

PINNACOL FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JULY 31, 2025 AND 2024

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

PINNACOL FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2025

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

December 5, 2025

INDEPENDENT AUDITORS' REPORT

Board of Directors
Pinnacol Foundation
Denver, Colorado

Opinion

We have audited the accompanying financial statements of **Pinnacol Foundation** which comprise the statements of financial position as of July 31, 2025 and 2024, 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 Pinnacol Foundation as of July 31, 2025 and 2024 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 audit in accordance with auditing standards generally accepted in the United State of America. 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 Pinnacol 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 Pinnacol 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Pinnacol 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 Pinnacol 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.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

PINNACOL FOUNDATION
STATEMENT OF FINANCIAL POSITION
JULY 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
<u>Assets</u>		
Cash and cash equivalents	\$ 1,162,727	\$ 1,204,008
Contributions receivable	12,008	22,500
Interest receivable	6,051	6,560
Prepaid expenses	18,323	17,716
Total assets	\$ 1,199,109	\$ 1,250,784
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 7,946	\$ -
Scholarships payable (Note 4)	-	184,236
Deferred revenue (Note 6)	8,200	5,800
Total liabilities	16,146	190,036
<u>Net assets</u>		
Without donor restrictions	1,166,213	1,045,948
With donor restrictions (Note 7)	16,750	14,800
Total net assets	1,182,963	1,060,748
Total liabilities and net assets	\$ 1,199,109	\$ 1,250,784

The accompanying notes are an integral part of these financial statements

PINNACOL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2025

	2025		
	Without donor Restrictions	With donor Restrictions	Total
<u>Revenue and other support</u>			
Special events	\$ 409,630	\$ 16,750	\$ 426,380
less direct expense	(217,982)	-	(217,982)
Employee/employer match	84,646	-	84,646
Interest	62,626	-	62,626
General donations	59,346	-	59,346
Board contributions	52,118	-	52,118
Direct support - Pinnacol Assurance	50,000	-	50,000
Equipment sales and other	37,030	-	37,030
In-kind (Note 5)	220,753	-	220,753
Net assets released from restriction (Note 8)	14,800	(14,800)	-
Total revenue and other support	<u>772,967</u>	<u>1,950</u>	<u>774,917</u>
<u>Expense</u>			
Program Services	432,724	-	432,724
Forfeited scholarships	(16,310)	-	(16,310)
	<u>416,414</u>	<u>-</u>	<u>416,414</u>
Supporting services			
Management and general	112,392	-	112,392
Fund-raising	123,896	-	123,896
Total expense	<u>652,702</u>	<u>-</u>	<u>652,702</u>
Change in net assets	120,265	1,950	122,215
Net assets, beginning of year	<u>1,045,948</u>	<u>14,800</u>	<u>1,060,748</u>
Net assets, end of year	<u>\$ 1,166,213</u>	<u>\$ 16,750</u>	<u>\$1,182,963</u>

The accompanying notes are an integral part of these financial statements

PINNACOL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2024

	2024		
	Without donor Restrictions	With donor Restrictions	Total
<u>Revenue and other support</u>			
Special events	\$ 358,815	\$ 14,800	\$ 373,615
less direct expense	(173,482)	-	(173,482)
Employee/employer match	63,690	-	63,690
Equipment sales	57,450	-	57,450
Interest	52,914	-	52,914
Direct support - Pinnacol Assurance	50,000	-	50,000
General donations	49,047	-	49,047
Board contributions	7,468	-	7,468
In-kind (Note 5)	212,685	-	212,685
Total revenue and other support	<u>678,587</u>	<u>14,800</u>	<u>693,387</u>
<u>Expense</u>			
Program Services	377,010	-	377,010
Forfeited scholarships	(17,560)	-	(17,560)
	<u>359,450</u>	<u>-</u>	<u>359,450</u>
Supporting services			
Management and general	96,384	-	96,384
Fund-raising	110,718	-	110,718
Total expense	<u>566,552</u>	<u>-</u>	<u>566,552</u>
Change in net assets	112,035	14,800	126,835
Net assets, beginning of year	<u>933,913</u>	<u>-</u>	<u>933,913</u>
Net assets, end of year	<u>\$ 1,045,948</u>	<u>\$ 14,800</u>	<u>\$ 1,060,748</u>

