

THE COMMUNITY FOUNDATION  
SERVING GREELEY AND  
WELD COUNTY

(A Not-For-Profit Corporation)

FINANCIAL Report

Years Ended December 31, 2018 and 2017



## TABLE OF CONTENTS

---

Independent Auditors' Report .....	2
BALANCE SHEETS .....	5
STATEMENTS OF ACTIVITIES .....	6
STATEMENT OF FUNCTIONAL EXPENSES .....	8
STATEMENTS OF CASH FLOW .....	9
NOTES TO FINANCIAL STATEMENTS.....	11

---



## Independent Auditors' 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, 2018 and 2017, and the related statements of activities and cash flows for the years then ended and the statement of functional expenses for the year ended December 31, 2018, 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 of 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, 2018 and 2017, and the results of its operations, 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.

*Anderson & Whitney, P.C.*

May 10, 2019

This page is intentionally left blank.

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

**BALANCE SHEETS**

December 31	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 772,458	\$ 847,631
Receivables:		
Contributions	9,376	26,554
Interest	72,162	52,589
Investments, at fair value	24,411,008	19,567,597
Equity in assets held by third-party trustees	80,000	1,381,697
Property and equipment, net	4,328	4,350
Other assets	5,100	1,500
<b>TOTAL ASSETS</b>	<b>\$ 25,354,432</b>	<b>\$ 21,881,918</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 47,435	\$ 22,238
Grants payable	3,776	17,057
Scholarships payable	101,567	97,198
Annuity obligations	42,328	43,614
Assets held for agency funds	1,511,880	1,521,952
<b>Total Liabilities</b>	<b>1,706,986</b>	<b>1,702,059</b>
Net Assets:		
Without donor restrictions	2,820,910	2,921,704
With donor restrictions	20,826,536	17,258,155
<b>Total Net Assets</b>	<b>23,647,446</b>	<b>20,179,859</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 25,354,432</b>	<b>\$ 21,881,918</b>

See Accompanying Notes to Financial Statements.

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

**STATEMENTS OF ACTIVITIES**

Year Ended December 31, 2018	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue:</b>			
Contributions	\$ 54,153	\$ 1,381,383	\$ 1,435,536
Contributed goods and services	360	25,918	26,278
Net investment earnings	(25,891)	(294,138)	(320,029)
Oil and gas royalties	-	3,770,136	3,770,136
Administration fees	348,011	(313,453)	34,558
Other	100	8,730	8,830
Actuarial change in annuities	(3,313)	(14,969)	(18,282)
Net assets released from restrictions	1,020,097	(1,020,097)	-
<b>Total Revenue</b>	<b>1,393,517</b>	<b>3,543,510</b>	<b>4,937,027</b>
<b>Expenses:</b>			
Programs	1,148,826	-	1,148,826
Management and general	214,769	-	214,769
Fundraising	105,845	-	105,845
<b>Total Expenses</b>	<b>1,469,440</b>	<b>-</b>	<b>1,469,440</b>
Change in Net Assets	(75,923)	3,543,510	3,467,587
Net Interfund Transfers	(24,871)	24,871	-
Net Assets, Beginning of Year	2,921,704	17,258,155	20,179,859
<b>Net Assets, End of Year</b>	<b>\$ 2,820,910</b>	<b>\$ 20,826,536</b>	<b>\$ 23,647,446</b>

Continued on next page.

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

**STATEMENTS OF ACTIVITIES - Continued**

Year Ended December 31, 2017	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue:			
Contributions	\$ 1,394,527	\$ 1,540,622	\$ 2,935,149
Contributed goods and services	72,295	-	72,295
Net investment earnings	117,090	1,487,246	1,604,336
Oil and gas royalties	-	69,117	69,117
Administration fees	295,762	(267,383)	28,379
Other	917	11,776	12,693
Actuarial change in annuities	-	(2,228)	(2,228)
Net assets released from restrictions	1,075,073	(1,075,073)	-
Total Revenue	2,955,664	1,764,077	4,719,741
Expenses:			
Programs	1,287,766	-	1,287,766
Management and general	213,454	-	213,454
Fundraising	105,484	-	105,484
Total Expenses	1,606,704	-	1,606,704
Change in Net Assets	1,348,960	1,764,077	3,113,037
Net Interfund Transfers	63,725	(63,725)	-
Net Assets, Beginning of Year	1,509,019	15,557,803	17,066,822
Net Assets, End of Year	\$ 2,921,704	\$ 17,258,155	\$ 20,179,859

See Accompanying Notes to Financial Statements.



