



**The Community Foundation  
Serving Greeley and Weld County  
(A Not-for-Profit Corporation)**

Financial Statements

Years Ended December 31, 2015 and 2014



# The Community Foundation Serving Greeley and Weld County

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of The Community Foundation Serving Greeley and Weld County, which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility 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; this includes 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.

### *Auditor's Responsibility*

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 of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *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, 2015 and 2014, 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.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
May 25, 2016

# The Community Foundation Serving Greeley and Weld County

## Balance Sheets

<i>December 31,</i>	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 1,188,845	\$ 1,422,658
Receivables:		
Contributions	15,571	12,562
Interest	56,587	56,645
Land held for sale	-	106,000
Investments, at fair value	16,125,927	16,438,617
Office furniture and equipment, net of accumulated depreciation of \$39,134 for 2015 and \$37,425 for 2014	5,550	7,259
Equity in assets held by third party trustee	43,300	43,300
Other assets	53,276	53,744
<b>Total assets</b>	<b>\$ 17,489,056</b>	<b>\$ 18,140,785</b>
<b>Liabilities and net assets:</b>		
<b>Liabilities</b>		
Accounts payable	\$ 10,443	\$ 22,493
Grants payable	116,196	60,325
Annuity obligations	50,113	52,890
Assets held for agency funds	974,829	1,010,853
<b>Total liabilities</b>	<b>1,151,581</b>	<b>1,146,561</b>
<b>Commitments and contingencies</b>		
<b>Net assets:</b>		
Unrestricted	1,365,113	1,325,381
Temporarily restricted	4,483,000	5,082,116
Permanently restricted	10,489,362	10,586,727
<b>Total net assets</b>	<b>16,337,475</b>	<b>16,994,224</b>
<b>Total liabilities and net assets</b>	<b>\$ 17,489,056</b>	<b>\$ 18,140,785</b>

*See accompanying notes to the financial statements.*

# The Community Foundation Serving Greeley and Weld County

## Statement of Activities

<i>Year Ended December 31, 2015</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue:</b>				
Contributions	\$ 39,396	\$ 1,418,550	\$ 203,956	\$ 1,661,902
Contributed goods and services	17,832	-	-	17,832
Net investment earnings	(17,703)	145,135	(246,636)	(119,204)
Administration fees	270,863	(151,694)	(107,016)	12,153
Other	1,146	17,753	-	18,899
Actuarial change in annuities	-	(3,723)	-	(3,723)
Net assets released from restrictions	1,906,767	(1,906,767)	-	-
<b>Total revenue</b>	<b>2,218,301</b>	<b>(480,746)</b>	<b>(149,696)</b>	<b>1,587,859</b>
<b>Expenses:</b>				
Grants	1,181,015	-	-	1,181,015
Programs	833,843	-	-	833,843
Fundraising	56,980	-	-	56,980
Management and General	172,770	-	-	172,770
<b>Total expenses</b>	<b>2,244,608</b>	<b>-</b>	<b>-</b>	<b>2,244,608</b>
<b>Change in net assets</b>	<b>(26,307)</b>	<b>(480,746)</b>	<b>(149,696)</b>	<b>(656,749)</b>
Deficiency in fair value to original gift value	(14,292)	14,292	-	-
Net interfund transfers	80,331	(132,662)	52,331	-
Net assets, beginning of year	1,325,381	5,082,116	10,586,727	16,994,224
<b>Net assets, end of year</b>	<b>\$ 1,365,113</b>	<b>\$ 4,483,000</b>	<b>\$ 10,489,362</b>	<b>\$ 16,337,475</b>

