

Davis Phinney Foundation

(a nonprofit Ohio corporation)

Financial Statements

December 31, 2023 and 2022

Davis Phinney Foundation

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Independent Auditor's Report

To the Board of Directors
Davis Phinney Foundation
Louisville, Colorado

Opinion

We have audited the financial statements of Davis Phinney Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of Davis Phinney Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Davis Phinney Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the 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 Davis Phinney Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (continued)

Auditor's 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 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 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 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 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 Davis Phinney 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 Davis Phinney 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.

Brock and Company, CPAs, P.C.

Certified Public Accountants

Boulder, Colorado
May 1, 2024

Davis Phinney Foundation

Statements of Financial Position

December 31	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 633,905	\$ 790,461
Investments, at fair value	3,985,591	3,760,300
Accounts receivable	30,801	31,000
Prepaid expenses and other current assets	91,914	75,512
Total current assets	<u>4,742,211</u>	<u>4,657,273</u>
Equipment, at cost		
Furniture, fixtures, and equipment	12,784	12,784
Less accumulated depreciation	(11,460)	(10,860)
Net equipment	<u>1,324</u>	<u>1,924</u>
Other Assets		
Investment, at cost	229,000	150,000
Right-of-use operating lease asset	120,490	168,253
Total other assets	<u>349,490</u>	<u>318,253</u>
Total assets	<u>\$ 5,093,025</u>	<u>\$ 4,977,450</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 58,918	\$ 53,365
Accrued loss on legal settlement	90,000	-
Grants payable, current	165,668	264,729
Accrued compensation and benefits	117,171	83,373
Deferred revenue	88,333	45,000
Current maturities of operating lease obligation	46,843	43,061
Total current liabilities	<u>566,933</u>	<u>489,528</u>
Long-Term Liability		
Grants payable, long-term	15,833	70,540
Operating lease obligation, net of current maturities	68,760	115,603
Total long-term liabilities	<u>84,593</u>	<u>186,143</u>
Total liabilities	<u>651,526</u>	<u>675,671</u>
Net Assets		
Without donor restrictions	4,363,655	4,301,779
With donor restrictions	77,844	-
Total net assets	<u>4,441,499</u>	<u>4,301,779</u>
Total liabilities and net assets	<u>\$ 5,093,025</u>	<u>\$ 4,977,450</u>

The accompanying Notes are an integral part of these financial statements

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Davis Phinney Foundation

Statement of Activities

Year ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenue and Support			
Contributions	\$ 1,464,383	\$ 104,112	\$ 1,568,495
Special event income	966,048	-	966,048
Special event expenses	(139,381)	-	(139,381)
Sponsorships	814,871	-	814,871
Other program income	15,913	-	15,913
Net assets released from restrictions			
Satisfaction of purpose restrictions	26,268	(26,268)	-
Total operating revenue and support	<u>3,148,102</u>	<u>77,844</u>	<u>3,225,946</u>
Operating Expenses			
Program services	2,691,682	-	2,691,682
Supporting services			
General and administrative	184,623	-	184,623
Fundraising	<u>619,758</u>	<u>-</u>	<u>619,758</u>
Total operating expenses	<u>3,496,063</u>	<u>-</u>	<u>3,496,063</u>
Total operating revenue and support in excess (deficit) of operating expenses	(347,961)	77,844	(270,117)
Other Changes			
Investment income, net	499,837	-	499,837
Loss on legal settlement	(90,000)	-	(90,000)
Total other changes	<u>409,837</u>	<u>-</u>	<u>409,837</u>
Change in Net Assets	61,876	77,844	139,720
Net Assets, Beginning of Year	<u>4,301,779</u>	<u>-</u>	<u>4,301,779</u>
Net Assets, End of Year	<u>\$ 4,363,655</u>	<u>\$ 77,844</u>	<u>\$ 4,441,499</u>

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part of these financial statements

