



COLORADO SPRINGS UTILITIES FOUNDATION

Financial Statements

For the Years Ended December 31, 2024 and 2023

And

Independent Auditors' Report

COLORADO SPRINGS UTILITIES FOUNDATION

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Colorado Springs Utilities Foundation

Opinion

We have audited the accompanying financial statements of Colorado Springs Utilities Foundation (the Foundation) which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Stockman Kast Ryan & Co., LLP

September 2, 2025

COLORADO SPRINGS UTILITIES FOUNDATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,821,251	\$ 3,240,935
Pledges receivable	27,265	26,274
Pledge receivable from related party	<u>135,413</u>	<u>140,213</u>
Total current assets	<u>\$ 2,983,929</u>	<u>\$ 3,407,422</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 6,069	\$ 11,755
Due to related party	<u>9,207</u>	<u>8,037</u>
Total liabilities	<u>15,276</u>	<u>19,792</u>
NET ASSETS		
Without donor restrictions	2,806,226	3,221,143
With donor restrictions	<u>162,427</u>	<u>166,487</u>
Total net assets	<u>2,968,653</u>	<u>3,387,630</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,983,929</u>	<u>\$ 3,407,422</u>

See notes to financial statements.

COLORADO SPRINGS UTILITIES FOUNDATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributed financial assets	\$ 1,256,397	\$ 162,678	\$ 1,419,075	\$ 852,044	\$ 166,487	\$ 1,018,531
Contributed non-financial assets	133,647	—	133,647	155,830	—	155,830
Investment income	77,417	—	77,417	77,450	—	77,450
Net assets released from restrictions	166,738	(166,738)	—	174,940	(174,940)	—
Total	1,634,199	(4,060)	1,630,139	1,260,264	(8,453)	1,251,811
EXPENSES						
Program	1,898,843	—	1,898,843	1,182,854	—	1,182,854
Fundraising	85,537	—	85,537	110,240	—	110,240
General and administrative	64,736	—	64,736	36,847	—	36,847
Total	2,049,116	—	2,049,116	1,329,941	—	1,329,941
CHANGE IN NET ASSETS	(414,917)	(4,060)	(418,977)	(69,677)	(8,453)	(78,130)
NET ASSETS, Beginning of year	3,221,143	166,487	3,387,630	3,290,820	174,940	3,465,760
NET ASSETS, End of year	\$ 2,806,226	\$ 162,427	\$ 2,968,653	\$ 3,221,143	\$ 166,487	\$ 3,387,630

See notes to financial statements.

COLORADO SPRINGS UTILITIES FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024				2023			
	Program	Fundraising	General and Administrative	Total	Program	Fundraising	General and Administrative	Total
EXPENSES								
Project COPE	\$ 1,890,452	\$ —	\$ —	\$ 1,890,452	\$ 1,171,975	\$ —	\$ —	\$ 1,171,975
Donated services	—	85,537	—	85,537	—	110,240	—	110,240
Administrative	8,391	—	33,971	42,362	10,879	—	28,976	39,855
Professional services	—	—	23,260	23,260	—	—	—	—
Supplies	—	—	7,505	7,505	—	—	7,871	7,871
TOTAL	<u>\$ 1,898,843</u>	<u>\$ 85,537</u>	<u>\$ 64,736</u>	<u>\$ 2,049,116</u>	<u>\$ 1,182,854</u>	<u>\$ 110,240</u>	<u>\$ 36,847</u>	<u>\$ 1,329,941</u>
PERCENTAGE	93%	4%	3%	100%	89%	8%	3%	100%

See notes to financial statements.

COLORADO SPRINGS UTILITIES FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	\$ (418,977)	\$ (78,130)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in operating assets and liabilities:		
Pledge receivable	(991)	(2,110)
Pledge receivable from related party	4,800	10,563
Accounts payable	(5,686)	6,289
Due to related party	<u>1,170</u>	<u>1,324</u>
Net cash used in operating activities	(419,684)	(62,064)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>3,240,935</u>	<u>3,302,999</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,821,251</u>	<u>\$ 3,240,935</u>

See notes to financial statements.

COLORADO SPRINGS UTILITIES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Colorado Springs Utilities Foundation (Foundation) is a non-profit foundation that was established on March 14, 2007. The Foundation took over the operations of a pre-existing program that was established by a resolution of the Colorado Springs City Council for the purpose of administering the funds for Citizens Option to Provide Energy (Project COPE) customer assistance program. The Foundation receives contributions from individuals, businesses, foundations, and Colorado Springs Utilities (Utilities). These contributions are allocated to Utilities' customers who qualify for assistance through Project COPE. Various other non-profit organizations determine which customers qualify for assistance. Funds are paid by the Foundation to Utilities to be applied to designated customers' accounts. Utilities provides accounting, treasury, fundraising and administrative services for the Foundation that have been accounted for as in-kind contributions in the financial statements.

Net Assets — The Foundation reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets available for use in general operations which represents the expendable resources that are available for operations at management's discretion - 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 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.

Use of Estimates — Preparation of the Foundation's 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 financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents — Cash and cash equivalents consists of cash held in a checking account and short-term investments held in a money market account. For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Pledges Receivable — Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of the expected future cash flows using a discount rate.

Pledges receivable are considered by management to be fully collectible in 2025, accordingly, no allowance for credit losses is considered necessary.

