

THE COMMUNITY FOUNDATION  
SERVING GREELEY AND  
WELD COUNTY

(A Not-For-Profit Corporation)

FINANCIAL Report

Years Ended December 31, 2017 and 2016



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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 financial statements of The Community Foundation Serving Greeley and Weld County which comprise the balance sheet as of December 31, 2017, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2017, and the results of its operations, the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter – Predecessor Auditor’s Report**

The financial statements of The Community Foundation Serving Greeley and Weld County as of and for the year ended December 31, 2016, were audited by other auditors, whose report dated May 16, 2017 expressed an unmodified opinion on those statements.

*Anderson & Whitney, P.C.*

May 14, 2018

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

**BALANCE SHEETS**

December 31	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 847,631	\$ 1,049,998
Receivables:		
Contributions	26,554	30,820
Interest	52,589	56,522
Investments, at fair value	19,567,597	17,164,282
Office furniture, equipment, and leasehold improvements, net	4,350	5,575
Equity in Assets Held by Third-Party Trustee	1,381,697	41,800
Other Assets	1,500	1,610
<b>TOTAL ASSETS</b>	<b>\$ 21,881,918</b>	<b>\$ 18,350,607</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 22,238	\$ 13,921
Grants payable	114,255	186,647
Annuity obligations	43,614	47,886
Assets held for agency funds	1,521,952	1,035,331
<b>Total Liabilities</b>	<b>1,702,059</b>	<b>1,283,785</b>
Net Assets:		
Unrestricted	2,921,704	1,502,411
Temporarily restricted	5,617,604	4,499,272
Permanently restricted	11,640,551	11,065,139
<b>Total Net Assets</b>	<b>20,179,859</b>	<b>17,066,822</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 21,881,918</b>	<b>\$ 18,350,607</b>

See Accompanying Notes to Financial Statements.

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

**STATEMENTS OF ACTIVITIES**

Year Ended December 31, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue:</b>				
Contributions	\$ 1,394,527	\$ 1,355,184	\$ 185,438	\$ 2,935,149
Contributed goods and services	72,295	-	-	72,295
Net investment earnings	117,090	1,112,931	443,432	1,673,453
Administration fees	295,762	(156,113)	(111,270)	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)	-	-
<b>Total Revenue</b>	<b>2,955,664</b>	<b>1,246,477</b>	<b>517,600</b>	<b>4,719,741</b>
<b>Expenses:</b>				
Grants	863,388	-	-	863,388
Programs	424,378	-	-	424,378
Fundraising	105,484	-	-	105,484
Management and general	213,454	-	-	213,454
<b>Total Expenses</b>	<b>1,606,704</b>	<b>-</b>	<b>-</b>	<b>1,606,704</b>
Change in Net Assets	1,348,960	1,246,477	517,600	3,113,037
Recovery in fair value to original gift value	6,608	(6,608)	-	-
Net Interfund Transfers	63,725	(121,537)	57,812	-
Net Assets, Beginning of Year	1,502,411	4,499,272	11,065,139	17,066,822
Net Assets, End of Year	\$ 2,921,704	\$ 5,617,604	\$ 11,640,551	\$ 20,179,859

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

**STATEMENTS OF ACTIVITIES - Continued**

Year Ended December 31, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue:				
Contributions	\$ 55,593	\$ 912,924	\$ 224,494	\$ 1,193,011
Contributed goods and services	33,864	-	-	33,864
Net investment earnings	102,929	897,303	358,903	1,359,135
Administration fees	278,591	(150,430)	(106,857)	21,304
Other	311	14,616	-	14,927
Actuarial change in annuities	-	(4,273)	-	(4,273)
Net assets released from restrictions	1,502,777	(1,502,777)	-	-
Total Revenue	1,974,065	167,363	476,540	2,617,968
Expenses:				
Grants	1,190,279	-	-	1,190,279
Programs	444,436	-	-	444,436
Fundraising	71,731	-	-	71,731
Management and general	182,175	-	-	182,175
Total Expenses	1,888,621	-	-	1,888,621
Change in Net Assets	85,444	167,363	476,540	729,347
Recovery in fair value to original gift value	7,684	(7,684)	-	-
Net Interfund Transfers	44,170	(143,407)	99,237	-
Net Assets, Beginning of Year	1,365,113	4,483,000	10,489,362	16,337,475
Net Assets, End of Year	\$ 1,502,411	\$ 4,499,272	\$ 11,065,139	\$ 17,066,822

See Accompanying Notes to Financial Statements.



