

Denver Public Schools Foundation

Financial Statements

June 30, 2025

With Comparative Totals for June 30, 2024

(With Independent Auditor's Report Thereon)



Independent Auditor's Report

Board of Directors Denver Public Schools Foundation

Opinion

We have audited the accompanying financial statements of Denver Public Schools Foundation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 Denver Public Schools Foundation as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit 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 Denver Public Schools 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 the financial statements in accordance with GAAP, 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 Denver Public Schools Foundation's ability to continue as a going concern within one year after the date that the 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.

**Board of Directors
Denver Public Schools Foundation**

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 Denver Public Schools 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 Denver Public Schools 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.

Report on Summarized Comparative Information

We have previously audited Denver Public Schools Foundation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 04, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kundinger, Corder & Montoya, P.C.

October 06, 2025

Denver Public Schools Foundation
Statement of Financial Position
June 30, 2025
(With Summarized Comparative Information for June 30, 2024)

	2025	2024
Assets		
Cash and cash equivalents	\$ 245,190	1,599,973
Investments (note 3)	9,582,217	10,708,036
Contributions receivable (note 4)	266,260	343,377
Beneficial interest in assets held in endowment (notes 3 and 5)	2,767,967	2,420,481
Prepaid expenses and other assets	15,000	19,000
Funds held under fiscal agency agreement (note 6)	101,471	200,000
Total assets	\$ 12,978,105	15,290,867
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 33,547	19,146
Grants payable (note 7)	1,149,724	3,411,756
Refundable advances (note 8)	314,602	712,402
Funds held under fiscal agency agreement (note 6)	101,471	200,000
Total liabilities	1,599,344	4,343,304
Net Assets (notes 10 and 11)		
Without donor restrictions		
Undesignated	6,026,714	4,696,971
Board designated	196,021	266,021
Total without donor restrictions	6,222,735	4,962,992
With donor restrictions	5,156,026	5,984,571
Total net assets	11,378,761	10,947,563
Commitment (note 13)		
Total liabilities and net assets	\$ 12,978,105	15,290,867

See the accompanying notes to the financial statements.

Denver Public Schools Foundation
Statement of Activities
Year Ended June 30, 2025
(With Summarized Comparative Information for June 30, 2024)

	2025		2024	
	Without donor restrictions	With donor restrictions	Total	Total
Revenue, gains and support				
Contributions and grants	\$ 1,422,516	4,246,037	5,668,553	6,330,286
Special events	1,069,870	–	1,069,870	870,600
In-kind contributions (note 9)	7,870	–	7,870	8,230
Less: direct benefits to donors	(189,058)	–	(189,058)	(159,315)
Net special events revenue	888,682	–	888,682	719,515
Transfer from Denver Public Schools	112,500	–	112,500	190,500
In-kind contributions (note 9)	500,245	–	500,245	79,164
Investment return (note 3)	694,255	–	694,255	771,037
Change in value of beneficial interest in assets held in endowment	–	237,486	237,486	233,134
Other income/(loss)	(204,575)	–	(204,575)	–
Net assets released from restrictions (note 10)	5,312,068	(5,312,068)	–	–
Total revenue, gains, and support	8,725,691	(828,545)	7,897,146	8,323,636
Expenses				
Program services	5,602,106	–	5,602,106	7,357,429
Management and general expenses	1,032,692	–	1,032,692	1,023,583
Fundraising expenses	831,150	–	831,150	776,354
Total expenses	7,465,948	–	7,465,948	9,157,366
Change in net assets	1,259,743	(828,545)	431,198	(833,730)
Net assets at beginning of year	4,962,992	5,984,571	10,947,563	11,781,293
Net assets at end of year	\$ 6,222,735	5,156,026	11,378,761	10,947,563

See the accompanying notes to the financial statements.

