

**THE COMMUNITY FOUNDATION
SERVING GREELEY AND
WELD COUNTY**

(A Not-For-Profit Corporation)

FINANCIAL REPORT

Years Ended December 31, 2010 and 2009

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Independent Auditors' Report

Board of Directors
The Community Foundation
Serving Greeley and Weld County
Greeley, Colorado

We have audited the accompanying balance sheets of The Community Foundation Serving Greeley and Weld County (a not-for-profit corporation) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation Serving Greeley and Weld County as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Anderson & Whitney, P.C.

May 6, 2011

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**THE COMMUNITY FOUNDATION
SERVING GREELEY AND WELD COUNTY**

BALANCE SHEETS

December 31	2010	2009
ASSETS		
Cash	\$ 785,385	\$ 552,747
Certificates of Deposit	-	179,339
Receivables:		
Contributions, net of allowance for uncollectible pledges of \$7,400 for 2010 and \$0 for 2009	25,052	21,050
Interest	28,928	41,053
Loans to students, net of allowance for uncollectible loans of \$48,418 for 2010 and 2009	638	2,446
Interfund loan	26,000	28,000
Investments, at market	10,353,024	9,728,340
Office Furniture and Equipment, net	2,506	581
Other Assets	53,671	53,276
TOTAL ASSETS	\$ 11,275,204	\$ 10,606,832
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 3,046	\$ 3,033
Grants payable	48,534	21,708
Interfund loan payable	26,000	28,000
Annuity obligations	87,332	99,974
Assets held for agency funds	654,282	658,999
Deferred Income	-	1,000
Total Liabilities	819,194	812,714
Net Assets:		
Unrestricted	86,743	39,185
Temporarily restricted	2,360,003	2,112,646
Permanently restricted	8,009,264	7,642,287
Total Net Assets	10,456,010	9,794,118
TOTAL LIABILITIES AND NET ASSETS	\$ 11,275,204	\$ 10,606,832

See Accompanying Notes to Financial Statements.

**THE COMMUNITY FOUNDATION
SERVING GREELEY AND WELD COUNTY**

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue:				
Contributions	\$ 69,946	\$ 585,648	\$ 101,351	\$ 756,945
Contributed services	3,969	53,140	-	57,109
Net investment earnings	5,455	565,728	353,166	924,349
Administration fees	175,408	(85,717)	(85,656)	4,035
Other	3,813	11,943	-	15,756
Actuarial change in annuities	-	(12,119)	-	(12,119)
Net assets released from restrictions	835,230	(827,830)	(7,400)	-
Total Revenue	1,093,821	290,793	361,461	1,746,075
Expenses:				
Grants	342,867	-	-	342,867
Programs	527,864	-	-	527,864
Fundraising	22,830	-	-	22,830
Management and general	190,622	-	-	190,622
Total Expenses	1,084,183	-	-	1,084,183
Change in Net Assets	9,638	290,793	361,461	661,892
Gift value restored by investment gains	39,703	(39,703)	-	-
Net Interfund Transfers	(1,783)	(3,733)	5,516	-
NET ASSETS, Beginning of Year	39,185	2,112,646	7,642,287	9,794,118
NET ASSETS, End of Year	\$ 86,743	\$ 2,360,003	\$ 8,009,264	\$ 10,456,010

