

**Pinnacol Foundation**

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Financial Statements for the Twelve Month periods ended  
**July 31, 2017 and July 31, 2016**

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By the Office of the State Auditor at 10:29 am, Jan 19, 2018

## CERTIFIED PUBLIC ACCOUNTANTS

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### INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Pinnacol Foundation  
Denver, CO

We have audited the accompanying financial statements of Pinnacol Foundation (a nonprofit organization) which comprise the statements of financial position as of July 31, 2017 and July 31, 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pinnacol Foundation as of July 31, 2017 and July 31, 2016, 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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken. The schedules of functional expenses on page 9 and 10 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Comprehensive Financial Management P.C.*

Comprehensive Financial Management.P.C. Lakewood, CO.  
November 29, 2017

**Pinnacol Foundation**  
**Statements of Financial Position**  
**At July 31, 2017 and 2016**

	<b>Assets</b>	<b>2017</b>	<b>2016</b>
Cash and Cash Equivalents		\$ 1,021,502	\$ 908,809
Accounts Receivable		80,500	23,500
Prepaid Expense		4,380	4,255
<b>Total Assets</b>		<b>\$ 1,106,382</b>	<b>\$ 936,564</b>
<b>Liabilities and Net Assets</b>			
Accounts payable		\$ 103,096	\$ 88,631
Deferred Revenue		43,300	10,500
Unrestricted Net Assets		959,986	837,433
<b>Total Liabilities and Net Assets</b>		<b>\$ 1,106,382</b>	<b>\$ 936,564</b>

**The accompanying notes are an integral part of these financial statements**

**Pinnacol Foundation**  
**Statements of Activities**  
**For the Years Ended July 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Public Support and Revenue</b>		
Event Sponsorships	\$ 328,250	\$ 268,800
Donations and Grants	280,259	500,242
Silent Auction	10,441	6,938
Miscellaneous Event Income	5,810	7,104
Interest Income	-	31
Miscellaneous Other Income	-	-
<b>Total Public Support and Revenue</b>	<b>624,760</b>	<b>783,115</b>
 <b>Functional Expenses</b>		
Program Services	360,038	372,954
General and Administrative	107	2,625
Fund Raising	142,062	106,328
<b>Total Expenses</b>	<b>502,207</b>	<b>481,907</b>
 <b>Change in Net Assets</b>	 122,553	 301,208
 <b>Net assets Beginning of the Year</b>	 837,433	 536,225
<b>Net Assets End of the Year</b>	<b>\$ 959,986</b>	<b>\$ 837,433</b>

The accompanying notes are an integral part of these financial statements

**Pinnacol Foundation**  
**Statements of Cash Flows**  
**For the Years Ended July 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 122,553	\$ 301,208
 Changes in Operating Assets and Liabilities		
(Increase) in Accounts Receivable	(57,000)	(18,979)
Decrease (Increase) in Prepaid Expense	(125)	(2,075)
Increase in Accounts Payable	14,465	5,871
Increase (Decrease) in Deferred Revenue	32,800	(13,250)
Net Cash Provided By Operating Activities	112,693	272,775
 Net Increase (Decrease) in Cash	112,693	272,775
 <b>Cash Beginning of the Year</b>	908,809	636,034
<b>Cash End of the Year</b>	\$ 1,021,502	\$ 908,809

**The accompanying notes are an integral part of these financial statements**

**Pinnacol Foundation**  
**Notes to Financial Statements**  
**July 31, 2017 and July 31, 2016**

**Note 1 Organization and Purpose**

Pinnacol Foundation (The Organization) is a Colorado non-profit corporation that was formed in January of 2001 to provide educational scholarships to the children of Colorado workers who are fatally or permanently injured in a compensable work-related accident or illness.

**Note 2 Summary of Significant Accounting Policies**

Financial statement presentation and contributions The Organization follows the requirements of Accounting Standards Codification Section (ASCS) Section 958, "Accounting for Contributions Received and Contributions Made" and "Financial Statements for Non-Profit Organizations"

Financial statement presentation Under ASCS 958, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. A definition of each class of net assets follows.

Unrestricted net assets represent net assets not subject to donor-imposed stipulations. All assets of the Organization were unrestricted at July 31, 2017 and July 31, 2016.

Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may be the actions of the Organization or the passage of time. At July 31, 2017 and July 31, 2016, the Organization did not have any temporarily restricted net assets.

Permanently restricted net assets represent net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. At July 31, 2017 and July 31, 2016, the Organization did not have any permanently restricted net assets.

Contributions under ASCS 958 are recognized as unrestricted, temporarily restricted or permanently restricted support depending upon the existence and /or nature of donor restrictions.