Denver Public Schools Foundation
Statement of Functional Expenses
Year Ended June 30, 2025
(With Summarized Comparative Information for June 30, 2024)

	2025						2024 Total
	Program Services	Supporting Services			Total	Total	
		Management and General	Fundraising	Total			
Grants funded	\$ 5,379,189	–	–	–	5,379,189	6,949,118	
Salaries, benefits, and payroll taxes and fees	170,292	662,148	692,755	1,354,903	1,525,195	1,405,467	
Marketing, donor stewardship, and fundraising	–	194,894	28,761	223,655	223,655	112,382	
Special events	–	–	230,693	230,693	230,693	210,481	
Office operations	–	116,817	10,339	127,156	127,156	119,447	
Occupancy	3,383	13,155	13,763	26,918	30,301	30,842	
Professional fees	25,725	22,466	35,538	58,004	83,729	455,494	
Travel	21	23,212	7,864	31,076	31,097	33,450	
School outreach	23,496	–	495	495	23,991	–	
Total expenses	5,602,106	1,032,692	1,020,208	2,052,900	7,655,006	9,316,681	
Less amounts netted with revenue							
Direct benefits to donors	–	–	(189,058)	(189,058)	(189,058)	(159,315)	
Total expenses on the statement of activities	\$ 5,602,106	1,032,692	831,150	1,863,842	7,465,948	9,157,366	

See the accompanying notes to the financial statements.

Denver Public Schools Foundation
Statement of Cash Flows
Year Ended June 30, 2025
(With Summarized Comparative Information for June 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 431,198	(833,730)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Net unrealized and realized gain on investments	(367,154)	(397,064)
Contribution restricted for endowment	(110,000)	(1,000)
Change in value of beneficial interest in assets held in endowment	(237,486)	(233,134)
Change in operating assets and liabilities:		
Contributions receivable	77,117	(202,474)
Prepaid expenses	4,000	(7,000)
Accounts payable and accrued expenses	14,401	(13,150)
Grants payable	(2,262,032)	1,761,161
Refundable advances	(397,800)	(1,456,433)
Net cash used in operating activities	<u>(2,847,756)</u>	<u>(1,382,824)</u>
Cash flows from investing activities		
Sales of investments	3,434,874	1,588,891
Purchases of investments	(1,941,901)	(405,256)
(Contributions to) distributions from beneficial interests held in endowment, net	<u>(110,000)</u>	<u>107,290</u>
Net cash provided by investing activities	<u>1,382,973</u>	<u>1,290,925</u>
Cash flows from financing activities		
Contributions restricted for endowment fund	<u>110,000</u>	<u>1,000</u>
Net cash provided by financing activities	<u>110,000</u>	<u>1,000</u>
Net decrease in cash and cash equivalents	(1,354,783)	(90,899)
Cash and cash equivalents at beginning of year	<u>1,599,973</u>	<u>1,690,872</u>
Cash and cash equivalents at end of year	<u>\$ 245,190</u>	<u>1,599,973</u>

See the accompanying notes to the financial statements.

Denver Public Schools Foundation

Notes to Financial Statements

June 30, 2025

(1) Summary of Significant Accounting Policies

(a) Organization

Denver Public Schools Foundation (the Foundation) is a Colorado widely based not-for-profit charitable organization established on February 28, 1992, whose purpose is to support the mission, goals and objectives of Denver Public Schools (DPS).

(b) Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

The Foundation is required to present information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

(d) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less, and which are not held as part of an investment portfolio, to be cash equivalents.

(e) Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and contributions receivable. At times, a significant portion of the cash and cash equivalents may exceed the amount insured by the FDIC or related institutions. The Foundation places its cash with financial institutions that management has determined both to be creditworthy and high-quality institutions.

The Foundation recognized contributions from two foundations during the year ended June 30, 2025 that comprised approximately 46% of the contributions and special events income of \$6,738,423 on the statement of activities and changes in net assets. A decrease in support from these donors could have a significant impact on the Foundation's support of DPS.