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

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31	2018			Total
	Program Services	Management and General	Fundraising	
Grants expense	\$ 554,757	\$ -	\$ -	\$ 554,757
Scholarship awards	236,250	-	-	236,250
Program expenses	200,171	-	-	200,171
Personnel expenses	106,302	127,988	64,000	298,290
Advertising	-	-	1,590	1,590
Board/committees expense	-	1,945	-	1,945
Computer software and support	4,905	6,897	420	12,222
Conferences and training	-	884	-	884
Consulting	11,841	23,682	16,841	52,364
Depreciation	-	3,423	-	3,423
Dues and subscriptions	-	4,292	-	4,292
Event development	-	-	16,855	16,855
Foundation initiatives expense	792	-	-	792
In-kind expense	26,278	-	-	26,278
Marketing development	-	-	2,569	2,569
Occupancy	6,222	11,407	3,111	20,740
Office expenses	-	3,092	-	3,092
Photocopying	-	3,012	-	3,012
Postage	-	2,490	-	2,490
Printing	-	2,231	-	2,231
Professional services	-	20,845	-	20,845
Telephone	918	1,682	459	3,059
Travel	390	899	-	1,289
	<b>\$ 1,148,826</b>	<b>\$ 214,769</b>	<b>\$ 105,845</b>	<b>\$ 1,469,440</b>

See Accompanying Notes to Financial Statements.

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

**STATEMENTS OF CASH FLOWS**

Years Ended December 31	2018	2017
<b>Cash Flows from Operating Activities:</b>		
Cash received from contributions and other revenue	\$ 4,341,451	\$ 1,969,928
Cash paid to suppliers and employees	(1,470,478)	(1,645,843)
Interest and dividends received	525,687	301,510
Interest paid	-	-
<b>Cash Provided by Operating Activities</b>	<b>3,396,660</b>	<b>625,595</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of property, plant and equipment	(3,401)	(550)
Net (purchase) redemption of investments	(4,278,391)	(1,006,350)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(4,281,792)</b>	<b>(1,006,900)</b>
<b>Cash Flows From Financing Activities:</b>		
Contributions restricted for endowments	816,459	185,438
Payments of annuity obligations	(6,500)	(6,500)
<b>Net Cash Provided by Financing Activities</b>	<b>809,959</b>	<b>178,938</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(75,173)</b>	<b>(202,367)</b>
Cash, Beginning of Year	847,631	1,049,998
<b>Cash, End of Year</b>	<b>\$ 772,458</b>	<b>\$ 847,631</b>

Continued on next page.

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

**STATEMENTS OF CASH FLOWS - Continued**

Years Ended December 31	2018	2017
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 3,467,587	\$ 3,113,037
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	3,423	1,775
Net realized and unrealized gains on investments	790,469	(1,389,627)
Reinvested interest	(8,048)	-
Endowment contributions	(816,459)	(185,438)
Change in interest in third-party trusts	(38,200)	(1,339,897)
Change in cash surrender value of life insurance	(7,544)	(7,338)
Actuarial change in annuities	5,214	2,228
(Increase) decrease in operating assets:		
Contributions receivable	17,178	4,266
Interest receivable	(19,573)	3,933
Other assets	(3,600)	110
Increase (decrease) in operating liabilities:		
Accounts payable	25,197	8,317
Grants payable	(13,281)	(72,392)
Scholarship payable	4,369	-
Agency funds	(10,072)	486,621
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 3,396,660</b>	<b>\$ 625,595</b>
<b>Noncash Financing and Investing Activities:</b>		
Investments received from interest in assets held by third-party trustee	\$ 1,339,897	\$ -
Interest received in assets held by third-party trustee	-	1,339,897

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.