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Davis Phinney Foundation

Statement of Activities

Year ended December 31, 2022

	<u>Without Donor Restrictions</u>
Operating Revenue and Support	
Contributions	\$ 1,353,183
Special event income	1,023,356
Special event expenses	(105,531)
Sponsorships	756,658
Other program income	14,155
In-kind contributions	11,400
Total operating revenue and support	<u>3,053,221</u>
Operating Expenses	
Program services	2,253,267
Supporting services	
General and administrative	194,578
Fundraising	425,824
Total operating expenses	<u>2,873,669</u>
Total operating revenue and support in excess of operating expenses	179,552
Other Changes	
Investment loss, net	(648,658)
Loss on disposal of equipment	(4,660)
Total other changes	<u>(653,318)</u>
Change in Net Assets	(473,766)
Net Assets, Beginning of Year	<u>4,775,545</u>
Net Assets, End of Year	<u>\$ 4,301,779</u>

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part of these financial statements

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Davis Phinney Foundation

Statement of Functional Expenses

Year ended December 31, 2023

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries	\$ 1,393,431	\$ 143,257	\$ 379,717	\$ 1,916,405
Payroll taxes and benefits	209,276	17,848	54,659	281,783
Total personnel	1,602,707	161,105	434,376	2,198,188
Computer and information technology	252,323	4,305	55,520	312,148
Research awards and grants	184,387	-	-	184,387
Program events	105,763	-	-	105,763
Printing	38,884	95	57,831	96,810
Rent	80,039	4,447	4,447	88,933
Travel and meals	77,843	625	5,725	84,193
Postage and shipping	65,951	254	16,877	83,082
Program manuals	71,223	-	-	71,223
Contract labor	32,461	86	18,829	51,376
Consulting	36,907	934	8,876	46,717
Legal and professional fees	26,442	848	5,765	33,055
Staff development	26,853	420	4,184	31,457
Advertising and marketing	24,244	12	426	24,682
Multimedia expense	21,009	74	699	21,782
Bank fees	20,469	517	93	21,079
Telephone and Internet	13,068	976	3,537	17,581
Miscellaneous	598	5,075	99	5,772
Taxes and licenses	26	4,572	-	4,598
Insurance	3,104	79	747	3,930
Dues and subscriptions	3,061	77	736	3,874
Office expenses	2,487	56	550	3,093
Repairs and maintenance	1,359	54	327	1,740
Total operating expenses before depreciation	2,691,208	184,611	619,644	3,495,463
Depreciation	474	12	114	600
Total operating expenses	\$ 2,691,682	\$ 184,623	\$ 619,758	\$ 3,496,063

The accompanying Notes are an integral
part of these financial statements

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Davis Phinney Foundation

Statement of Functional Expenses

Year ended December 31, 2022

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries	\$ 1,046,602	\$ 146,153	\$ 295,619	\$ 1,488,374
Payroll taxes and benefits	147,515	27,498	36,210	211,223
Total personnel	1,194,117	173,651	331,829	1,699,597
Research awards and grants	358,266	-	-	358,266
Computer and information technology	218,992	3,600	48,764	271,356
Rent	86,364	4,798	4,798	95,960
Program events	88,389	-	-	88,389
Postage and shipping	85,478	272	268	86,018
Printing	63,864	119	1,134	65,117
Travel and meals	33,796	92	869	34,757
Consulting	28,679	412	3,911	33,002
Contract labor	8,232	30	18,306	26,568
Legal and professional fees	15,046	4,232	3,623	22,901
Bank fees	16,250	556	5,143	21,949
Multimedia expense	17,945	417	159	18,521
Telephone and Internet	11,643	948	2,800	15,391
Staff development	7,306	359	1,299	8,964
Advertising and marketing	4,850	103	977	5,930
Taxes and licenses	-	4,766	-	4,766
Office expenses	4,044	26	251	4,321
Miscellaneous	3,277	25	60	3,362
Repairs and maintenance	1,637	41	394	2,072
Insurance	1,601	41	385	2,027
Dues and subscriptions	1,045	28	265	1,338
Total operating expenses before depreciation	2,250,821	194,516	425,235	2,870,572
Depreciation	2,446	62	589	3,097
Total operating expenses	\$ 2,253,267	\$ 194,578	\$ 425,824	\$ 2,873,669