Contributed Financial Assets — Gifts of cash and other assets received without donor stipulations are reported as net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as net assets with donor restriction. 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 restriction. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

Contributed Non-Financial Assets — In addition to receiving cash contributions, the Foundation receives various program-related in-kind contributions from donors. It is the policy of the Foundation to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. No restrictions are placed on these items and the Foundation estimates the fair value of these items on the basis of market prices for comparable products.

Contributed services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with these skills, and would otherwise be purchased by the Foundation. A number of Utilities employees have made significant contributions of time to provide services to the Foundation. The Foundation recognizes contributed services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These services are an integral part of Foundation's existence.

Investment Income — Investment income consists primarily of interest income derived from the money market account held by the Foundation and is recognized as it is earned.

Expenses — The Foundation has expenses for administrative and professional services, along with supplies. These are paid for by in-kind donations from Utilities. Project COPE Program expenses (amounts paid by the Foundation to be applied to customers' Utilities accounts) vary based on the use and availability of Federal funding. The policy of the Foundation is to first utilize monies from other sources that are available for assistance and then use assets.

Tax Exempt Status — The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction. The Foundation believes that it does not have any uncertain tax positions that are material to the financial statements.

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

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

2. LIQUIDITY AND AVAILABILITY

The following table reflects the Foundation's financial assets as of December 31, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions.

Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

	2024	2023
Cash and cash equivalents	\$ 2,821,251	\$ 3,240,935
Pledges receivable	27,265	26,274
Pledge receivable from a related party	<u>135,413</u>	<u>140,213</u>
Total financial assets	<u>2,983,929</u>	<u>3,407,422</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with time restrictions	(162,427)	(166,236)
Restricted by donors with purpose restrictions	<u> </u>	<u>(251)</u>
Total amounts unavailable for general expenditures within one year	<u>(162,427)</u>	<u>(166,487)</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	<u>\$ 2,821,502</u>	<u>\$ 3,240,935</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next twelve months, the Foundation operates with a board approved budget and anticipates sufficient revenue to cover general expenditures, liabilities, and other obligations.

3. PLEDGES RECEIVABLE

Unconditional pledges receivable as of December 31, 2024 and 2023 consist of \$27,265 and \$26,274, respectively, in pledges from various donors and are expected to be collected in the subsequent year.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent amounts contributed to the Foundation in support of the Community Focus Fund, and amounts pledged to, but not yet collected by, the Foundation in support of Project COPE and for general operating expenses.

Net assets with donor restrictions consist of the following as of December 31:

	2024	2023
Time restricted pledges receivable	\$ 162,427	\$ 166,236
Community Focus Fund	<u> </u>	<u>251</u>
Total	<u>\$ 162,427</u>	<u>\$ 166,487</u>

5. FUNCTIONAL EXPENSES ALLOCATION METHODS

The Foundation allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program purpose or support services are allocated directly, according to their natural expenditure classification. Fundraising expenses are charged to fundraising. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. Substantially all general and administrative expenses are paid by Utilities. Expenses are recorded when costs are incurred. Costs that are common to several functions are allocated among the program and supporting services on the basis of percentage of total expense incurred and estimates made by management.

6. CONCENTRATIONS

The Foundation maintains cash in bank accounts that frequently exceed FDIC insurance limits. The Foundation has not experienced any losses in such accounts.

During the years ended December 31, 2024 and 2023, the Foundation received approximately 68% and 48%, respectively, of its revenue through contributions from Utilities. As of December 31, 2024 and 2023, approximately 83% and 84%, respectively, of the Foundation's pledges receivable are due from Utilities.

7. CONTRIBUTIONS — NON-FINANCIAL ASSETS

Contributions of non-financial assets consist of the following for the year ended December 31, 2024:

	Revenue Recognized	Utilization in Programs / Activities	Donor Restriction	Valuation Techniques / Inputs
2024:				
Supplies	\$ 74,331	Programs	None	Market prices for Comparable products
Administrative services	42,362	Operations	None	Fair market value
Fundraising services	11,206	Fundraising	None	Fair market value
Software	<u>5,748</u>	Operations	None	Market prices for Comparable products
Total	<u>\$ 133,647</u>			

	Revenue Recognized	Utilization in Programs / Activities	Donor Restriction	Valuation Techniques / Inputs
2023:				
Supplies	\$ 96,642	Programs	None	Market prices for Comparable products
Administrative services	39,855	Operations	None	Fair market value
Fundraising services	13,598	Fundraising	None	Fair market value
Software	<u>5,735</u>	Operations	None	Market prices for Comparable products
Total	<u>\$ 155,830</u>			

8. RELATED PARTIES

The Foundation and Utilities are related parties due to the Foundation's Board members being comprised of Utilities employees.

As of December 31, 2024, the Foundation had accounts payable due to Utilities for \$9,207 and had a pledge receivable due from Utilities for \$135,413. During the year ended December 31, 2024, Utilities made contributions totaling \$953,306 to the Foundation, and the Foundation made payments of \$1,872,039 to Utilities for Project COPE.

As of December 31, 2023, the Foundation had accounts payable due to Utilities for \$8,037 and had a pledge receivable due from Utilities for \$140,213. During the year ended December 31, 2023, Utilities made contributions totaling \$603,322 to the Foundation, and the Foundation made payments of \$1,100,680 to Utilities for Project COPE.