The accompanying notes are an integral part of these financial statements

PINNACOL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2025

	2025			
		Supporting Services		
	Program Services	Manage- ment and General	Fund-raising	Total
Salaries	\$ 19,648	\$ 62,450	\$ 75,694	\$ 157,792
Payroll taxes and benefits	7,365	23,834	28,318	59,517
Scholarships (less amounts forfeited)	384,610	-	-	384,610
Special event expenses	-	-	217,982	217,982
Professional services	250	18,353	3,245	21,848
Sales taxes	-	-	8,291	8,291
Bank fees	-	5,001	-	5,001
Other event expenses	-	-	3,502	3,502
Software	2,726	196	325	3,247
Insurance	-	802	-	802
Office supplies	-	33	296	329
Other	1,815	1,723	4,225	7,763
	\$ 416,414	\$ 112,392	\$ 341,878	\$ 870,684
Less expenses included with revenues on the statement of activities				
Cost of direct benefit to donors	-	-	(217,982)	(217,982)
Total expenses	\$ 416,414	\$ 112,392	\$ 123,896	\$ 652,702

The accompanying notes are an integral part of these financial statements

PINNACOL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2024

	2024			
	Supporting Services			
	Program Services	Manage- ment and General	Fund-raising	Total
Salaries	\$ 17,804	\$ 56,279	\$ 64,420	\$ 138,503
Payroll taxes and benefits	6,755	20,935	23,489	51,179
Scholarships (less amounts forfeited)	331,795	-	-	331,795
Special event expenses	-	-	173,482	173,482
Fundraising incentives	-	-	17,650	17,650
Professional services	-	10,950	1,045	11,995
Bank fees	-	6,616	-	6,616
Software	2,596	30	3,575	6,201
Insurance	-	779	-	779
Office supplies	-	321	45	366
Other	500	474	494	1,468
	\$ 359,450	\$ 96,384	\$ 284,200	\$ 740,034
Less expenses included with revenues on the statement of activities				
Cost of direct benefit to donors	-	-	(173,482)	(173,482)
Total expenses	\$ 359,450	\$ 96,384	\$ 110,718	\$ 566,552

The accompanying notes are an integral part of these financial statements

PINNACOL FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 122,215	\$ 126,835
Adjustments to reconcile change in net assets to net cash provided by operating activities		
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in contributions receivable	10,492	(15,000)
Increase in interest receivable	509	5,097
(Increase) in prepaid expenses	(607)	(10,410)
(Decrease)increase in accounts payable	7,946	(103,212)
(Decrease) in scholarships payable	(184,236)	(248,844)
Increase in deferred revenue	2,400	5,800
Net cash provided by operating activities	(41,281)	(239,734)
<u>Cash flows from investing activities</u>		
Sale of investments	-	527,562
Net increase in cash and cash equivalents	(41,281)	287,828
Cash and cash equivalents, beginning of year	1,204,008	916,180
Cash and cash equivalents, end of year	\$ 1,162,727	\$ 1,204,008

The accompanying notes are an integral part of these financial statements

PINNACOL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2025 AND 2024

NOTE 1 - NATURE OF ACTIVITIES

The Pinnacol Foundation (the Organization) is a Colorado not-for-profit corporation with IRS 501(c)(3) status, launched in 2001 to award scholarships to children of Colorado workers seriously injured or killed in a compensable work-related accident or illness. Scholarships average \$4,700 per year per student and may only be used for the costs of attending school at accredited colleges, universities, community colleges and vocational schools. The Organization is primarily supported from the proceeds of an annual golf tournament, employee/employer matching contributions and support of its affiliate, Pinnacol Assurance.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

a. Basis of Accounting

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

b. Basis of Presentation

The Organization is required to report 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 organization. These net assets may be used at the discretion of Pinnacol 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 Pinnacol 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

c. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

d. Concentration of Credit Risk

Balances in bank accounts may, from time to time, exceed federally insured limits. The Organization believes that its loss exposure is limited.