The accompanying Notes are an integral
part of these financial statements

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Davis Phinney Foundation

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ 139,720	\$ (473,766)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation	600	3,097
Amortization of right-of-use operating lease asset	47,763	45,405
Net realized and unrealized (gain) loss on investments	(417,885)	708,785
Loss on legal settlement	90,000	-
Loss on disposal of equipment	-	4,660
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	199	(22,742)
Prepaid expenses and other current assets	(16,402)	(24,918)
Accounts payable	5,553	17,954
Grants payable	(153,768)	(81,608)
Accrued compensation and benefits	33,798	(58,631)
Deferred revenue	43,333	34,000
Operating lease obligation	(43,061)	(54,994)
Net cash (used) provided by operating activities	<u>(270,150)</u>	<u>97,242</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	972,078	2,930,122
Purchases of investments	(858,484)	(6,560,840)
Net cash provided (used) by investing activities	<u>113,594</u>	<u>(3,630,718)</u>
Net Decrease in Cash and Cash Equivalents	(156,556)	(3,533,476)
Cash and Cash Equivalents, Beginning of Year	<u>790,461</u>	<u>4,323,937</u>
Cash and Cash Equivalents, End of Year	<u>\$ 633,905</u>	<u>\$ 790,461</u>

The accompanying Notes are an integral
part of these financial statements

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Davis Phinney Foundation

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization. Davis Phinney Foundation ("the Organization") is an Ohio non-profit corporation that was incorporated in 2004 to help people living with Parkinson's disease to live well today. The Organization was founded by Olympic medal-winner, Davis Phinney, who was diagnosed with Parkinson's disease in 2000 at the age of 40. Today, Davis is both a role model in the cycling community and an inspiration to the people living with the chronic disease. Funding for the Organization is obtained through events and charitable contributions from interested parties.

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.

Basis of Presentation. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated by receiving contributions that have no donor stipulations, sponsorships, special events, and receiving investment and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions. Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

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

Change in Accounting Principle. Effective January 1, 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 326, *Financial Instruments - Credit Losses*, which changes the method of measuring credit losses for most financial assets and certain other instruments that are not measured at fair value through change in net assets. The standard changes the measurement of credit losses from the incurred loss model to the expected loss model, and requires enhanced disclosures to provide information for analysis of the Organization's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the new standard consist primarily of accounts receivable. The impact of the adoption is not considered to be material to the financial statements and primarily resulted in enhanced disclosures.

Cash and Cash Equivalents. The Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Davis Phinney Foundation

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 - Nature of Organization and Significant Accounting Policies (continued)

Investments. The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment custodian.

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements. The Organization reports using fair value measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization values debt and equity securities and mutual funds with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

Davis Phinney Foundation

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 - Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements (continued). The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2023 and 2022.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Accounts Receivable and Allowance for Credit Losses. Accounts receivable are stated at the amount of consideration from customers, of which the Organization has an unconditional right to receive. The Organization operates several events and its accounts receivable are primarily derived from sponsorships. The Organization grants credit in the normal course of business to customers and recognizes an expected allowance for credit losses to reduce credit risk. At each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. Accounts receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible. The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's customers have remained fairly constant for many years. Management believes all accounts receivables are fully collectible, and accordingly, no allowance for credit losses has been recorded.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in revenue. The total amount of write-offs was immaterial to the financial statements as a whole for the years ending December 31, 2023 and 2022.

Equipment. It is the Organization's policy to capitalize equipment at cost for purchases over \$2,500, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Equipment is depreciated using straight-line methods over the estimated useful lives of the assets, which is generally two to seven years. Depreciation expense for the years ended December 31, 2023 and 2022 was \$600 and \$3,097, respectively.