On December 16, 2016, the Foundation formed CFSGWC Holdings, LLC (CFSGWC) as a Colorado limited liability company under 501(c)(3) of the Internal Revenue Code. The purpose of CFSGWC is to hold gifts of real estate and other complex gifts, provided by donors which are intended to benefit the interest and purposes of the Foundation's charitable activities. The Foundation is the sole member of CFSGWC. As of December 31, 2018, there has been no activity in CFSGWC.

---

#### Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States. Net assets of the Foundation and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

**Net assets with donor restrictions:** Net Assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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

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

**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1 – Summary of Significant Accounting Policies – Continued:**

Basis of Presentation - Continued:

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.

Fund agreements contain a variance power that, pursuant to the Foundation's Articles of Incorporation, allows the Foundation's 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.

---

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.

---

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 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 contributions with donor restrictions, and reclassified to net assets without donor restrictions and reported in the Statements of Activities as "net assets released from restrictions."

---

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

**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1 – Summary of Significant Accounting Policies – Continued:**

**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.

---

**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 was necessary at December 31, 2018 and 2017; however, actual write-offs could exceed management's estimate.

---

**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. Exchange traded funds are baskets of securities designed to replicate various indices and whose value is determined daily through market action in the shares of the exchange traded fund.

---

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

The Foundation is a remainder beneficiary in trusts held by third-party trustees. 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.

---

**Property 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. 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.

---

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

**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1 – Summary of Significant Accounting Policies – Continued:**

**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".

---

**Functional Expenses:**

The Statement of Functional Expenses presents expenses by both their nature and their function for 2018. Certain categories of expenses are attributable to program, fundraising, and management and general functions, and thus require allocation on a reasonable basis that is consistently applied. Personnel costs (compensation, fringe benefits and payroll taxes) are allocated based on estimates of the efforts the staff apply to various programs and functions. Other costs (including facility costs, office expenses, and equipment maintenance and usage) are allocated in the same portions as the personnel costs.

---

**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 2015.

---

**Change in Accounting Principle:**

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.. In 2018, the Foundation implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which increased net assets without donor restrictions and decreased net assets with donor restrictions by \$6,608 as of January 1, 2017.

---

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

**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1 – Summary of Significant Accounting Policies – Continued:**

Reclassifications:

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 financial statement presentation. These reclassifications have no effect on the previously reported change in net assets.

---

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.

---

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 – Information Regarding Liquidity and Availability:**

The Foundation strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects the Foundation's financial assets as of December 31, 2018 and 2017, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date.

December 31	2018	2017
Financial Assets at Year End:		
Cash and cash equivalents	\$ 772,458	\$ 847,631
Contributions receivable	9,376	26,554
Interest receivable	72,162	52,589
Investments	24,411,008	19,567,597
Equity in assets held by third-party trustees	80,000	1,381,697
	25,345,004	21,876,068
Assets Held for Agency Funds	1,511,880	1,521,952
Board Designations for Programs and Projects	2,624,130	2,718,626
Net Assets with Donor Restrictions	20,826,536	17,258,155
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 382,458	\$ 377,335



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

**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 2 – Information Regarding Liquidity and Availability – Continued:**

Amounts not available include board-designated funds that are intended to fund future technological and operational needs and to provide resources for the implementation or expansion of various programs. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

---

**NOTE 3 – Contributions Receivable:**

December 31	2018	2017
Due in less than one year	\$ 3,004	\$ 3,653
Due in one to five years	6,372	22,901
	\$ 9,376	\$ 26,554

---

**NOTE 4 – 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: Observable inputs such as quoted market prices in active markets for identical assets or liabilities.

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 cash surrender value of the policy as reported by the insurer.