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**THE COMMUNITY FOUNDATION
SERVING GREELEY AND WELD COUNTY**

STATEMENTS OF ACTIVITIES - Continued

Year Ended December 31, 2009	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue:				
Contributions	\$ 55,201	\$ 523,519	\$ 81,691	\$ 660,411
Contributed services	-	8,534	-	8,534
Net investment earnings	8,614	806,535	620,811	1,435,960
Administration fees	167,112	(84,754)	(78,049)	4,309
Other	22,922	3,807	-	26,729
Actuarial change in annuities	-	(37,137)	-	(37,137)
Net assets released from restrictions	1,047,883	(1,047,883)	-	-
Total Revenue	1,301,732	172,621	624,453	2,098,806
Expenses:				
Grants	490,861	-	-	490,861
Programs	565,936	-	-	565,936
Fundraising	27,179	-	-	27,179
Management and general	210,748	-	-	210,748
Total Expenses	1,294,724	-	-	1,294,724
Change in Net Assets	7,008	172,621	624,453	804,082
Gift value restored by investment gains	202,355	(202,355)	-	-
Net Interfund Transfers	80	(124,277)	124,197	-
NET ASSETS, Beginning of Year	(170,258)	2,266,657	6,893,637	8,990,036
NET ASSETS, End of Year	\$ 39,185	\$ 2,112,646	\$ 7,642,287	\$ 9,794,118

See Accompanying Notes to Financial Statements.

**THE COMMUNITY FOUNDATION
SERVING GREELEY AND WELD COUNTY**

STATEMENTS OF CASH FLOWS

Years Ended December 31	2010	2009
Cash Flows From Operating Activities:		
Cash received from contributors	\$ 659,862	\$ 592,779
Interest and dividends received	302,799	305,314
Other cash receipts	4,087	23,952
Cash paid to grantees, employees, and suppliers	(1,143,594)	(1,414,469)
Net Cash Provided (Used) by Operating Activities	(176,846)	(492,424)
Cash Flows From Investing Activities:		
Purchase of equipment	-	(519)
Redemption of certificates of deposit	179,339	70,000
Payments received on student loans	1,808	1,703
Net (purchase) redemption of investments	151,747	208,239
Net Cash Provided by Investing Activities	332,894	279,423
Cash Flows From Financing Activities:		
Contributions restricted for endowments	101,351	81,691
Payments of annuity obligations	(24,761)	(24,763)
Net Cash Provided by Financing Activities	76,590	56,928
Net Increase (Decrease) in Cash	232,638	(156,073)
CASH, Beginning of Year	552,547	708,620
CASH, End of Year	\$ 785,185	\$ 552,547

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**THE COMMUNITY FOUNDATION
SERVING GREELEY AND WELD COUNTY**

STATEMENTS OF CASH FLOWS - Continued

Years Ended December 31	2010	2009
Reconciliation of Change in Net Assets to Net Cash from Operating Activities:		
Change in net assets	\$ 661,892	\$ 804,082
Adjustments:		
Depreciation	1,575	1,024
Net (gains) losses on investments	(767,038)	(1,296,563)
Endowment contributions	(101,351)	(81,691)
Cash surrender value of life insurance	(9,393)	(706)
Donated equipment and other assets	(3,895)	-
Allowance for uncollectible student loans or pledges	7,400	8,885
Actuarial change in annuities	12,119	37,137
(Increase) decrease in operating assets:		
Interest receivable	12,125	-
Contributions receivable	(11,402)	6,050
Increase (decrease) in operating liabilities:		
Accounts payable	13	2,864
Grants payable	26,826	(62,614)
Agency funds	(4,717)	88,108
Deferred revenue	(1,000)	1,000
Net Cash Provided (Used) by Operating Activities	\$ (176,846)	\$ (492,424)

See Accompanying Notes to Financial Statements.

THE COMMUNITY FOUNDATION SERVING GREELEY AND WELD COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of The Community Foundation Serving Greeley and Weld County (the Foundation) conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating the financial statements of the Foundation.

Purpose:

The purpose of the Foundation is to develop and administer primarily endowment funds with the goal of preserving capital and enhancing value for the benefit of the Greeley and the Weld County area and its residents. The Foundation was incorporated in 1995 as the Greeley Area Foundation, Inc. In 1997, the assets of the Weld Community Foundation, a division of The Community Foundation Serving Northern Colorado, were transferred to the Foundation, which changed its name to The Community Foundation Serving Greeley and Weld County. The Foundation operates primarily in the City of Greeley and Weld County area of Northern Colorado. As such, the revenues it receives are primarily from and dependent upon the Greeley and Weld County economy.