*Continued.*

# The Community Foundation Serving Greeley and Weld County

## Statement of Activities

<i>Year Ended December 31, 2014</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue:</b>				
Contributions	\$ 79,141	\$ 2,402,824	\$ 297,566	\$ 2,779,531
Contributed goods and services	25,937	-	-	25,937
Net investment earnings	97,107	766,824	331,247	1,195,178
Administration fees	271,549	(154,146)	(106,105)	11,298
Other	953	10,954	-	11,907
Actuarial change in annuities	-	(3,636)	-	(3,636)
Net assets released from restrictions	2,020,104	(2,020,104)	-	-
<b>Total revenue</b>	<b>2,494,791</b>	<b>1,002,716</b>	<b>522,708</b>	<b>4,020,215</b>
<b>Expenses:</b>				
Grants	650,070	-	-	650,070
Programs	1,528,334	-	-	1,528,334
Fundraising	68,853	-	-	68,853
Management and General	189,108	-	-	189,108
<b>Total expenses</b>	<b>2,436,365</b>	<b>-</b>	<b>-</b>	<b>2,436,365</b>
<b>Change in net assets</b>	<b>58,426</b>	<b>1,002,716</b>	<b>522,708</b>	<b>1,583,850</b>
Recovery of deficiency in fair value to original	21,621	(21,621)	-	-
Net interfund transfers	29,800	(83,948)	54,148	-
Net assets, beginning of year	1,215,534	4,184,969	10,009,871	15,410,374
<b>Net assets, end of year</b>	<b>\$ 1,325,381</b>	<b>\$ 5,082,116</b>	<b>\$ 10,586,727</b>	<b>\$ 16,994,224</b>

*See accompanying notes to the financial statements.*

# The Community Foundation Serving Greeley and Weld County

## Statements of Cash Flows

<i>Year Ended December 31,</i>	2015	2014
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (656,749)	\$ 1,583,850
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	1,709	1,709
Net realized and unrealized gains on investments	568,530	(947,573)
Endowment contributions	(203,956)	(297,566)
Donated assets capitalized as held for sale	-	(106,000)
Proceeds from sale of assets held for sale	106,000	-
Change in cash surrender value of life insurance	(17,752)	-
Actuarial change in annuities	3,723	3,636
(Increase) decrease in operating assets:		
Contributions receivable	(3,009)	(1,535)
Other assets	468	280
Increase (decrease) in operating liabilities:		
Accounts payable	(12,050)	11,789
Grants payable	55,871	(90,100)
Agency funds	(36,024)	38,494
<b>Net cash (used in) provided by operating activities</b>	<b>(193,239)</b>	<b>196,984</b>
<b>Cash flows from investing activities</b>		
Purchase of office equipment	-	(7,320)
Proceeds from sale of investments	6,763,223	7,788,157
Purchases of investments and reinvested earnings	(7,000,150)	(8,093,440)
<b>Net cash used in investing activities</b>	<b>(236,927)</b>	<b>(312,603)</b>
<b>Cash flows from financing activities</b>		
Contributions restricted for endowments	202,853	271,400
Payments of annuity obligations	(6,500)	(6,500)
<b>Net cash provided by financing activities</b>	<b>196,353</b>	<b>264,900</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(233,813)</b>	<b>149,281</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,422,658</b>	<b>1,273,377</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,188,845</b>	<b>\$ 1,422,658</b>
<b>Supplemental cash flow information</b>		
Contribution of securities restricted for endowment	\$ 1,103	\$ 26,166

*See accompanying notes to the financial statements.*

# The Community Foundation Serving Greeley and Weld County

## Notes to Financial Statements

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Purpose*

The purpose of The Community Foundation Serving Greeley and Weld County (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 accounting and reporting policies of the Foundation conform to accounting principles generally accepted in the United States of America (“GAAP”), as promulgated in the Financial Accounting Standards Board (“FASB”) publication, FASB Accounting Standards Codification (“FASB Codification” or “ASC”). The following summary of significant accounting policies is presented to assist the reader in evaluating the financial statements of the Foundation.

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 statements 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 net 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

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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.

### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and such differences could be material.

### *Operating Reserve Policy*

During 2015, the Board of Directors of the Foundation established an operating reserve policy to assure the financial health of the Foundation. The policy formally designates any operating surpluses that may accumulate each year from the excess of administrative revenue over administrative expenses. Upon recommendation of the Foundation's Finance Committee, the Board of Directors may direct surpluses to the Impact Fund once the Operating Reserve Fund reaches 100% of a current administrative expense budget.

### *Cash and Cash Equivalents*

The Foundation considers all highly liquid instruments with original maturities of three months or less, and which are not held for long term purposes, to be cash and cash equivalents. All other highly liquid financial instruments which are to be used for long-term purposes are classified as investments regardless of original length to maturity.

### *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. The Foundation believes no allowance necessary at December 31, 2015 and 2014.