Davis Phinney Foundation

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 - Nature of Organization and Significant Accounting Policies (continued)

Leases and Right-of-Use Assets. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The Organization made a policy election not to separate lease and nonlease components for all leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable, or otherwise, the Organization uses its incremental borrowing rate based on the information available at the commencement date for all leases to discount certain lease asset class obligations. The Organization has also elected to exclude leases with terms of 12 months or less from right-of-use asset and operating lease obligation recognition.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2023 and 2022.

Revenue Recognition. The Organization earns revenue from contracts with customers through sponsorships. The Organization's customers are primarily corporations operating in the medical industry. The Organization's contracts typically include a single performance obligation to perform agreed upon services, which generally occur within a single fiscal year.

Sponsorship revenue is recognized upon completion of an event, once the Organization's customers receive and consume the benefits of the Organization's performance. The Organization typically provides the services under fixed fee arrangements which are billed at the time of registration. Amounts that have been invoiced are recorded in accounts receivable and in either deferred revenue or revenue, depending on whether the revenue recognition criteria have been met. The Organization generally does not experience changes in the transaction price subsequent to the inception of its contracts.

Sponsorship revenue recognized under contracts with customers for the years ended December 31, 2023 and 2022, was \$814,871 and \$756,658, respectively. Accounts receivable as of December 31, 2023 and 2022, and January 1, 2022, totaled \$30,801, \$31,000, and \$8,258, respectively. The Organization did not have any contract assets associated with sponsorship revenue as of December 31, 2023 and 2022, or as of January 1, 2022. The Organization routinely collects fees in advance of the event taking place, which are recorded as deferred revenue (contract liabilities) on the statements of financial position. Contract liabilities as of December 31, 2023 and 2022 totaled \$88,333 and \$45,000, respectively. Contract liabilities as of December 31, 2021 totaling \$11,000 were recognized as revenue in 2022, and the December 31, 2022 contract liabilities were recognized as revenue in 2023. Additionally, the Organization expects to recognize the December 31, 2023 amounts as revenue in 2024.

Davis Phinney Foundation

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 - Nature of Organization and Significant Accounting Policies (continued)

Contributions. Contributions are recognized when the donation is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed Services and Materials. Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed materials are reported at fair market value on the date of gift.

Advertising. The Organization expenses advertising costs, including donated advertising, as they are incurred. Advertising expense for the years ended December 31, 2023 and 2022 totaled \$24,682 and \$5,930, respectively.

Functional Allocation of Expenses. The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Concentration. The Organization routinely maintains cash balances in excess of federally insured limits.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through May 1, 2024, the date at which the financial statements were available for release.

Note 2 - Availability and Liquidity

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity monthly.

Davis Phinney Foundation

Notes to Financial Statements

December 31, 2023 and 2022

Note 2 - Availability and Liquidity (continued)

The Organization's goal is to maintain financial assets to meet twelve months of operating expenses. As part of its liquidity plan, the Organization invests in short-term securities and maintains a money market savings that are available for liquidation as needed. During the years ended December 31, 2023 and 2022, the level of liquidity and reserves was managed within the Organization's guiding principles and goals.

The Organization's financial assets available for general expenditures within one year are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 633,905	\$ 790,461
Investments, at fair value	3,985,591	3,760,300
Accounts receivable	30,801	31,000
	<u>4,650,297</u>	<u>4,581,761</u>
Less amounts not available to be used within one year:		
Permanent donor-imposed restrictions making financial assets unavailable for general expenditure	<u>(4,000)</u>	<u>-</u>
Financial assets available for general expenditure within one year	<u>\$ 4,646,297</u>	<u>\$ 4,581,761</u>

Note 3 - Investments

The following table sets forth by level, within the fair value hierarchy, the Organization's investments, at fair value, as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt and equity securities				
U.S. equities	\$ 2,477,996	\$ -	\$ -	\$ 2,477,996
Municipal bonds	457,728	-	-	457,728
Real estate equities	-	155,076	-	155,076
Corporate bonds	60,768	-	-	60,768
Agency securities	24,916	-	-	24,916
Mutual funds				
Equity funds	672,671	-	-	672,671
Exchange traded funds	136,436	-	-	136,436
	<u>\$ 3,830,515</u>	<u>\$ 155,076</u>	<u>\$ -</u>	<u>3,985,591</u>
Investments carried at the lower of cost or market				
Real estate loan fund				229,000
Total investments				<u>\$ 4,214,591</u>