Denver Public Schools Foundation
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Investments and Fair Value Measurements

All investments are recorded at fair value in the statement of financial position. The Foundation's management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable. Investment return consists of the Foundation's distributive share of any interest, dividends, and capital gains and losses generated from the realized and unrealized gains or losses, generated from investments. Gains and losses attributed to the Foundation's investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Fair value is defined as 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. Generally accepted accounting principles in the U.S. establishes a fair value hierarchy that prioritizes investments based on the assumptions market participants would use when pricing an asset. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Assets are grouped at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

Investments in marketable equity and fixed income securities with readily determinable market values are reported at fair value based on quoted prices in active markets. In addition, certain investments are reported using the "practical expedient" method. The practical expedient method allows net asset value per share or its equivalent to represent fair value for reporting purposes when the criteria for using this method are met. Investments valued using net asset value per share or its equivalent are not categorized within the hierarchy.

The carrying amount reported in the statement of financial position for cash and cash equivalents, investments, contributions receivable, accounts payable and accrued liabilities, and grants payable approximate fair value because of the immediate or short-term maturities of these financial instruments.

Denver Public Schools Foundation
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Equipment and Software

Equipment and software are recorded at cost or, if donated, at the estimated fair value of the asset at the date of donation. Equipment is depreciated and software is amortized using the straight-line method over the estimated useful lives of the assets, which are generally 3 years. The Foundation capitalizes equipment and software with a cost or fair value of \$1,000 or more. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major improvements are capitalized and subsequently depreciated. All equipment and software are fully depreciated at year-end.

(h) Grants Payable and Expense

Program grants awarded by the Foundation are recorded as an expense and a liability when they are approved in accordance with the Foundation's approval process.

(i) Revenue and Revenue Recognition

Grants and Contributions

Grants and contributions are recognized when cash, securities, and unconditional promises to give are received. Unconditional contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. Payments received in advance of conditions being met are recorded as a refundable advance.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a 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.

The Foundation uses the allowance method to determine uncollectible unconditional contributions receivable. The allowance is based on prior years' experiences and management's analysis of specific pledges made. Changes in the valuation allowance have not been material to the financial statements. No allowance is considered necessary at June 30, 2025.

Special Events

Special events are comprised of revenue from exchange transactions equal to the cost of direct benefits to donors, and contribution revenue for amounts received in excess of direct costs. Contribution revenue is recognized following the revenue recognition policies discussed above. Exchange transaction revenue is recognized the day the event takes place.

Denver Public Schools Foundation
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Revenue and Revenue Recognition, Continued

Contributed Services and Gifts in Kind

Donated services and materials are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. In addition, volunteers from the community have donated a significant number of hours in assisting the Foundation. The value of this contributed time is not recognized in the financial statements because the contributions do not meet the criteria for recognition.

(j) Estimates

The preparation of financial statements in conformity with GAAP 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 and expenses during the reporting period. Actual results could differ from those estimates.

(k) Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. The Foundation incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Foundation also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel. All expenses have been allocated based on the nature of the expense except for salaries, benefits, and payroll taxes and fees, which have been allocated by the estimated time spent by employees in each of the activities.

(l) Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Foundation qualify for the charitable contribution deduction. However, income from activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income subject to taxation for the year ended June 30, 2025.

Management is required to evaluate tax positions taken by the Foundation and to recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. The Foundation believes that it has appropriate support for any tax positions taken and that none would require recognition of a liability or disclosure in the financial statements.

Denver Public Schools Foundation
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Income Taxes, Continued

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to June 30, 2022.

(m) Subsequent Events

The Foundation has evaluated subsequent events through October 06, 2025, the date the financial statements were available to be issued. See note 14.

(n) Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

(o) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. The reclassifications had no effect on net assets or the change in net assets.

(2) Liquidity and Availability of Financial Assets

The following table reflects the Foundation's financial assets as of June 30, 2025, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, or when restricted by donors for purposes more limited than general expenditures, or expenditures not to be incurred within one year.

