

Caring for Denver Foundation

Financial Statements

December 31, 2025 and 2024

(With Independent Auditor's Report Thereon)



Independent Auditor's Report

Board of Directors Caring for Denver Foundation

Opinion

We have audited the accompanying financial statements of the Caring for Denver Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 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 (GAAP).

Basis for Opinion

We conducted our audits 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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
Caring for Denver 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Kundinger, Corder & Montoya, P.C.

March 16, 2026

Caring for Denver Foundation
Statements of Financial Position
For Years Ended December 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 48,415,895	42,044,594
Prepaid expenses and other assets	104,259	99,524
Contributions and grants receivable	4,189	4,197,984
Investments (note 3)	66,284,013	62,272,196
Total assets	\$ 114,808,356	108,614,298
Liabilities and Net Assets		
Accounts payable	\$ 1,480	668
Refundable advances	629,160	1,736,171
Accrued expenses	153,829	150,941
Grants payable (note 4)	37,082,575	38,778,226
Total liabilities	37,867,044	40,666,006
Net assets (note 5)		
Without donor restrictions	11,569,436	6,819,717
With donor restrictions	65,371,876	61,128,575
Total net assets	76,941,312	67,948,292
Commitments (notes 6 and 7)		
Total liabilities and net assets	\$ 114,808,356	108,614,298

See the accompanying notes to the financial statements.

Caring for Denver Foundation
Statement of Activities
Year Ended December 31, 2025

	Without donor restrictions	With donor restrictions	Total
Revenues, Gains and Other Support			
Contributions from the City and County of Denver	\$ 2,131,945	47,273,212	49,405,157
Other contributions and return of grant funds	153,304	480,891	634,195
Interest income, net	3,854,382	–	3,854,382
Net realized and unrealized gains	1,246,866	–	1,246,866
Net assets released from restrictions (note 5)	43,510,802	(43,510,802)	–
Total support and revenue	<u>50,897,299</u>	<u>4,243,301</u>	<u>55,140,600</u>
Expenses			
Program services	43,510,802	–	43,510,802
Support services	2,636,778	–	2,636,778
Total expenses	<u>46,147,580</u>	<u>–</u>	<u>46,147,580</u>
Change in net assets	4,749,719	4,243,301	8,993,020
Net assets, beginning of year	<u>6,819,717</u>	<u>61,128,575</u>	<u>67,948,292</u>
Net assets, end of year	<u>\$ 11,569,436</u>	<u>65,371,876</u>	<u>76,941,312</u>

See the accompanying notes to the financial statements.

Caring for Denver Foundation
Statement of Activities
Year Ended December 31, 2024

	Without donor restrictions	With donor restrictions	Total
Revenues, Gains and Other Support			
Contributions from the City and County of Denver	\$ 1,856,074	46,878,019	48,734,093
Other contributions and return of grant funds	779,809	188,654	968,463
Interest income, net	3,824,589	–	3,824,589
Net realized and unrealized gains	17,035	–	17,035
Net assets released from restrictions (note 5)	44,800,301	(44,800,301)	–
Total support and revenue	51,277,808	2,266,372	53,544,180
Expenses			
Program services	44,800,301	–	44,800,301
Support services	2,562,927	–	2,562,927
Total expenses	47,363,228	–	47,363,228
Change in net assets	3,914,580	2,266,372	6,180,952
Net assets, beginning of year	2,905,137	58,862,203	61,767,340
Net assets, end of year	\$ 6,819,717	61,128,575	67,948,292

See the accompanying notes to the financial statements.

Caring for Denver Foundation
Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services	Support Services - General and Administrative	Total
Grants and other assistance	\$ 43,510,802	-	43,510,802
Personnel	-	1,932,454	1,932,454
Consultants	-	334,582	334,582
Legal fees	-	6,120	6,120
Office expenses	-	13,275	13,275
Occupancy	-	102,118	102,118
Travel	-	13,373	13,373
Conferences, conventions, and meetings	-	27,553	27,553
Insurance	-	8,212	8,212
City admin expense	-	130,000	130,000
Other expenses	-	69,091	69,091
Total expenses	\$ <u>43,510,802</u>	<u>2,636,778</u>	<u>46,147,580</u>

See the accompanying notes to the financial statements.