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

**STATEMENTS OF CASH FLOWS**

Years Ended December 31	2017	2016
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 3,113,037	\$ 729,347
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	1,775	1,902
Net realized and unrealized gains on investments	(1,389,627)	(1,070,143)
Endowment contributions	(185,438)	(224,494)
Interest received in third-party trust	(1,339,897)	-
Change in cash surrender value of life insurance	(7,338)	(8,205)
Actuarial change in annuities	2,228	4,273
(Increase) decrease in operating assets:		
Contributions receivable	4,266	(15,249)
Interest receivable	3,933	65
Other assets	110	53,166
Increase (decrease) in operating liabilities:		
Accounts payable	8,317	3,478
Grants payable	(72,392)	70,451
Agency funds	486,621	60,502
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>625,595</b>	<b>(394,907)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of property, plant and equipment	(550)	(1,927)
Proceeds from sale of investments	6,619,564	6,974,473
Purchases of investments and reinvested earnings	(7,625,914)	(6,934,480)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(1,006,900)</b>	<b>38,066</b>
<b>Cash Flows From Financing Activities:</b>		
Contributions restricted for endowments	185,438	224,494
Payments of annuity obligations	(6,500)	(6,500)
<b>Net Cash Provided by Financing Activities</b>	<b>178,938</b>	<b>217,994</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(202,367)</b>	<b>(138,847)</b>
<b>Cash, Beginning of Year</b>	<b>1,049,998</b>	<b>1,188,845</b>
<b>Cash, End of Year</b>	<b>\$ 847,631</b>	<b>\$ 1,049,998</b>

See Accompanying Notes to Financial Statements.

# THE COMMUNITY FOUNDATION SERVING GREELEY AND WELD COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### 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.

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#### 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, 2017, there has been no activity in CFSGWC.

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#### 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.

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

**NOTES TO FINANCIAL STATEMENTS**

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**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 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.

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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.

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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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

Contributions - Continued:

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.”

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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.

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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, 2017 and 2016; however, actual write-offs could exceed management’s estimate.

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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.

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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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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. 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.

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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 from the date of the gift. The Foundation had 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.

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 property.

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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".

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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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

**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 2014.

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**Reclassifications:**

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 financial statement presentation. These reclassifications have no effect on the previously reported change in net assets.

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**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.

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**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.

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**NOTE 2 – Contributions Receivable:**

December 31	2017	2016
Due in less than one year	\$ 3,653	\$ 4,541
Due in one to five years	22,901	26,279
	<u>\$ 26,554</u>	<u>\$ 30,820</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**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: 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.

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, 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	--	--
	\$16,470,369	\$19,567,597	\$19,451,105	\$116,492	\$ --

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – Investments – Continued:**

Description	Cost	Fair Value Measurements			
		Total	Level 1	Level 2	Level 3
<u>December 31, 2016</u>					
Cash equivalents	\$ 706,849	\$ 706,849	\$ 706,849	\$ --	\$ --
Investment securities:					
Equity	8,818,196	10,985,771	10,985,771	--	--
Fixed income	3,072,865	3,088,669	3,088,669	--	--
U.S. Government	1,605,844	1,610,829	1,610,829	--	--
Foreign equities	639,092	663,010	663,010	--	--
Life insurance	109,154	109,154	--	109,154	--
	\$14,952,000	\$17,164,282	\$17,055,128	\$ 109,154	\$ --

Investment earnings consist of the following:

Years Ended December 31	2017	2016
Interest and dividends	\$ 442,268	\$ 437,797
Net realized gains	643,065	515,787
Other investment income	69,067	44,191
Less: Investment management fees	(90,558)	(106,350)
	1,063,842	891,425
Net unrealized gains (loss)	746,562	554,356
Total Investment Earnings	1,810,404	1,445,781
Less: Investment (earnings) loss of agency funds	(136,951)	(86,646)
Net Investment Earnings (Loss)	\$ 1,673,453	\$ 1,359,135

**NOTE 4 - Property and Equipment:**

December 31	2017	2016
Office Furniture and equipment	\$ 45,234	\$ 44,684
Leasehold Improvements	1,927	1,927
	47,161	46,611
Less: Accumulated depreciation	42,811	41,036
	\$ 4,350	\$ 5,575



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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – Equity in Assets Held by Third-Party Trustee:**

December 31	2017	2016
Irrevocable charitable remainder trust to be distributed in 2020	\$ 41,800	\$ 41,800
Remainder beneficiary trust	1,339,897	--
	<u>\$ 1,381,697</u>	<u>\$ 41,800</u>

The balance of the remainder beneficiary trust was distributed to the Foundation in February 2018.

**NOTE 6 - Net Assets:**

Designation of unrestricted net assets:

The board of directors designates funds to support the Foundation’s activities and assure its financial health. All such designated funds within unrestricted net assets are supported by the unrestricted portion of investments.