Financial assets:

Cash and cash equivalents	\$ 245,190
Investments	9,582,217
Contributions receivable	266,260
Beneficial interest in assets held in endowment	<u>2,767,967</u>
Total financial assets	12,861,634
Less amounts unavailable within one year due to:	
Donor-imposed purpose restrictions	(2,038,893)
Beneficial interest in assets held by others	(2,767,967)
Refundable advances	(314,602)
Amounts unavailable without Board's approval:	
Board designated	<u>(196,021)</u>
Total amounts unavailable within one year	<u>(5,317,483)</u>
Total financial assets available for general expenditure within one year	\$ <u>7,544,151</u>

Denver Public Schools Foundation
Notes to Financial Statements, Continued

(2) Liquidity and Availability of Financial Assets, Continued

The Foundation's goal is to maintain financial assets to meet at least eighteen months of operating expenses. As part of its liquidity plan, excess cash is invested in interest-bearing money market accounts. The Board of Directors has the ability to un-designate board designated net assets should the need arise. There is also approximately \$175,000 from an annual endowment distribution available for spending, if needed.

(3) Investments

The Foundation's investment assets, which include private and publicly held investments, are dedicated to providing the financial resources needed to meet the Foundation's grant-making and other charitable objectives. The Foundation's investments are managed by an independent professional investment management firm and are held in various investment structures such as commingled mutual funds and limited partnerships. Marketable and private alternative investments are exposed to various risks that may cause the reported value of the Foundation's investment assets to fluctuate from period to period and result in a material change to the net assets of the Foundation. Investments in equity securities fluctuate in value in response to many factors such as the activities and financial condition of individual companies, business and industry market conditions and the general economic environment. The values of bond investments and other fixed income securities fluctuate in response to changing interest rates, credit worthiness of issuers and overall economic policies that impact market conditions.

Investments are stated at fair value and consist of the following at June 30, 2025:

Money market funds	\$ 5,854,204
Mutual funds-equity	2,244,082
Exchange traded funds	989,508
Multi-strategy alternative investment fund	242,663
Private offering partnership	210,158
Cash-sweep	<u>41,602</u>
Total investments	\$ <u>9,582,217</u>

Investment return, including interest on cash and cash equivalents that are not included in the investment portfolio, is summarized as follows for the year ended June 30, 2025:

Interest and dividends	\$ 363,221
Net realized and unrealized gains	367,154
Less investment fees	<u>(36,120)</u>
Net investment return	\$ <u>694,255</u>

Denver Public Schools Foundation
Notes to Financial Statements, Continued

(3) Investments, Continued

The following table summarizes the Foundation's investments by the fair value hierarchy levels as of June 30, 2025:

	<u>Fair Value</u>	Assets Measured at <u>NAV (a)</u>	<u>Level 1</u>	<u>Level 3</u>
Money market funds	\$ 5,854,204	–	5,854,204	–
Mutal funds-equity	2,244,082	–	2,244,082	–
Exchange traded funds	989,508	–	989,508	–
Multi-strategy alternative investment fund	242,663	242,663	–	–
Private infrastructure	210,158	210,158	–	–
Cash-sweep	<u>41,602</u>	<u>–</u>	<u>41,602</u>	<u>–</u>
Total investments	9,582,217	452,821	9,129,396	–
Beneficial interest in assets held	<u>2,767,967</u>	<u>–</u>	<u>–</u>	<u>2,767,967</u>
Total	<u>\$ 12,350,184</u>	<u>452,821</u>	<u>9,129,396</u>	<u>2,767,967</u>

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient, which is a reasonable estimate of fair value, have not been classified in the fair value hierarchy. The fair value amounts presented in this column are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

All assets have been valued using a market approach, except Level 3 assets. The fair value of investments in marketable securities is based on quoted market values and other observable inputs (Level 1). The fair value of alternative investments is determined using NAV, or its equivalent, is based on financial information determined and reported by investment managers or on the basis of other information evaluated periodically by the Foundation. The fair value of beneficial interest in assets held in endowment is based upon information determined and reported by the Funds and corroborated by management with the Funds' audited financial statements. The Foundation's pro rata share of the pooled investments managed by the Funds does not have an active market and is, therefore, classified as Level 3 in the fair value hierarchy. There were no changes in the valuation techniques during the current year.