Caring for Denver Foundation
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services	Serv1Pes - General and Administrative	Total
Grants and other assistance	\$ 44,800,301	-	44,800,301
Personnel	-	1,975,093	1,975,093
Consultants	-	232,004	232,004
Legal fees	-	1,953	1,953
Office expenses	-	8,326	8,326
Occupancy	-	101,549	101,549
Travel	-	15,245	15,245
Conferences, conventions, and meetings	-	40,975	40,975
Insurance	-	8,152	8,152
City admin expense	-	125,000	125,000
Other expenses	-	54,630	54,630
Total expenses	<u>\$ 44,800,301</u>	<u>2,562,927</u>	<u>47,363,228</u>

See the accompanying notes to the financial statements.

Caring for Denver Foundation
Statements of Cash Flow
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 8,993,020	6,180,952
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized gain on investments	1,246,866	17,035
Change in operating assets and liabilities		
Prepaid expenses and other assets	(4,735)	(1,505)
Accounts receivable	4,193,795	(4,197,984)
Accounts payable	812	(13,642)
Refundable advance	(1,107,011)	239,092
Grants payable	(1,695,651)	1,559,040
Accrued expenses	2,888	24,780
Net cash provided by operating activities	11,629,984	3,807,768
Cash flows from investing activities		
Net purchases of investments	(5,258,683)	(2,624,389)
Net cash used in investing activities	(5,258,683)	(2,624,389)
Net increase in cash and cash equivalents	6,371,301	1,183,379
Cash and cash equivalents, beginning of year	42,044,594	40,861,215
Cash and cash equivalents, end of year	\$ 48,415,895	42,044,594

See the accompanying notes to the financial statements.

Caring for Denver Foundation

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

(1) Summary of Significant Accounting Policies

(a) Organization

Caring for Denver Foundation (the Foundation) is a not-for-profit organization whose mission and principal activities are to address Denver's mental health and substance misuse needs by growing community-informed solutions, dismantling stigma, and turning the community's desire to help into action. The Foundation's revenues are derived principally from contributions from the City and County of Denver (the City) and its activities are conducted principally in the Denver, Colorado area.

(b) Nature of Relationship with the City and County of Denver

The Foundation is a component unit of the City as it is a separate legal entity for which the City is financially accountable. Contributions are received exclusively from the City, which are derived from certain sales taxes levied and collected by the City. In accordance with a City ordinance, and a related agreement between the Foundation and the City effective August 2019 thru June 2027, certain requirements are placed on the use of funds received from the City:

- A minimum of 10% of the Foundation's contribution revenues shall be directed to the City for a facility and staffing to create alternatives to jail, funding a co-responder ride along program, and first responder training.
- The Foundation shall provide the necessary funding for a Foundation/City Liaison.
- No more than 5% of a fiscal year's City contributions received can fund administrative expenses (though any unspent amounts, from previous year's 5% City contributions, can be used as a reserve for future years' administrative expenses) and are defined as salaries and office expenses related to any staff or employees of the non-profit corporation; any expenses reimbursed to members of the Board of Directors; expenses related to conducting mental health and substance use disorder needs assessments for people in the City and County of Denver; expenses related to program evaluation, development and updating of the strategic plan, and annual report; routine business expenses such as insurance, accounting, an independent audit, and legal expenses; and any similar overhead expenses incurred by the non-profit corporation.

The Foundation has adopted this definition of administrative expenses in the presentation of support services – general and administrative expenses on the statements of activities and functional expenses.

(c) Basis of Accounting

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

Caring for Denver Foundation
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) 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 purposes in performing the primary objectives of the Foundation. The Foundation’s net assets without donor restrictions are limited to the unspent portion of the 5% maximum on administrative expenses, described above.