December 31	2017	2016
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.	\$ 163,473	\$ 95,829
Challenge Grants:		
\$50,000 and \$40,000 were designated in 2015 and 2016, respectively, to encourage new endowments. Awards of \$10,000 each were made to 4 and 2 new endowments in 2016 and 2017, respectively	30,000	50,000
	<u>\$ 193,473</u>	<u>\$ 145,829</u>

Temporarily restricted net assets consist of the following:

December 31	2017	2016
Restricted as to:		
Purpose	\$ 5,574,304	\$ 4,455,972
Time	43,300	43,300
	<u>\$ 5,617,604</u>	<u>\$ 4,499,272</u>

# THE COMMUNITY FOUNDATION SERVING GREELEY AND WELD COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7 – Endowments:

At the end of 2017, the endowments consist of 75 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 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, 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 COMMUNITY FOUNDATION  
SERVING GREELEY AND WELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 7 – Endowments – Continued:**

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 a percentage each year of its endowment fund's average fair value over the prior sixteen quarters. That percentage was 4.5% for 2017 and 5% for 2016. 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.

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 \$0 and \$6,608 as of December 31, 2017 and 2016, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Board of Directors. In 2017 and 2016, \$6,608 and \$7,684 of these deficiencies were recovered, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – Endowments – Continued:**

As of December 31, 2017, the composition of endowment net assets by type of donor-restriction was as follows:

December 31, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Variable corpus	\$ --	\$ 466,062	\$ 5,898,565	\$ 6,364,627
Donor-advised endowment funds	--	1,813,188	--	1,813,188
Fair value of original gift	--	1,677,771	5,741,986	7,419,757
	\$ --	\$ 3,957,021	\$ 11,640,551	\$ 15,597,572

The following are the changes in endowment net assets for 2017:

Year Ended December 31, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2017	\$ (6,608)	\$ 3,313,778	\$ 11,065,139	\$ 14,372,309
Contributions	--	424,426	185,438	609,864
Appropriation for expenditure	--	(636,934)	--	(636,934)
Administration fees	--	(141,633)	(111,270)	(252,903)
Other income	--	11,776	--	11,776
Investment return:				
Investment income	--	433,967	--	433,967
Net realized and unrealized gains (losses)	--	630,006	443,432	1,073,438
Gift value restored by investment gains	6,608	(6,608)	--	--
Reclassifications and transfers	--	(71,757)	57,812	(13,945)
Balance, December 31, 2017	\$ --	\$ 3,957,021	\$ 11,640,551	\$ 15,597,572

As of December 31, 2016, the composition of endowment net assets by type of donor-restriction was as follows:

December 31, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Variable corpus	\$ --	\$ 450,732	\$ 5,566,403	\$ 6,017,135
Donor-advised endowment funds	--	1,558,035	--	1,558,035
Fair value of original gift	(6,608)	1,305,011	5,498,736	6,797,139
	\$ (6,608)	\$ 3,313,778	\$ 11,065,139	\$ 14,372,309

**THE COMMUNITY FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – Endowments – Continued:**

The following are the changes in endowment net assets for 2016:

Year Ended December 31, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2016	\$ (14,292)	\$ 3,029,623	\$10,489,362	\$13,504,693
Contributions	--	344,052	224,494	568,546
Appropriation for expenditure	--	(700,722)	--	(700,722)
Administration fees	--	(134,391)	(106,857)	(241,248)
Other income	--	14,616	--	14,616
Investment return:				
Investment income	--	409,172	--	409,172
Net realized and unrealized gains (losses)	--	448,937	358,903	807,840
Gift value restored by investment gains	7,684	(7,684)	--	--
Reclassifications and transfers	--	(89,825)	99,237	9,412
Balance, December 31, 2016	\$ (6,608)	\$ 3,313,778	\$11,065,139	\$14,372,309

**NOTE 8 - 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 2017 and 2016 were \$9,699 and \$8,910, respectively.

**NOTE 9 - 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 \$81,549 and \$132,000 of amounts on deposit in excess of federally insured limits at December 31, 2017 and December 31, 2016, respectively.

During 2017, three donors, who each provided more than 10% of total contributions, provided a combined 58% of total contributions. In 2016, one donor provided 13% of total contributions.

**THE COMMUNITY FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 10 – Commitment and Contingencies:**

The Foundation leases office space under an operating lease agreement over a new three-year term that commenced on August 1, 2016. The lease requires monthly payments of \$1,592 with payment amounts increasing 2% per year on each anniversary date.

Rent expense under the lease during 2017 and 2016 was \$19,261 and \$18,879, respectively.

Future minimum obligations under lease commitments are as follows:

Year Ending December 31	Amount
2018	\$ 19,646
2019	11,593
	<u>\$ 31,239</u>

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