	(218,300)
Accounts receivable	(48,600)	61,713
Net due to/from PPLD	(7,010)	(1,733)
Prepaid items	4,684	(181)
Accounts payable	(195,673)	189,988
	<u>32,412</u>	<u>267,159</u>
Net cash provided by operating activities		
Investing Activities		
Purchase of investments	(397,000)	(12,316)
Proceeds from sale of investments	338,623	44,303
	<u>(58,377)</u>	<u>31,987</u>
Net cash provided by (used in) investing activities		
Net Increase (Decrease) in Cash	(25,965)	299,146
Cash, Beginning of Year	<u>966,329</u>	<u>667,183</u>
Cash, End of Year	<u>\$ 940,364</u>	<u>\$ 966,329</u>

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Pikes Peak Library District Foundation, Inc. (the Foundation) was incorporated in 2003 as a nonprofit corporation pursuant to the *Colorado Nonprofit Corporation Act*. The Foundation was formed exclusively for the benefit of, to perform the functions of, or to carry out the charitable and educational purposes of Pikes Peak Library District (the District or PPLD) within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986. The Foundation is a component unit of Pikes Peak Library District as it is a separate legal entity for which the District is financially accountable.

Use of Estimates

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

Cash

At December 31, 2023, the Foundation's cash accounts exceeded insurance limits by approximately \$700,000. Uninvested money market accounts included in investment accounts are not considered to be cash equivalents.

Investments

The Foundation measures securities at fair value.

Net Investment Return

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Pikes Peak Library District Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Net assets with donor restrictions are subject to donor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions (including grants) are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<u>Nature of the Gift</u>	<u>Value Recognized</u>
<i>Conditional gifts, with or without restriction</i> Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i> Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Contributed Nonfinancial Assets

In addition to receiving cash contributions, the Foundation receives nonfinancial (in-kind) contributions from various donors. It is the policy of the Foundation to record the estimated fair value of these contributions as an expense in its financial statements, and similarly increase contribution revenue by the same amount. Nonfinancial contributions include:

- Merchant vouchers (coupons) that the Foundation utilizes in certain programs of \$9,488 and \$16,551 during 2023 and 2022, respectively. The Foundation estimates fair value based on the discounts provided by the merchants.
- Contributed services received from the District of \$233,816 and \$276,914 during 2023 and 2022, respectively. The District pays the salaries of the Foundation’s Director, and Individual Giving and

Pikes Peak Library District Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Campaign Coordinator. Such contributions are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. The Foundation estimates fair value based on the contributed services paid by the District on the Foundation's behalf.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation had no unrelated business taxable income for the years ended December 31, 2023 and 2022. The Foundation is not considered a private foundation.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the 2023 and 2022 statements of activities. The statement of activities presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, general and administrative and fundraising categories.

Subsequent Events

Subsequent events have been evaluated through June 28, 2024, which is the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

The Foundation strives to maintain liquid financial assets sufficient to cover general expenditures.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

1. Operating within a prudent range of financial stability guided by an annual budget.
2. Striving to maintain adequate liquid assets to cover 60 days of general expenditures.
3. Maintain sufficient reserves to provide reasonable assurance that long-term obligations under endowments with donor restrictions that support mission fulfillment will continue to be met.

Pikes Peak Library District Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

The following table reflects the Foundation's financial assets as of December 31, 2023 and 2022 that are available to meet general expenditures within one year.

	<u>2023</u>	<u>2022</u>
Financial Assets at Year-End		
Cash	\$ 940,364	\$ 966,329
Receivables	202,674	258,625
Investments	<u>2,435,965</u>	<u>2,104,323</u>
	3,579,003	3,329,277
Less Amounts not Available to be Used Within One Year		
Donor imposed purpose restrictions	<u>1,338,807</u>	<u>1,185,630</u>
Financial Assets Available to be Used Within One Year	<u>\$ 2,240,196</u>	<u>\$ 2,143,647</u>

The Foundation has board-designated net assets of \$1,231,321 and \$1,057,446 for 2023 and 2022, respectively, that are included in investments and in the quantitative information above. These have been designated for endowments, as determined by the board, and could be made available to use within one year, if necessary.