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Note 3 - Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments, at fair value, as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt and equity securities				
U.S. equities	\$ 2,166,370	\$ -	\$ -	\$ 2,166,370
Municipal bonds	331,366	-	-	331,366
Real estate equities	-	99,886	-	99,886
Corporate bonds	40,119	-	-	40,119
Agency securities	24,909	-	-	24,909
Mutual funds				
Equity funds	646,067	-	-	646,067
Exchange traded funds	451,583	-	-	451,583
	<u>\$ 3,660,414</u>	<u>\$ 99,886</u>	<u>\$ -</u>	<u>3,760,300</u>
Investments carried at the lower of cost or market				
Real estate loan fund				150,000
Total investments				<u>\$ 3,910,300</u>

Real Estate Loan Fund. The Organization invests in a fund that primarily invests in real estate loans, including loans that are non-recourse to the borrower. The investment is subject to a variety of risks in connection with such debt instruments. The fair value of the real estate loan fund is not readily determinable and is considered for impairment annually.

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2023 and 2022, there were no significant transfers in or out of fair value levels.

Investment income (loss) consisted of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 113,602	\$ 86,943
Net unrealized loss on investments	(21,836)	(519,134)
Net realized gain (loss) on investments	439,721	(189,651)
	<u>531,487</u>	<u>(621,842)</u>
Investment fees	(31,650)	(26,816)
Net investment income (loss)	<u>\$ 499,837</u>	<u>\$ (648,658)</u>

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Note 4 - Grants Payable

The Organization has made unconditional promises to grant funds to certain recipients. A schedule of committed payments is as follows at December 31, 2023:

<u>Year</u>	<u>Amount</u>
2024	\$ 165,668
2025	15,833
	<u>\$ 181,501</u>

Note 5 - Operating Lease

The Organization leases office space in Louisville, Colorado under a noncancelable operating lease. The lease requires monthly base rent payments of \$4,179 at December 31, 2023, with an escalated payment schedule, and expires in April 2026. Additionally, the lease agreement requires variable payments for the Organization's share of common costs. These variable lease payments are not included in lease payments used to determine lease obligations and are recognized as variable costs when incurred. The operating lease obligation and related right-of-use asset as of December 31, 2023 totaled \$115,603 and \$120,490, respectively. The operating lease obligation and related right-of-use asset as of December 31, 2022 totaled \$158,664 and \$168,253, respectively.

Operating lease costs consist of the following for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Amortization of right-of-use assets	\$ 47,763	\$ 45,405
Interest on lease liability	6,958	9,316
Variable rent expense	34,211	41,239
	<u>\$ 88,932</u>	<u>\$ 95,960</u>

Cash paid for amounts included in the measurement of operating lease liabilities totaled \$50,019 and \$61,713 for the years ended December 31, 2023 and 2022, respectively.

The weighted average remaining lease term for the operating lease was 2.33 years and 3.33 years at December 31, 2023 and 2022, respectively. The weighted average discount rate for the operating lease was 5.00% at December 31, 2023 and 2022. The discount rate for the operating lease is estimated based on the Organization's incremental borrowing rate at the commencement of the lease.

Scheduled maturities of operating lease liabilities are as follows at December 31, 2023:

<u>Year</u>	<u>Amount</u>
2024	\$ 51,562
2025	53,105
2026	18,130
	122,797
Less amount representing interest	(7,194)
	<u>\$ 115,603</u>

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Note 6 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the year ended December 31, 2023:

	Pedaling for Parkinson's	Care Partner Program	Time Restrictions	Total
Balance, January 1, 2023	\$ -	\$ -	\$ -	\$ -
Additions	50,000	50,000	4,112	104,112
Releases	<u>(26,268)</u>	<u>-</u>	<u>-</u>	<u>(26,268)</u>
Balance, December 31, 2023	<u>\$ 23,732</u>	<u>\$ 50,000</u>	<u>\$ 4,112</u>	<u>\$ 77,844</u>

There were no net assets with donor restrictions as of December 31, 2022.