The following table summarizes the significant information related to investments measured at NAV, or its equivalent, as of June 30, 2025:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Multi-strategy alternative fund (1)	\$242,663	N/A	Closed-end fund	Limited liquidity
Private infrastructure Alternative fund (2)	\$210,158	N/A	Closed-end fund	Limited liquidity

Denver Public Schools Foundation
Notes to Financial Statements, Continued

(3) Investments, Continued

- (1) 100% of the multi-strategy alternative fund investment objective is capital appreciation with limited variability of returns. The fund attempts to achieve this objective by allocating capital among a number of pooled entities each managed by an independent investment adviser pursuant to relative value investment strategies or other techniques and subject to various risks.
- (1) The private infrastructure fund investment objective is to maximize total returns through growth of capital and current income. The fund seeks to achieve its investment objective by investing primarily in securities of companies and entities that own infrastructure assets.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) represent the Foundation’s endowment net assets. For a reconciliation of the beginning and ending balance of these assets for the year ended June 30, 2025 see note 11.

(4) Contributions Receivable

Unconditional contributions receivable consisted of the following at June 30, 2025:

Receivable in less than one year	\$ 166,260
Receivable in one to five years	<u>100,000</u>
Total contributions receivable	\$ <u>266,260</u>

Amounts due in more than one year have not been discounted to present value as the discount is not material.

At June 30, 2025, the Foundation had one conditional grant agreement totaling \$1,261,332 that is subject to certain donor-imposed conditions and give the donor the right, at their sole discretion, to reduce the amount of funds granted or to request the return of any unexpended funds. Conditional grants are similar to cost-reimbursement grants in which qualifying expenses must be incurred or other conditions met before the promises to give become unconditional. Revenue under these grant agreements will be recognized and recorded as contribution revenue when qualifying expenses are incurred and any other donor-imposed conditions are met.

(5) Beneficial Interest in Assets Held in Endowment

The Foundation has established permanent endowment funds (Funds) with Rose Community Foundation (Endowment Fund) and The Denver Foundation (Jerry’s Fund) and named itself as the beneficiary. The Foundation granted variance power to the Funds, which allows the Funds to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of either of the Fund’s Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of DPS. The transfer was not considered to be a contribution from the Foundation to the Funds, but, rather, was accounted for as a reciprocal transfer from the Foundation to the Funds. Therefore, the transfers are reflected collectively in the statement of financial position as “beneficial interest in assets held in endowment”.

Denver Public Schools Foundation
Notes to Financial Statements, Continued

(5) Beneficial Interest in Assets Held in Endowment, Continued

Distributions are based on the terms of each fund and are discussed in note 11. Earnings in excess of distributions, if any, are reinvested in the Funds. The balance in the accounts at Rose Community Foundation and The Denver Foundation can be returned to the Foundation with a vote of both the Foundation's board and the respective Fund's board. Distributions of earnings from the Endowment Fund are unrestricted to the Foundation and can be used for any needs of the Foundation, including general operating support. Distributions of earnings from Jerry's Fund are restricted by donors for the A to Z Fund. There were no distributions of earnings from either Fund during the year ended June 30, 2025.

Contributions to the Funds totaled \$100,000 and \$10,000 to Jerry's Fund and the Endowment Fund, respectively, in the year ended June 30, 2025.