# The Community Foundation Serving Greeley and Weld County

## Notes to Financial Statements

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### *Assets Held for Sale*

Individual long-lived assets to be disposed of by sale are classified as assets held for sale if the following criteria are met:

- The carrying amount will be recovered principally through a sale transaction rather than through continuing use;
- The disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for such sales; and
- The sale is highly probable.

Upon classification as held for sale, the assets are no longer depreciated. Assets held for sale are carried at the lower of their carrying amount or fair value less costs to sell and are presented separately on the face of the balance sheet. As of December 31, 2014, the Foundation held for sale, donated land originally valued at \$106,000. This land was sold during 2015 for the full carrying value.

### *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.

### *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 assets, which range from three to five years. All assets with a life of more than one year and a value of more than \$500 are capitalized. Expenditures for maintenance, repairs and minor replacements are charged to expense when incurred. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities.

### *Equity in Assets Held by Third-Party Trustee*

The Foundation is a remainder beneficiary in an irrevocable charitable remainder trust held by a third-party trustee. The Foundation's equity in the trust assets is stated at the present value of the amount the Foundation is estimated to receive when the trust remainder is distributed in 2020.

# The Community Foundation Serving Greeley and Weld County

## Notes to Financial Statements

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### *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 on the date of the gift. The Foundation has a memorandum of understanding with a conservation district to manage and provide annual maintenance of the garden for 2% of the fund designated for such a purpose.

### *Annuity Obligations*

The Foundation administers 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 statements of activities.

### *Contributions*

Contributions, including unconditional promises to give, if any, are recorded when 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 therefrom ("Donor Advised Funds"). 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, and reclassified to unrestricted net assets and reported in the statements of activities as "net assets released from restrictions."

### *In-Kind Contributions*

Donated materials, assets, and services are recorded at fair 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.

# The Community Foundation Serving Greeley and Weld County

## Notes to Financial Statements

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### *Functional Allocation of Expenses*

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### *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 Foundation believes that it has conducted its operations in accordance with, and has properly maintained, its tax-exempt status, and that it has taken no material uncertain tax positions that qualify for recognition or disclosure in the financial statements. The Foundation is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2012.

### *Subsequent Events*

Management has evaluated subsequent events through May 25, 2016, the date the financial statements were available for issuance. There were no material subsequent events that required recognition or additional disclosure in these financial statements, except as follows.

In March 2016, the Foundation transferred ownership of the Houston Gardens property to the conservation district, which has been managing and maintaining the property. The Foundation will continue to hold the related fund and to disburse 2% of the fund's value to the conservation district for management and maintenance of the property.

## 2. INVESTMENTS

The Foundation follows the methods of fair value measurement described in the *Fair Value Measurements and Disclosures* topic of the FASB Codification to determine the fair values of all financial instruments required to be measured at fair value. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability, i.e., the "exit price," in an orderly transaction between market participants at the measurement date. A hierarchy prioritizes the observable and unobservable inputs used to measure fair value into three broad levels, as described below:

- *Level 1* - Observable inputs such as quoted market prices in active markets for identical assets or liabilities.

# The Community Foundation Serving Greeley and Weld County

## Notes to Financial Statements

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- *Level 2* - Observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- *Level 3* - Unobservable inputs are used when little or no market data is available.

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

### ***Cash Equivalents***

Fair values are equal to the sums of account balances.

### ***Investment Securities***

Fair values are based on quoted market prices for identical securities traded in active markets or published redemption values.

### ***Life Insurance***

Fair value is based on the cash surrender value of the policy as reported by the insurer.

# The Community Foundation Serving Greeley and Weld County

## Notes to Financial Statements

Assets measured at fair value on a recurring basis have been categorized based upon a fair value hierarchy as follows as of December 31, 2015:

Description	Cost	Fair Value	Level 1	Level 2	Level 3
Cash equivalents	\$ 741,500	\$ 741,500	\$ 741,500	\$ -	\$ -
Investment securities:					
Equities:					
Consumer products	2,028,578	2,595,286	2,595,286	-	-
Energy	1,094,898	990,368	990,368	-	-
Financial services	1,228,622	1,504,899	1,504,899	-	-
Health care	1,196,173	1,534,574	1,534,574	-	-
Industrials	1,307,924	1,322,068	1,322,068	-	-
Information technology	1,315,816	1,941,195	1,941,195	-	-
Materials	393,493	313,089	313,089	-	-
Telecommunications & Utilities	928,422	1,008,095	1,008,095	-	-
Fixed income:					
Municipal	1,417,363	1,439,476	1,439,476	-	-
Corporate	1,375,096	1,385,468	1,385,468	-	-
U.S. Government	1,225,087	1,248,960	1,248,960	-	-
Life insurance	100,949	100,949	-	100,949	-
	<b>\$ 14,353,921</b>	<b>\$ 16,125,927</b>	<b>\$ 16,024,978</b>	<b>\$ 100,949</b>	<b>\$ -</b>