Note 7 - Endowment Fund

The Board of Directors of the Organization has interpreted the State of Colorado enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization generally classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the endowment fund that is not classified as net assets with donor restrictions is classified as net assets without donor restrictions as appropriations for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The following summarizes the changes in endowment net assets for the year ended December 31, 2023:

	With Donor Restrictions		Total
	Temporary	Permanent	
Beginning balance	\$ -	\$ -	\$ -
Contributions	-	4,000	4,000
Interest and dividends	-	112	112
Transfers	112	(112)	-
Ending balance	<u>\$ 112</u>	<u>\$ 4,000</u>	<u>\$ 4,112</u>

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Note 7 - Endowment Fund (continued)

There were no endowment net assets for the year ended December 31, 2022.

Endowment Investment Policies. The Organization has adopted investment policies that include a very conservative risk tolerance to ensure the long-term stability of its endowment fund. To achieve the objective of the endowment, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the fund if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes. Strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment Spending Policies. Provided that there are annual earnings from the investments of the endowment fund, the Organization expends the earnings in accordance with the direction of the applicable donor gift instrument.

Note 8 - Special Events

The Organization derived net revenue from the following special fundraising events for the year ended December 31, 2023:

	The Wahooligan Tour	Tour de Victory	Other Events	Total
Event contributions	\$ 214,425	\$ 150,536	\$ 574,300	\$ 939,261
Event registrations and sales	-	-	26,787	26,787
	<u>214,425</u>	<u>150,536</u>	<u>601,087</u>	<u>966,048</u>
Direct costs	(9,160)	(25,380)	(104,841)	(139,381)
Net revenue	<u>\$ 205,265</u>	<u>\$ 125,156</u>	<u>\$ 496,246</u>	<u>\$ 826,667</u>

The Organization derived net revenue from the following special fundraising events for the year ended December 31, 2022:

	The Wahooligan Tour	Tour de Victory	Other Events	Total
Event contributions	\$ 312,095	\$ 132,584	\$ 561,430	\$ 1,006,109
Event registrations and sales	-	-	17,247	17,247
	<u>312,095</u>	<u>132,584</u>	<u>578,677</u>	<u>1,023,356</u>
Direct costs	(14,359)	(21,019)	(70,153)	(105,531)
Net revenue	<u>\$ 297,736</u>	<u>\$ 111,565</u>	<u>\$ 508,524</u>	<u>\$ 917,825</u>

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Note 9 - In-kind Contributions

The Organization received the following contributions of nonfinancial assets for the year ended December 31, 2022:

	<u>Amount</u>
Professional services	\$ 1,000
Materials and supplies	10,400
	<u>\$ 11,400</u>

The Organization received contributed professional services that were reported using current rates for similar services. Contributed materials and supplies received by the Organization were valued at the current price for similar items located on a publicly available website.

All donated services and materials and supplies were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the in-kind contributions.

The Organization did not receive contributions of nonfinancial assets for the year ended December 31, 2023.

Note 10 - Retirement Plan

The Organization provides for a deferred compensation plan under Internal Revenue Code Section 408(p) which allows an employee to contribute up to \$15,500 of their annual compensation. The Organization provides a 2% contribution to the plan for any employee with annual compensation in excess of \$5,000. The Organization contributed \$30,208 and \$24,346 to the plan for the years ended December 31, 2023 and 2022, respectively.

Note 11 - Settlement and Subsequent Event

In January 2024, the Organization reached a settlement regarding an outstanding legal matter. Under the settlement, the Organization has agreed to provide monetary relief in the amount of \$90,000. Consequently, a loss on the settlement totaling \$90,000 was recognized in the accompanying 2023 statement of activities.

Note 12 - Commitments

The Organization reserves future events under noncancelable contractual agreements. At December 31, 2023, the unfunded future minimum payments required under contractual reservations due in 2024 totaled \$26,344.