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, by the passage of time or other events specified by the City. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At December 31, 2025, there are no net assets with perpetual donor restrictions.

(e) Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less, and which are not held by investment managers as part of an investment portfolio, to be cash equivalents. At December 31, 2025, cash equivalents consisted primarily of a Federal Deposit Insurance Corporation (FDIC) insured sweep account and a certificate of deposit.

(f) Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents, investments and contributions from the City and County of Denver. The Foundation places its cash and cash equivalents with creditworthy, high quality, financial institutions. At times throughout the year, a portion of account balances may not be insured by the FDIC or related entity.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

A substantial portion of the Foundation support is provided by the City and County of Denver. If a significant reduction in the level of support occurs, it may have a material adverse effect on the Foundation’s activities.

(g) Investments and Fair Value Measurements

Investments are recorded at cost if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair value in the statements of financial position. Management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable.

Caring for Denver Foundation
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Investments and Fair Value Measurements, Continued

Investment return consists of the Foundation's distributive share of any interest, dividends, and capital gains and losses generated from investments. Gains and losses attributable to 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 statements of activities.

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. (GAAP) 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.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 investments include money market funds, mutual funds and US Treasury securities. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models. Such securities are classified in Level 2 of the valuation hierarchy and include corporate and municipal bonds. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Foundation currently holds no Level 3 investments.

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

Caring for Denver Foundation
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Revenue Recognition

Contributions and grants are recognized when cash, securities or other assets, and unconditional promises to give are received. 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 have been substantially met. There are no conditional grants at December 31, 2025. Payments received in advance of conditions being met are recorded as refundable advances. At December 31, 2025 and 2024 refundable advances total \$629,160 and \$1,736,171, respectively.

Contributions from the City and County of Denver are derived from certain sales tax proceeds received by the City and are provided to the Foundation either with or without restrictions. In the spring of each subsequent year, the City and County of Denver performs a reconciliation of actual tax receipts to amounts distributed to the Foundation. An over or underpayment of funds can result in either a refundable advance or a contribution receivable, respectively. Contributions and grants 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. When a donor 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.

Contributions that are originally restricted and for which the restriction is met in the same time period the contribution is received are recorded as revenue with donor restrictions and then released from restriction. Unconditional contributions receivable are recorded at net realizable value if expected to be collected in one year or at fair value if expected to be collected in more than one year.

(i) Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Given the Foundation's adopted definition of administrative expenses, described above, no costs have been allocated between program and support services.

(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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(k) Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction.

Caring for Denver Foundation
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Income Taxes, Continued

However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. The Foundation had no unrelated business income at December 31, 2025 and 2024, respectively. 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 probably would not be sustained upon examination by taxing authorities. The Foundation believes it has appropriate support for any positions taken and that none would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by tax jurisdictions; however, there are currently no audits for any tax periods in progress. The three previous tax years remain subject to examination by the IRS.

(l) Subsequent Events

Subsequent events have been evaluated through March 16, 2026, which is the date the financial statements were available to be issued.

(2) Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31 comprise the following:

	<u>2025</u>	<u>2024</u>
Financial Assets		
Cash and cash equivalents	48,415,895	42,044,594
Investments	<u>66,284,013</u>	<u>62,272,196</u>
Total financial assets	114,699,908	104,316,790
Less amounts unavailable within one year:		
Donor-imposed purpose restrictions	<u>(65,969,578)</u>	<u>(61,128,575)</u>
Total financial assets available for general expenditure within one year	<u>\$ 48,730,330</u>	<u>43,188,215</u>

The Foundation 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. The Foundation forecasts its future cash flows and monitors its liquidity monthly, and monitors its reserves annually. During the years ended December 31, 2025 and 2024, the level of liquidity and reserves was managed within the guidelines outlined above.