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – Investments – Continued:**

Assets measured at fair value on a recurring basis have been categorized based upon a fair value hierarchy and are summarized as follows:

Description	Cost	Fair Value Measurements			
		Total	Level 1	Level 2	Level 3
<u>December 31, 2018</u>					
Cash equivalents	\$ 5,232,791	\$ 5,232,791	\$ 5,232,791	\$ --	\$ --
Investment securities:					
Equity	10,011,952	11,810,240	11,810,240	--	--
Fixed income	4,254,861	4,240,094	4,240,094	--	--
U.S. Government	2,773,549	2,745,105	2,745,105	--	--
Foreign equities	101,630	116,080	116,080	--	--
Exchange traded funds	142,938	142,578	142,578	--	--
Life insurance	124,036	124,036	--	124,036	--
Closely held	2	84	84	--	--
	<u>\$22,641,759</u>	<u>\$24,411,008</u>	<u>\$24,286,972</u>	<u>\$124,036</u>	<u>\$ --</u>
<u>December 31, 2017</u>					
Cash equivalents	\$ 2,564,862	\$ 2,564,862	\$ 2,564,862	\$ --	\$ --
Investment securities:					
Equity	8,242,973	11,283,080	11,283,080	--	--
Fixed income	3,377,061	3,416,844	3,416,844	--	--
U.S. Government	2,067,349	2,059,065	2,059,065	--	--
Foreign equities	101,630	127,170	127,170	--	--
Life insurance	116,492	116,492	--	116,492	--
Closely held	2	84	84	--	--
	<u>\$16,470,369</u>	<u>\$19,567,597</u>	<u>\$19,451,105</u>	<u>\$116,492</u>	<u>\$ --</u>

Investment earnings consist of the following:

Years Ended December 31	2018	2017
Interest and Dividends	\$ 540,350	\$ 442,268
Net Realized Gains	537,511	643,065
Less: Investment Management Fees	(82,868)	(90,608)
	994,993	994,825
Net unrealized gains (loss)	(1,327,980)	746,562
Total Investment Earnings	(332,987)	1,741,287
Less: Investment (Earnings) Loss of Agency Funds	12,958	(136,951)
Net Investment Earnings (Loss)	\$ (320,029)	\$ 1,604,336

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – Property and Equipment:**

December 31	2018	2017
Office Furniture and Equipment	\$ 45,234	\$ 45,234
Leasehold Improvements	5,328	1,927
	50,562	47,161
Less: Accumulated Depreciation	46,234	42,811
	\$ 4,328	\$ 4,350

**NOTE 6 – Equity in Assets Held by Third-Party Trustees:**

December 31	2018	2017
Irrevocable charitable remainder trust to be distributed in 2020	\$ 80,000	\$ 41,800
Remainder beneficiary trust	--	1,339,897
	\$ 80,000	\$ 1,381,697

**NOTE 7 – Net Assets:**

Net Assets Without Donor Restrictions - Board Designations:

The board of directors designates funds to support the Foundation’s activities and assure its financial health. All such designated funds within net assets without donor restrictions are supported by the unrestricted portion of investments.

December 31	2018	2017
Operating Reserve: Established in 2015, operating surpluses from the excess of administrative revenue over administrative expenses. Such surpluses may be directed to the Impact Fund once Operating Reserve reaches 100% of a current administrative budget	\$ 161,418	\$ 163,473
Community Foundation Impact Fund: Established in 2010 to ensure essential organizational staff and tools are in place, facilitate community endowments, and provide leadership for community initiatives	2,422,701	2,525,142

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – Net Assets – Continued:**

Net Assets Without Donor Restrictions - Board Designations - Continued:

December 31	2018	2017
Endowment Challenge: \$120,000 allocated from Impact Fund from 2015 to 2018 to encourage new endowments from area public charities. Awards of \$10,000 each were made to 8 new endowments from 2016 to 2018	\$ 40,011	\$ 30,011
	\$ 2,624,130	\$ 2,718,626

Net Assets With Donor Restrictions:

The nature of restrictions are as follow:

December 31	2018	2017
Restricted as to:		
Purpose	\$ 8,657,189	\$ 4,235,907
Time (equity in assets held by third-party trustees)	80,000	1,381,697
Endowment corpus	12,089,347	11,640,551
	\$ 20,826,536	\$ 17,258,155

**NOTE 8 – Endowments:**

At the end of 2018, the Foundation’s endowments consist of 80 individual funds restricted for purpose by the donors.