At June 30, 2025, the balances of the Funds, at fair value, are as follows:

Rose Community Foundation (Endowment Fund)	\$ 1,655,391
The Denver Foundation (Jerry's Fund)	<u>1,112,576</u>
Total beneficial interest in assets held in endowment	\$ <u>2,767,967</u>

(6) Funds Held Under Fiscal Agency Agreement

The Foundation was named as fiscal agent for DPS under a grant from the Bill and Melinda Gates Foundation aimed to support early childhood data analysis at Denver Public Schools. The asset and liability accounts, "Funds held under fiscal agency agreement", represent the cash received by the Foundation on behalf of DPS. The Foundation will disburse the funds to DPS solely for this project when directed by DPS. As these funds are requested by DPS, the asset and liability are removed from the Foundation's books.

(7) Grants Payable

Grants funded during the year ended June 30, 2025 include distributions to or for Denver Public Schools totaling \$5,379,189. Included in distributions at June 30, 2025 were grants payable to Denver Public Schools of \$1,149,724, which are due within one year.

(8) Refundable Advances

At June 30, 2025, the Foundation has received funds related to conditional contributions in advance of the conditions being met. These amounts are included in cash and are also recorded as a refundable advance, a liability account, and totaled \$314,602 at June 30, 2025. When the conditions are met, that is, when the qualifying expenses are incurred and other conditions are met, the refundable advance is then recognized as contribution revenue.

Denver Public Schools Foundation
Notes to Financial Statements, Continued

(9) In-kind Contributions

During the year ended June 30, 2025, the Foundation received the following contributions of donated goods and the use of facilities:

Office space	\$ 30,301
Food van for donation to DPS	212,500
Legal fees	22,466
Goods	<u>242,848</u>
Total in-kind contributions	\$ <u>508,115</u>

The Foundation leases office space at the Denver Public School central office at a below-market rate (see note 12). The Foundation recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation. Fair value of the donated use of facilities is estimated using the price per square foot of similar office space in the area, and the expense is allocated among program and supporting services based on estimated usage of footage occupied. Donated goods and food van are valued at the retail price that would be paid for purchasing similar products. All donated goods, food van and facilities were utilized by the Foundation's programs and supporting services. No donor-imposed restrictions were associated with the donated office space or goods.

(10) Net Assets

Board Designated Net Assets without Donor Restrictions

At June 30, 2025, board designated net assets consist of the following:

\$1 Million Fund-First Round	\$ 154,953
Opportunity Centers	<u>41,068</u>
Total board designated net assets	\$ <u>196,021</u>

The \$1 Million Fund is a board designated fund initially established in 2019 to support selected DPS schools in planning and implementing creative and collaborative solutions to address challenges, build capacity, and enrich school communities. During the year ended June 30, 2025, \$70,000 was spent for these purposes and was released from designation, leaving a designated balance at June 30, 2025 of \$154,953.

In 2021, the Board of Directors designated a fund to support Opportunity Centers within DPS, which are regional based centers designed by students and in partnership with the community to deliver a broad range of services throughout the school year. No amounts were spent or released from this fund during the year ended June 30, 2025.

Denver Public Schools Foundation
Notes to Financial Statements, Continued

(10) Net Assets, Continued

Net Assets with Donor Restrictions

Donor-restricted net assets consist of the following at June 30, 2025:

Contributions receivable, net	\$ 225,260
Unexpended cash restricted for program purposes	2,162,799
Unexpended earnings on endowment funds	941,344
Endowment net assets required to be held in perpetuity	<u>1,826,623</u>
Total net assets with donor restrictions	\$ <u>5,156,026</u>

During the year ended June 30, 2025, net assets totaling \$5,312,068 were released from restriction due to the satisfaction of purpose restrictions or the passage of time.

(11) Endowment Funds

The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Though responsibility for UPMIFA lies with the institutions that hold the beneficial interest in assets held for endowment, the Foundation considers it their co-responsibility to follow UPMIFA when making the decision to transfer assets to the Funds, in exercising their oversight of the Funds, and in evaluating the overall performance of the Funds. The Foundation has interpreted UPMIFA as requiring the preservation of 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's endowment net assets consist of two donor restricted endowment funds: Endowment Fund and Jerry's Fund. The Endowment Fund was established in 1999 through an agreement with Denver Public Schools under which the Foundation received \$1,000,000. The principal cannot be spent by the Foundation for any purpose. Earnings on the Endowment Fund are available for use in accordance with the purpose of the Foundation.