Caring for Denver Foundation
Notes to Financial Statements, Continued

(3) Investments

Investments are reported at fair value and consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Money market funds	\$ 395,642	495,787
Fixed income and mutual funds	50,052,016	46,738,989
Corporate bonds	6,797,539	6,421,952
U.S. Treasury securities	7,196,837	6,794,135
Municipal bonds	<u>1,841,979</u>	<u>1,821,333</u>
Total investment return	\$ <u>66,284,013</u>	<u>62,272,196</u>

The following table summarizes the Foundation's investments by the fair value hierarchy levels as of December 31, 2025:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 395,642	395,642	–	–
Fixed income mutual funds	50,052,016	50,052,016	–	–
Corporate bonds	6,797,539	–	6,797,539	–
U.S. treasury securities	7,196,837	7,196,837	–	–
Municipal bonds	<u>1,841,979</u>	<u>–</u>	<u>1,841,979</u>	<u>–</u>
	\$ <u>66,284,013</u>	<u>57,644,495</u>	<u>8,639,518</u>	<u>–</u>

All assets have been valued using a market approach. There have been no changes in the valuation techniques during the current year.

The following table summarizes the Foundation's investments by the fair value hierarchy levels as of December 31, 2024:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 495,787	495,787	–	–
Fixed income mutual funds	46,738,989	46,738,989	–	–
Corporate bonds	6,421,952	–	6,421,952	–
U.S. treasury securities	6,794,135	6,794,135	–	–
Municipal bonds	<u>1,821,333</u>	<u>–</u>	<u>1,821,333</u>	<u>–</u>
	\$ <u>62,272,196</u>	<u>54,028,911</u>	<u>8,243,285</u>	<u>–</u>

All assets have been valued using a market approach. There have been no changes in the valuation techniques during the current year.

Caring for Denver Foundation
Notes to Financial Statements, Continued

(4) Grants Approved

At December 31, 2025, grants scheduled to be paid in future years are as follows:

2026	\$ 29,245,056
2027	<u>7,837,519</u>
Total undiscounted cash flows	\$ <u>37,082,575</u>

The Foundation expenses grants when approved by the Board, unless those grants contain performance-related conditions that must be satisfied by the grantee prior to receiving the grant distribution. During 2025, the Foundation made conditional grants of \$2,128,631 that are not recognized in the financial statements, as grantees had not yet satisfied the performance requirements of the related grant agreements, see also note 7. A discount factor for grants payable is not considered significant.

(5) Net Assets

Net Assets with Donor Restrictions

Restricted net assets consist of the following at years ended December 31:

	<u>2025</u>	<u>2024</u>
Subject to expenditures for a specified purpose:		
Facility and staffing to create alternatives to jail, funding a co-responder ride-along program and first responder training	\$ 3,550,945	4,278,719
Specified mental health and substance use disorder needs to be distributed as grants	<u>61,820,931</u>	<u>56,849,856</u>
Total net assets with donor restrictions	\$ <u>65,371,876</u>	<u>61,128,575</u>

Net assets were released from donor restrictions due to the satisfaction of the following purpose restrictions during the years ended December 31:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose restrictions:		
Grants approved to City and County of Denver	\$ 5,892,892	6,681,422
Other grants approved	<u>37,617,910</u>	<u>38,118,879</u>
Total net assets released from restrictions	\$ <u>43,510,802</u>	<u>44,800,301</u>

(6) Employee Retirement Plan

The Foundation has a defined contribution plan (the Plan) under Internal Revenue Code Section 403(b). The Plan covers substantially all employees. The Plan allows for employee contributions with discretionary contributions by the Foundation. The retirement plan matching expense incurred by the Foundation during 2025 and 2024 was \$56,545 and \$59,094, respectively.

Caring for Denver Foundation
Notes to Financial Statements, Continued

(7) Related Party Transactions

Some members of the Foundation's Board sit on other non-profit boards or are members of management of other non-profit organizations in the Denver, Colorado area. These entities are considered related parties to the Foundation. There are instances when the Foundation grants awards to these related parties. During the years ended December 31, 2025 and 2024, the Foundation awarded \$5,851,245 and \$6,854,362 in grants to related parties and had \$6,941,593 and \$6,457,256 in grants payable to these related parties, respectively.