# The Community Foundation Serving Greeley and Weld County

## Notes to Financial Statements

Assets measured at fair value on a recurring basis have been categorized based upon a fair value hierarchy as follows as of December 31, 2014:

Description	Cost	Fair Value	Level 1	Level 2	Level 3
Cash equivalents	\$ 952,816	\$ 952,816	\$ 952,816	\$ -	\$ -
Investment securities:					
Equities:					
Consumer products	1,580,667	2,147,107	2,147,107	-	-
Energy	875,649	962,467	962,467	-	-
Financial services	1,538,147	2,028,839	2,028,839	-	-
Health care	868,890	1,447,334	1,447,334	-	-
Industrials	1,067,709	1,238,840	1,238,840	-	-
Information technology	1,663,240	2,390,441	2,390,441	-	-
Materials	708,578	601,849	601,849	-	-
Telecommunications & Utilities	775,495	874,575	874,575	-	-
Fixed income:					
Municipal	1,173,012	1,194,034	1,194,034	-	-
Corporate	1,585,730	1,654,672	1,654,672	-	-
U.S. Government	836,478	862,446	862,446	-	-
Life insurance	83,197	83,197	-	83,197	-
	<b>\$ 13,709,608</b>	<b>\$ 16,438,617</b>	<b>\$ 16,355,420</b>	<b>\$ 83,197</b>	<b>\$ -</b>

Net investment return is composed of the following:

<i>Years Ended December 31,</i>	<b>2015</b>	<b>2014</b>
Interest and dividends	<b>\$ 448,897</b>	<b>\$ 398,542</b>
Net realized gains	<b>382,389</b>	<b>603,776</b>
Other investment income	<b>90,597</b>	<b>12,084</b>
Less: investment management fees	<b>(103,397)</b>	<b>(97,671)</b>
	<b>818,486</b>	<b>916,731</b>
Net unrealized (losses) gains	<b>(950,919)</b>	<b>343,797</b>
Total investment earnings	<b>(132,433)</b>	<b>1,260,528</b>
Less: investment earnings of agency funds	<b>13,229</b>	<b>(65,350)</b>
Net investment earnings	<b>\$ (119,204)</b>	<b>\$ 1,195,178</b>

# The Community Foundation Serving Greeley and Weld County

## Notes to Financial Statements

### 3. NET ASSETS

*Designation of Unrestricted net assets:* The board of directors designates funds to support the Foundation's activities and assure its financial health. An initial amount of \$95,512 was designated during 2015 to the operating reserve fund. A total amount of \$50,000 was designated as matching funds for challenge grants issued by the Foundation. All such designated funds within unrestricted net assets are supported by the unrestricted portion of investments.

*Temporarily restricted net assets:* Temporarily restricted net assets consist of the following:

December 31,	2015	2014
<b>Restricted as to:</b>		
Purpose	\$ 4,439,700	\$ 5,038,816
Time	43,300	43,300
	<b>\$ 4,483,000</b>	<b>\$ 5,082,116</b>

### 4. RETIREMENT PLAN

The Foundation participates in The Community Foundation Retirement Employee Savings Plan, a section 403(b)(7) plan. Employees who are eligible are full-time and employed at the Foundation for at least twelve consecutive months. Currently, the plan matches 100% of the employee's contribution up to 5% of gross pay. Foundation matching contributions during 2015 and 2014 were \$5,517 and \$8,855, respectively.

### 5. CREDIT AND CONCENTRATION RISKS

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. The Foundation has never experienced any losses related to these balances. The Foundation had \$157,473 of amounts on deposit in excess of federally insured limits at December 31, 2015.

During 2015 and 2014 the largest donors provided 15% and 18%, respectively, of total contributions.

### 6. COMMITMENTS AND CONTINGENCIES

In August 2013, the Foundation entered into a three year lease requiring monthly payments of \$1,500, with small annual escalations. Rent expense under this lease was \$18,520 for 2015 and \$18,150 for 2014.