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 retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowments and (b) any accumulations to the endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. However, the Foundation has several bequeathed endowments which allow the spending of current interest and dividends but require realized and unrealized capital activity to remain in corpus. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

# THE COMMUNITY FOUNDATION SERVING GREELEY AND WELD COUNTY

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 8 – Endowments – Continued:

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the organization.
- The investment policies of the organization.

#### Investment and Spending Policies:

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, and 0-10% to alternative 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'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 COMMUNITY FOUNDATION  
SERVING GREELEY AND WELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – Endowments – Continued:**

The Foundation has a policy of appropriating for distribution a percentage each year of its endowment fund’s average fair value over the prior sixteen quarters. That percentage was 4.5% for 2018 and 2017. 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.

As of December 31, 2018 and 2017, the composition of endowment net assets with donor restrictions were as follows:

December 31	2018	2017
Variable corpus	\$ 9,603,322	\$ 6,364,627
Donor-advised endowment funds	1,835,288	1,813,188
Fair value of original gift	7,514,453	7,419,757
	\$ 18,953,063	\$ 15,597,572

The following are the changes in endowment net assets with donor restrictions for 2018 and 2017:

Years Ended December 31	2018	2017
Balance at Beginning of Year	\$ 15,597,572	\$ 14,372,309
Contributions	653,464	609,864
Other income	15,977	11,776
Oil and gas royalties	3,770,136	69,117
Appropriation for expenditure	(637,545)	(636,934)
Administration fees	(289,838)	(252,903)
Investment return, net	(291,019)	1,438,288
Reclassifications and transfers	134,316	(13,945)
Balance at End of Year	\$ 18,953,063	\$ 15,597,572

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

**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 9 – Underwater Endowments:**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Foundation's interpretation of UPMIFA requires the Foundation to retain as a fund of perpetual duration. At December 31, 2018, deficiencies of this nature exist in nine donor-restricted endowment funds, which together have an original gift value of \$932,542, a current fair value of \$886,930, and deficiencies of \$45,612. These deficiencies resulted in 2018 from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors. In 2017, a \$6,608 deficiency in one underwater endowment fund was recovered.

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

---

**NOTE 10 – Retirement Plan:**

The Foundation participates in The Community Foundation Retirement Employee Savings Plan 403(b)(7). Eligible employees work a minimum of 20 hours per week and are 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 2018 and 2017 were \$9,941 and \$9,699, respectively.

---

**NOTE 11 – 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. The Foundation has never experienced any losses related to these balances. The Foundation had approximately \$29,108 and \$81,549 of amounts on deposit in excess of federally insured limits at December 31, 2018 and December 31, 2017, respectively.

During 2018, two donors, who each provided more than 10% of total contributions, provided a combined 32% of total contributions. In 2017, three donors, who each provided more than 10% of total contributions provided a combined 58% of total contributions.

---

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

**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 12 – Commitment and Contingencies:**

Operating Lease:

In July 2018, the Foundation amended its office space lease in connection with a 50% increase in the space leased. The lease requires monthly payments of \$1,624 in 2018 and \$2,404 starting January 1, 2019. Monthly payments will increase 2% per year on each anniversary date after 2019. The lease term expires December 2023.

Rent expense under the lease during 2018 and 2017 was \$19,484 and \$19,261, respectively.

Future minimum obligations under lease commitments are as follows:

Year Ending December 31	Amount
2019	\$ 28,844
2020	29,421
2021	30,009
2022	30,609
2023	31,221
	<u>\$ 150,104</u>

Pending Beneficiary Interests:

The Foundation has been named as beneficiary in two trusts and one estate that are in various stages of administration. At December 31, 2018, each situation involves either certain matters being contested or significant uncertainty in valuing and/or liquidating the estate or trusts. As such, they do not presently meet the Foundation's criteria to be included in the Foundation's financial statements as of December 31, 2018.

---