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting whereby revenue is recorded when earned and expenses are recorded when materials or services are received. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

A fund established with a contribution from an organization for the benefit of the contributing organization is classified as an agency fund. The activity in agency funds is reported as a change in the liability - assets held for agency funds.

THE COMMUNITY FOUNDATION SERVING GREELEY AND WELD COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Fund agreements contain a variance power that, pursuant to the Foundation's Articles of Incorporation, allows the board of directors to modify or eliminate any designation, restriction or condition placed by the donor on the distribution of funds if such designation, restriction or condition becomes unnecessary, undesirable, impractical, incapable of fulfillment, or inconsistent with the charitable needs of the community. The classification of funds in these financial statements does not reflect the variance power until exercised by the Foundation's board of directors.

The amounts reported as permanently restricted, temporarily restricted, and unrestricted net assets were computed as of the date certain funds were transferred to the Foundation although the funds were established by the donors prior to being transferred. This practice may result in amounts being reported as permanently or temporarily restricted that are greater than were originally established by the donor.

Contributions:

Contributions, including unconditional promises to give, if any, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Foundation receives contributions from donors with advice regarding distribution of assets and earnings there from. The Foundation attempts to meet the desires of the donors at the time of the contribution; however, the Foundation reserves the right to modify any restrictions or conditions on the distribution of funds for any specified charitable purpose, if in the sole judgment of the Foundation board of directors, such restrictions become unnecessary, undesirable, or inconsistent with the charitable needs of the community. Because it is the board's intention to honor the donor agreements, assets are classified based on the uses of assets and income as determined by the donor agreements.

Contributions whose restrictions are met in the same reporting period as donated are reported as temporarily restricted contributions.

Investments:

The Foundation records investments in marketable securities at market value. Life insurance policies from donors are reported at their cash surrender value. Gains and losses on the sale of investments are based on either the specific cost or average cost of the investments sold. Investments are generally pooled for investment management. Most of the Foundation's funds are managed by a professional investment manager and held by a bank trust department.

**THE COMMUNITY FOUNDATION
SERVING GREELEY AND WELD COUNTY**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Receivables:

Contributions receivable represent outstanding pledges from donors and are generally due within one to five years. The Foundation periodically evaluates the contributions receivable for collectability and records a bad debt expense when collection is doubtful. Student loans are reported at the face amount outstanding less an estimate of the uncollectible balances. Loans are written off when turned over for collection.

Office Furniture and Equipment:

Office furniture and equipment are recorded at acquisition cost or at market value at date of donation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the asset. All assets with a life of more than one year and a value of more than \$500 are capitalized.

Other Assets:

Other assets primarily consist of Houston Gardens, a public garden area exhibiting natural flora and fauna. The garden is recorded at the estimated fair value from the date of the gift.

Annuity Obligations:

The Foundation administers such life income agreements as gift annuities where an income beneficiary is the lifetime recipient of income and the Foundation is the remainder beneficiary. Upon receipt of the gift, a liability is established for the estimated net present value of the lifetime recipient's interest using applicable mortality tables and a discount rate commensurate with the risks involved. A contribution is recognized for the estimated remainder interest. The estimate of the liability is updated annually with the change in the estimate reported as "actuarial change in annuities" in the Statement of Activities.

In-Kind Contributions:

Donated materials, assets, services, and investments are recorded at fair market value when received. Donated services are recorded if they create or enhance a nonfinancial asset or are a service requiring specialized training and would be purchased if the service were not donated.

Tax-Exempt Status:

The Foundation, which is not a private foundation as defined by the Internal Revenue Code, is a tax-exempt organization under Section 501(c)(3). Accordingly, no provision is made in these financial statements for income taxes.

**THE COMMUNITY FOUNDATION
SERVING GREELEY AND WELD COUNTY**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Subsequent Events:

Management has evaluated subsequent events through the date the financial statements were available for issuance, which is the same date as the auditors' report.