All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted.

Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would be purchased if not provided by donation. In kind services recorded during the year ended July 31, 2017 totaled \$36,383.

Accounting Methods: The financial statements are prepared using the accrual basis of accounting whereby revenues and expenses are identified for the period and recorded as earned or incurred.

**Pinnacol Foundation**  
**Notes to Financial Statements**  
**July 31, 2017 and July 31, 2016**

Allowance for Doubtful Accounts: In the opinion of management, all accounts receivable at July 31, 2017 are considered collectable. Therefore, the financial statements have no provision for uncollectable accounts.

Revenue and Expense Recognition: Revenues for services are reported when earned as increases in unrestricted net assets. Contributions are recognized as income when received. Prepayments for events subsequent to July 31, 2017 and July 31, 2016 are shown on the Statement of Financial Position as Deferred Revenue.

The Organization is supported mainly by event sponsorships, grants and contributions.

Expenses are reported when incurred as decreases in unrestricted net assets.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Organization considers all cash deposits and highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Risk: For the years ended July 31, 2017 and 2016, the Organization's revenue from one source was 38.29% and 58.73% respectively. For the year ended July 31, 2017 the Organization's bank balance was above the federally insured limit of \$250,000. In the opinion of management, the risk associated with this is minimal.

Income Taxes: The Organization is exempt from federal income tax under section 501c(3) of the Internal Revenue Code. Accordingly, no provision or liability for income tax has been provided in the accompanying financial statements. For the years ended July 31, 2017 and 2016, in the opinion of management, the Organization has not taken any uncertain tax positions, however tax years 2015 and 2016 are still open to audit by the Internal Revenue Service.

Functional Reporting of Expenses: For the years ended July 31, 2017 and 2016 the costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, some costs have been allocated among the programs and services benefited.

Estimates by Management: The preparation of financial statements in conformity with generally accepted accounting principles sometimes require the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Subsequent Events: Management has evaluated subsequent events through November 29 2017, the date the financial statements were available to be issued and determined that there are no other items requiring disclosure.

**Pinnacol Foundation**  
**Notes to Financial Statements**  
**July 31, 2017 and July 31, 2016**

**Note 3 Volunteer Services**

The Organization is extremely appreciative of the volunteer time and effort, which is dedicated to the pursuit of Pinnacol Foundation's mission. These financial statements do not reflect the value of those services. Although there is a great deal of time donated by volunteers to the Organization, the value of these services do not meet the requirements for being recorded in the financial statements.

**Note 4 Related Party Transactions**

The Organization is affiliated with Pinnacol Assurance through common officers and employees. The Organization shares facilities, equipment, office supplies and staff time with Pinnacol Assurance. For the years ended July 31, 2017 and 2016, Pinnacol Assurance and its employees donated a total of \$239,223 and \$459,927 to the Foundation respectively.

**Pinnacol Foundation**  
**Schedule of Functional Expenses**  
**For the Year Ended July 31, 2017**

	<b>Program Services</b>	<b>General &amp; Admin.</b>	<b>Fund Raising</b>	<b>Total</b>
Bank charges	\$ 2,950	\$ -	\$ 1,162	\$ 4,112
Dues and Subscriptions	3,375	-	-	3,375
Event Costs	-	-	128,808	128,808
Insurance	493	-	194	687
Meals and Entertainment	33	-	-	33
Memberships	765	-	-	765
Office Supplies	-	5	-	5
Printing	-	102	-	102
Professional Fees	3,613	-	11,784	15,397
Scholarships Awarded	348,520	-	-	348,520
Temporary Help	289	-	114	403
<b>Total</b>	<u>\$ 360,038</u>	<u>\$ 107</u>	<u>\$ 142,062</u>	<u>\$ 502,207</u>

**Pinnacol Foundation**  
**Schedule of Functional Expenses**  
**For the Year Ended July 31, 2016**

	<b>Program Services</b>	<b>General &amp; Admin.</b>	<b>Fund Raising</b>	<b>Total</b>
Bank charges	\$ 2,613	\$ 21	\$ 746	\$ 3,380
Dues and Subscriptions	1,645	-	-	1,645
Event Costs	-	-	92,843	92,843
Insurance	695	6	198	899
Meals and Entertainment	-	-	246	246
Memberships	765	-	-	765
Office Supplies	-	180	-	180
Printing	-	-	5,891	5,891
Professional Fees	6,719	33	6,147	12,899
Scholarships Awarded	357,830	-	-	357,830
Temporary Help	2,687	2,385	257	5,329
<b>Total</b>	<u>\$ 372,954</u>	<u>\$ 2,625</u>	<u>\$ 106,328</u>	<u>\$ 481,907</u>