e. Fair Value Measurements

The Organization follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

f. Capitalization and Depreciation

The Organization currently has no property and equipment of its own.

g. Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

h. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

i. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

j. Functional Reporting of Expenses

For the years ended July 31, 2025 and 2024, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and benefits are allocated on the basis of time and effort. Other major expenses are allocated based on the program directly benefited.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

k. Subsequent Events

Management has evaluated subsequent events through December 5, 2025 the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents Pinnacol Foundation's financial assets as of July 31, 2025 and 2024:

<u>Financial assets at year-end</u>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$1,162,727	\$ 1,204,008
Contributions receivable	12,008	22,500
Interest receivable	<u>6,051</u>	<u>6,560</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 1,180,786</u>	<u>\$ 1,233,068</u>

Pinnacol Foundation's goal is to maintain available financial assets sufficient to meet 2 years of general operating expenses. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations as being available for general expenditures.

NOTE 4 - SCHOLARSHIPS PAYABLE

Forfeited scholarships represent amounts returned from institutions for students who did not enroll, meet credit hour requirements, or maintain academic standing. Awards not issued represent scholarship amounts declared but not paid that were awarded to students who did not attend school or failed to provide their school information to the Organization.

<u>Description</u>	<u>2025</u>	<u>2024</u>
2025 awards paid	\$ 411,220	\$ 179,735
Awards not issued	(10,300)	(14,615)
Scholarships payable as of 7/31	<u>-</u>	<u>184,236</u>
Scholarship expense	400,920	349,356
Less: Forfeited scholarships	<u>(16,310)</u>	<u>(17,560)</u>
Total scholarship expense less forfeited scholarships	<u>\$ 384,610</u>	<u>\$ 331,796</u>

NOTE 5 - IN-KIND CONTRIBUTIONS

For the fiscal years ended 2025 and 2024, in-kind contributions consisted of prizes and auction items from the Organization's fundraising events and personnel services received from the Organization's affiliate, Pinnacol Assurance, which are based on employees' time estimates.

NOTE 6 - DEFERRED REVENUE

Deferred revenue consists of the fair value received by donors for future event sponsorships:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Topgolf event sponsorships	<u>\$ 8,200</u>	<u>\$ 5,800</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following program purposes:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Time restricted donations – Topgolf event	<u>\$ 16,750</u>	<u>\$ 14,800</u>

NOTE 8 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Time restricted donations – Topgolf event	<u>\$ 14,800</u>	<u>\$ -</u>

NOTE 9 - CONCENTRATION OF REVENUE

For the year ended July 31, 2025, 26% of the Organization's support came from the annual golf tournament and 39% was provided by Pinnacol Assurance in the form of cash, donated personnel, and surplus property given to the Organization for resale. The loss of either of these sources could force the Organization to draw on its liquid assets to continue providing scholarships at the current level.

For the year ended July 31, 2024, 27% of the Organization's support came from the annual golf tournament and 44% was provided by Pinnacol Assurance in the form of cash, donated personnel, and surplus property given to the Organization for resale. The loss of either of these sources could force the Organization to draw on its liquid assets to continue providing scholarships at the current level.

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Organization places all of its cash with one financial institution. Amounts in excess of \$250,000 are not insured by the FDIC or related entity. For the year ended July 31, 2025, the Organization's uninsured balance at three of these financial institutions was about \$912,727. Management has evaluated its banking needs and the strength of these financial institutions and feels it is in the best long-term interest of the organization to continue its existing banking relationships.