Reclassifications:

Certain 2009 amounts have been reclassified for comparison with the 2010 financial statement presentation.

Use of Estimates:

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

NOTE 2 – Contributions Receivable:

December 31	2010	2009
Due in less than one year	\$ 8,650	\$ 4,450
Due in one to five years	16,402	16,600
	<u>\$ 25,052</u>	<u>\$ 21,050</u>

NOTE 3 - Investments:

The Foundation records investments in marketable securities at market value. To assist the reader of the financial statements in assessing the inputs used to develop fair value measurements, a hierarchy has been established for ranking the quality and reliability of the information used to determine fair values. Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

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SERVING GREELEY AND WELD COUNTY**

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Investments – Continued:

Assets measured at fair value on a recurring basis are summarized as follows:

Description	Cost	Fair Value Measurements			
		Total	Level 1	Level 2	Level 3
<u>December 31, 2010</u>					
Cash equivalents	\$ 292,444	\$ 299,247	\$ 299,247	\$ --	\$ --
Investment securities:					
Equity	5,767,304	6,192,945	6,192,945	--	--
Fixed income	1,549,752	1,659,326	1,659,326	--	--
U.S. Government	1,169,185	1,233,327	1,233,327	--	--
Foreign equities	754,125	769,459	769,459	--	--
Asset backed	130,319	133,496	133,496	--	--
Life insurance	65,224	65,224	--	65,224	--
	<u>\$ 9,728,353</u>	<u>\$10,353,024</u>	<u>\$10,287,800</u>	<u>\$ 65,224</u>	<u>\$ --</u>
<u>December 31, 2009</u>					
Cash equivalents	\$ 266,079	\$ 273,725	\$ 273,725	\$ --	\$ --
Investment securities:					
Equity	6,460,859	6,193,884	6,193,884	--	--
Fixed income	1,780,270	1,863,586	1,863,586	--	--
U.S. Government	1,125,750	1,150,769	1,150,769	--	--
Asset backed	187,516	190,545	190,545	--	--
Life insurance	55,831	55,831	--	55,831	--
	<u>\$ 9,876,305</u>	<u>\$ 9,728,340</u>	<u>\$ 9,672,509</u>	<u>\$ 55,831</u>	<u>\$ --</u>

Investment earnings consist of the following:

Years Ended December 31	2010	2009
Interest and dividends	\$ 278,358	\$ 297,692
Net realized gains	(3,596)	(47,697)
Other investment income	12,316	7,555
Less: Investment management fees	(73,163)	(66,187)
	213,915	191,363
Net unrealized gains (loss)	770,634	1,344,265
Total Investment Earnings	984,549	1,535,628
Less: Investment (earnings) loss of agency funds	(60,200)	(99,668)
Net Investment Earnings (Loss)	<u>\$ 924,349</u>	<u>\$ 1,435,960</u>

**THE COMMUNITY FOUNDATION
SERVING GREELEY AND WELD COUNTY**

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - Property and Equipment:

December 31	2010	2009
Furniture and equipment	\$ 35,295	\$ 33,296
Less: Accumulated depreciation	32,789	32,715
	\$ 2,506	\$ 581

NOTE 5 - Net Assets:

Temporarily restricted net assets consist of the following:

December 31	2010	2009
Restricted as to:		
Purpose	\$ 2,360,003	\$ 2,112,646
Time	--	--
	\$ 2,360,003	\$ 2,112,646

At December 31, 2010 and 2009, the Foundation's administrative expenses fund has an outstanding balance of \$26,000 and \$28,000, respectively, borrowed from the Boettcher Foundation Challenge Grant Fund. The Foundation's board of directors established a repayment plan that provided for payments beginning in 2005. During 2010 and 2009, repayments to the Boettcher Foundation Challenge Grant Fund were \$2,000 and \$0, respectively.