The future minimum annual lease payments under this lease are \$10,924 during 2016.



# The Community Foundation Serving Greeley and Weld County

## Notes to Financial Statements

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### 7. ENDOWMENTS

The endowments consist of approximately 75 individual funds restricted for purpose by the donors.

The Board of Directors of the Foundation has interpreted the Colorado 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 25-60% to fixed income investments as a long-term target and 40-75% 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 Community Foundation Serving Greeley and Weld County

## Notes to Financial Statements

The Foundation's investments are exposed to various risks that cause the reported value of investments to fluctuate on a daily basis and could result in material changes to its net assets. Investments in equity securities fluctuate in value in response to many factors, such as the activities and financial condition of individual companies, general business, industry, and market conditions, as well as the perceived state and direction of the economy. The values of bond investments and other fixed income securities fluctuate in response to changing interest rates, credit worthiness of issuers and overall economic policies that impact market conditions.

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior sixteen 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 new gifts and investment return.

Donor-restricted endowment funds generally consist of three different corpus related stipulations.

- *Variable Corpus* - Donor stipulations dictate only royalties, interest and dividends are spendable; all other related costs, investments gains and losses affect the corpus.
- *Donor Advised Endowment Funds* - Donor stipulations include that during the donor's life, the fair value of the original gift need not be maintained, and the corpus value will become fixed at a future date.
- *Fair value of original gift* - Absent donor stipulations to the contrary, the corpus is determined as the fair value of the original gift as of the gift date.

The composition of endowment net assets by type of donor-restriction is as follows as of December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Variable corpus	\$ -	\$ 455,049	\$ 5,313,757	\$ 5,768,806
Donor-advised endowment funds	-	1,489,921	-	1,489,921
Fair value of original gift	(14,292)	1,084,653	5,175,605	6,245,966
	<b>\$ (14,292)</b>	<b>\$ 3,029,623</b>	<b>\$ 10,489,362</b>	<b>\$ 13,504,693</b>

# The Community Foundation Serving Greeley and Weld County

## Notes to Financial Statements

The following are the changes in endowment net assets for 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2015	\$ -	\$ 3,311,884	\$ 10,586,727	\$ 13,898,611
Contributions	-	326,173	203,956	530,129
Appropriation for expenditure	-	(563,050)	-	(563,050)
Administration fees	-	(130,817)	(107,016)	(237,833)
Other changes	-	17,753	-	17,753
Investment return:				
Investment income	-	463,798	-	463,798
Net realized and unrealized gains	-	(313,307)	(246,636)	(559,943)
Deficiency in fair value to original gift value	(14,292)	14,292	-	-
Reclassifications	-	(97,103)	52,331	(44,772)
<b>Balance, December 31, 2015</b>	<b>\$ (14,292)</b>	<b>\$ 3,029,623</b>	<b>\$ 10,489,362</b>	<b>\$ 13,504,693</b>

The composition of endowment net assets by type of donor-restriction is as follows as of December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Variable corpus	\$ -	\$ 367,640	\$ 5,667,399	\$ 6,035,039
Donor-advised endowment funds	-	1,496,659	-	1,496,659
Fair value of original gift	-	1,447,585	4,919,328	6,366,913
	<b>\$ -</b>	<b>\$ 3,311,884</b>	<b>\$ 10,586,727</b>	<b>\$ 13,898,611</b>

# The Community Foundation Serving Greeley and Weld County

## Notes to Financial Statements

The following are the changes in endowment net assets for 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2014	\$ (21,621)	\$ 2,828,681	\$ 10,009,871	\$ 12,816,931
Contributions	-	408,972	297,566	706,538
Appropriation for expenditure	-	(458,926)	-	(458,926)
Administration fees	-	(125,797)	(106,105)	(231,902)
Other changes	-	21,307	-	21,307
Investment return:				
Investment income	-	336,467	-	336,467
Net realized and unrealized gains	-	387,111	331,247	718,358
Recovery of deficiency in fair value to original gift value	21,621	(21,621)	-	-
Reclassifications	-	(64,310)	54,148	(10,162)
Balance, December 31, 2014	\$ -	\$ 3,311,884	\$ 10,586,727	\$ 13,898,611

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 \$14,292 as of December 31, 2015. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Directors.