Note 3. Contributions Receivable

Contributions receivable consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Due within one year	\$ 154,360	\$ 258,911
Allowance for uncollectible contributions	<u>(1,686)</u>	<u>(1,686)</u>
	<u>\$ 152,674</u>	<u>\$ 257,225</u>

Note 4. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Pikes Peak Library District Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the hierarchy in which the fair value measurements fall as of December 31:

	2023			
	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Money market funds, held with broker	\$ 62,566	\$ 62,566	\$ -	\$ -
Equity mutual funds	1,133,751	1,133,751	-	-
Fixed income mutual funds	434,608	434,608	-	-
Common stock	410,238	410,238	-	-
Corporate bonds	394,802	-	394,802	-
	<u>\$ 2,435,965</u>	<u>\$ 2,041,163</u>	<u>\$ 394,802</u>	<u>\$ -</u>

	2022			
	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Money market funds, held with broker	\$ 54,765	\$ 54,765	\$ -	\$ -
Equity mutual funds	1,123,569	1,123,569	-	-
Fixed income mutual funds	574,654	574,654	-	-
Common stock	351,335	351,335	-	-
	<u>\$ 2,104,323</u>	<u>\$ 2,104,323</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There are no assets measured at fair value on a non-recurring basis nor any liabilities measured at fair value on a recurring or non-recurring basis. There have been no significant changes in the valuation techniques during the years ended December 31, 2023 and 2022.

Pikes Peak Library District Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include corporate bonds. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At December 31, 2023 and 2022, the Foundation did not carry any securities classified within Level 3 of the hierarchy.

Note 5. Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are available for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for a specified purpose		
District branches	\$ 595,228	\$ 456,962
District programs	<u>693,605</u>	<u>685,172</u>
	<u>1,288,833</u>	<u>1,142,134</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
General endowment	<u>49,974</u>	<u>43,496</u>
Total endowments	<u>49,974</u>	<u>43,496</u>
	<u>\$ 1,338,807</u>	<u>\$ 1,185,630</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restriction		
District branches	\$ 165,075	\$ 124,219
District programs	<u>193,780</u>	<u>305,851</u>
	<u>\$ 358,855</u>	<u>\$ 430,070</u>

Note 6. Board-Designated Endowments

The Foundation's endowments consist of five individual funds for a variety of purposes. The endowments include funds designated by the governing body to function as endowments.

Pikes Peak Library District Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Changes in board-designated endowment net assets, which are included in net assets without donor restrictions on the statements of financial position, were as follows:

	<u>Without Donor Restrictions</u>
Net assets, January 1, 2022	\$ 1,194,059
Investment return, net	<u>(136,613)</u>
Net assets, December 31, 2022	1,057,446
Investment return, net	<u>173,875</u>
Net assets, December 31, 2023	<u>\$ 1,231,321</u>

The board has temporarily suspended appropriations for expenditures from both donor and board-designated endowment funds to allow the corpus to grow to a self-sustaining level.

Note 7. Related-Party Transactions

The Foundation and the District are related parties that are financially interrelated organizations. The District authorizes the Foundation to solicit contributions on its behalf. In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to the District.

During the years ended December 31, 2023 and 2022, the Foundation received \$233,816 and \$276,914, respectively, in contributed nonfinancial assets from the District. This represents approximately 20% of total contributions for 2023 and 2022.

During 2023 and 2022, the Foundation made distributions of \$952,779 and \$1,025,434, respectively, to the District, of which \$1,588 and \$8,598, respectively, is recorded in due to PPLD on the respective statements of financial position.

During 2023 and 2022, the Foundation received approximately \$25,000 in contributions from directors.

Note 8. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately 30% of total cash contributions were received from three donors in 2023 and approximately 40% of total cash contributions were received from two donors in 2022.

Pikes Peak Library District Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Investments Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.