NOTE 6 - Retirement Plan:

The Foundation participates in The Community Foundation Retirement Employee Savings Plan 403(b)(7). Employees who are eligible are full-time and employed at the Community Foundation for at least twelve consecutive months. Currently, the plan matches 100% of the employee's contribution up to 5% of the gross pay. Foundation matching contributions during 2010 and 2009 were \$6,766 and \$6,766, respectively.

NOTE 7 - Concentration of Credit Risk:

The Foundation maintains bank accounts at various commercial banks. The balances in those banks may, at times, exceed the \$250,000 Federal Deposit Insurance Corporation insurance limit.

NOTE 8 - Commitment and Contingencies:

The Foundation leases office space under an operating lease agreement requiring monthly rent of \$850 through December 2011. Lease expense was \$10,200 in each of 2010 and 2009. Future minimum lease payments are \$10,200 in 2011.

THE COMMUNITY FOUNDATION SERVING GREELEY AND WELD COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Endowments:

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as generally requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, the Foundation generally classifies as permanently restricted net assets (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. However, the Foundation has several bequests which allow the spending of current interest and dividends but require realized and unrealized capital activity to remain in corpus. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the organization and the donor-restricted endowment fund.
- (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.
- (7) The investment policies of the organization.

The Foundation's investment policy goal is to provide a reasonable, predictable, and sustainable amount of funds available for the uses intended by the original endowment. Given the Foundation's commitment to support both current needs and to provide for future needs, the Foundation advocates a total return approach to investing and to funds distribution, and utilizes professional investment management.

The long-term focus of the investment manager is to both meet needs for distributions in the present and to provide growth in assets and income over time through investment of excess income and capital appreciation. It is anticipated that a reasonable cash reserve will be established to meet the Foundation's ongoing cash needs for program distributions and Foundation expenses. The balance of the assets will be allocated 35-55% to fixed income investments as a long-term target and 45-65% to equities, based on market values.

The Foundation expects that the investment manager will achieve a compound, time-weighted total return in excess of a weighted-average composite of similar indices over a fair market cycle of three to five years.

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior twelve quarters. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through

**THE COMMUNITY FOUNDATION
SERVING GREELEY AND WELD COUNTY**

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Endowments – Continued:

new gifts and investment return. However, due to adverse investment market conditions, the Foundation’s spending policy has limited spending for 2009. Therefore, there will be no further distributions except for those bequests which require the spending of current interest and dividends.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the Foundation’s interpretation of UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$29,255 and \$68,958 as of December 31, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

The following are the changes in endowment net assets for 2009 and 2010:

Years Ended December 31, 2009 and 2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2009	\$ (271,313)	\$ 1,296,256	\$ 6,893,637	\$ 7,918,580
Contributions	--	98,662	81,691	180,353
Appropriation for expenditure	--	(416,458)	--	(416,458)
Administration fees	--	(67,550)	(78,049)	(145,599)
Other changes	--	1,182	(146)	1,036
Investment return:				
Investment income	--	261,680	5,828	267,508
Net realized and unrealized gains (losses)	--	506,375	614,983	1,121,358
Gift value restored by investment gains	202,355	(202,355)	--	--
Reclassifications	--	(126,039)	124,343	(1,696)
Balance, December 31, 2009	(68,958)	1,351,753	7,642,287	8,925,082
Contributions	--	104,246	101,351	205,597
Appropriation for expenditure	--	(281,539)	(7,400)	(288,939)
Administration fees	--	(74,066)	(85,656)	(159,722)
Other changes	--	(936)	516	(420)
Investment return:				
Investment income	--	267,650	5,981	273,631
Net realized and unrealized gains (losses)	--	289,764	347,185	636,949
Gift value restored by investment gains	39,703	(39,703)	--	--
Reclassifications	--	(5,000)	5,000	--
Balance, December 31, 2010	\$ (29,255)	\$ 1,612,169	\$ 8,009,264	\$ 9,592,178