Jerry's Fund was established during the year ended June 30, 2005 in honor of former Superintendent Dr. Jerry Wartgow. The principal amount cannot be spent by the Foundation for any purpose. Earnings on Jerry's Fund are restricted to support the A to Z Fund – providing grants to DPS schools for programs and activities that go beyond schools' limited budgets.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds
- The purposes of the Foundation and the donor-restricted endowment funds
- General economic conditions including the possible effect of inflation and deflation
- The expected total return from income
- The appreciation of investments
- The Foundation's investment policies
- Other Foundation resources

Denver Public Schools Foundation
Notes to Financial Statements, Continued

(11) Endowment Funds, Continued

Endowment net assets consist of the following at June 30, 2025:

	<u>With Donor Restrictions</u>
Endowment Fund	\$ 1,655,391
Jerry’s Fund	<u>1,112,576</u>
	<u>\$ 2,767,967</u>

Changes in endowment net assets are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, June 30, 2024	\$ 2,420,481
Contribution	110,000
Investment return, net	<u>237,486</u>
Endowment net assets, June 30, 2025	<u>\$ 2,767,967</u>

Return Objectives and Strategies for Achieving Objectives

The Funds are held and invested by Rose Community Foundation and The Denver Foundation for the benefit of the Foundation. Both Rose Community Foundation and The Denver Foundation set the investment policies for the Funds, investing the endowment assets in a manner intended to produce a long-term rate of return that exceeds the return from the S&P 500. Both organizations have active investment committees that consistently review allocations and returns.

Distribution Policy and How the Investment Objectives Relate to the Distribution Policy

Pursuant to the terms created for the Endowment Fund, the Foundation may receive distributions of up to five percent of the market value less administrative fees and expenses not more often than quarterly, providing the distribution does not invade the original principal. Pursuant to the terms created for Jerry’s Fund, the Foundation may receive an annual distribution of up to six percent of the market value less administrative fees and expenses, providing the distribution does not invade the original principal.

(12) Related Party Transactions

The Foundation leases office space for its operations from Denver Public Schools at a rate of \$10 per month under a cancelable agreement that expires June 30, 2029. The monthly office space payment includes office space, utilities, phones, technology support, and furniture. In addition, the Foundation leases month-to-month parking for its employees from Denver Public Schools. For the year ended June 30, 2025, the Foundation was not charged for office space rent or parking. In-kind contributions were not recorded for the month-to-month parking as amounts are immaterial to the financial statements. See also note 9.

At June 30, 2025, the Foundation maintained accounts with FirstBank. A board member of the Foundation serves as Executive Vice President for FirstBank. The Foundation did not pay any fees to FirstBank during the year ended June 30, 2025.

Denver Public Schools Foundation
Notes to Financial Statements, Continued

(13) Employee Retirement Plan

The Foundation's Insperity 401(k) plan is a "safe harbor" defined contribution plan in which eligible employees may elect to defer a portion of their salary, subject to certain Internal Revenue Service limitations. Participants are immediately eligible to participate upon hire. Contributions to the Plan by the Foundation equal 100% of the amount of the eligible member's elective deferrals that do not exceed 6%. Contributions to the Plan totaled \$63,993 for the year ended June 30, 2025.

(14) Acquisition of My Spark Program

Effective August 1, 2025, the Foundation acquired the My Spark Denver program, a pioneering initiative originally created by the City and County of Denver, Mile High United Way, and Gary Community Ventures to expand access to afterschool and extracurricular activities for middle school youth. The assets acquired by the Foundation include certain cash and cash equivalents and trade name rights. The acquisition does not include assumption of any obligations or liabilities.