



Weld Community Foundation

(A Not-For-Profit Corporation)

FINANCIAL Report

Years Ended December 31, 2021 and 2020



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Independent Auditors' Report

Board of Directors
Weld Community Foundation
Greeley, Colorado

Opinion

We have audited the financial statements of the Weld Community Foundation (the Foundation), which comprise the balance sheets as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Anderson & Whitney, P.C.

May 11, 2022

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WELD COMMUNITY FOUNDATION

BALANCE SHEETS

December 31	2021	2020
ASSETS		
Cash and cash equivalents	\$ 994,471	\$ 831,199
Receivables:		
Contributions	1,696	4,085
Interest	86,496	82,943
Investments, at fair value	50,238,577	35,919,076
Property and equipment, net	9,052	14,136
Other assets	5,164	2,101
Right of use asset	57,164	85,258
TOTAL ASSETS	\$ 51,392,620	\$ 36,938,798
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 22,671	\$ 18,321
Grants payable	67,500	-
Scholarships payable	166,214	136,330
Annuity obligations	18,506	39,816
Deferred revenue	-	19,115
Lease liability	58,363	86,152
Assets held for agency funds	2,461,568	2,062,271
Total Liabilities	2,794,822	2,362,005
Net Assets:		
Without donor restrictions	4,124,138	3,602,945
With donor restrictions	44,473,660	30,973,848
Total Net Assets	48,597,798	34,576,793
TOTAL LIABILITIES AND NET ASSETS	\$ 51,392,620	\$ 36,938,798

See Accompanying Notes to Financial Statements.

WELD COMMUNITY FOUNDATION

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2021	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue:			
Contributions	\$ 68,559	\$ 9,025,053	\$ 9,093,612
Contributed goods and services	158	18,640	18,798
Net investment earnings	499,213	5,459,022	5,958,235
Oil and gas royalties	-	1,014,522	1,014,522
Administration fees	648,349	(622,260)	26,089
Other	36,151	33,330	69,481
Actuarial change in annuities	-	(1,195)	(1,195)
Net assets released from restrictions	1,394,992	(1,394,992)	-
Total Revenue	2,647,422	13,532,120	16,179,542
Expenses:			
Programs	1,717,412	-	1,717,412
Management and general	297,194	-	297,194
Fundraising	143,931	-	143,931
Total Expenses	2,158,537	-	2,158,537
Change in Net Assets	488,885	13,532,120	14,021,005
Net Interfund Transfers	32,308	(32,308)	-
Net Assets, Beginning of Year	3,602,945	30,973,848	34,576,793
Net Assets, End of Year	\$ 4,124,138	\$ 44,473,660	\$ 48,597,798

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WELD COMMUNITY FOUNDATION

STATEMENTS OF ACTIVITIES - Continued

Year Ended December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue:			
Contributions	\$ 52,390	\$ 692,592	\$ 744,982
Contributed goods and services	720	11,478	12,198
Net investment earnings	404,754	3,930,501	4,335,255
Oil and gas royalties	-	1,014,969	1,014,969
Administration fees	491,343	(465,436)	25,907
Other	26,195	19,169	45,364
Actuarial change in annuities	-	(6,392)	(6,392)
Net assets released from restrictions	1,756,784	(1,756,784)	-
Total Revenue	2,732,186	3,440,097	6,172,283
Expenses:			
Programs	1,906,503	-	1,906,503
Management and general	294,817	-	294,817
Fundraising	132,510	-	132,510
Total Expenses	2,333,830	-	2,333,830
Change in Net Assets	398,356	3,440,097	3,838,453
Net Interfund Transfers	(102,125)	102,125	-
Net Assets, Beginning of Year	3,306,714	27,431,626	30,738,340
Net Assets, End of Year	\$ 3,602,945	\$ 30,973,848	\$ 34,576,793

See Accompanying Notes to Financial Statements.

WELD COMMUNITY FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021	Program Services	Management and General	Fundraising	Total
Grants Expense	\$ 941,791	\$ -	\$ -	\$ 941,791
Scholarship Expense	368,519	-	-	368,519
Program Expense	212,308	-	-	212,308
Personnel Expenses	144,481	202,744	94,482	441,707
Spread the Good Initiatives	696	-	-	696
In-Kind Expense	18,798	-	-	18,798
Board/ Committees Expense	-	2,485	-	2,485
Advertising	-	-	4,393	4,393
Contract Labor	5,000	-	-	5,000
Conference and Training	-	2,187	-	2,187
Computer Software and Support	12,769	17,946	1,003	31,718
Depreciation Expense	-	6,683	-	6,683
Development/Events	-	-	21,983	21,983
Development/Marketing	-	-	13,569	13,569
Dues/Subs/Prof Fees	-	4,867	-	4,867
Mileage	283	92	151	526
Occupancy	10,056	16,760	6,704	33,520
Office Expense/Small Equipment	-	3,164	-	3,164
Postage	-	1,374	-	1,374
Printing	-	2,612	-	2,612
Photocopying	-	483	-	483
Professional Services	1,671	34,064	953	36,688
Telephone	1,040	1,733	693	3,466
	\$ 1,717,412	\$ 297,194	\$ 143,931	\$ 2,158,537

See Accompanying Notes to Financial Statements.

WELD COMMUNITY FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES - Continued

Year Ended December 31, 2020	Program Services	Management and General	Fundraising	Total
Grants Expense	\$ 1,229,628	\$ -	\$ -	\$ 1,229,628
Scholarship Expense	328,192	-	-	328,192
Program Expense	178,394	-	-	178,394
Personnel Expenses	134,703	199,570	90,489	424,762
Spread the Good Initiatives	8,645	-	-	8,645
In-Kind Expense	12,198	-	-	12,198
Board/ Committees Expense	-	2,162	-	2,162
Advertising	-	-	2,808	2,808
Contract Labor	-	-	-	-
Conference and Training	-	600	-	600
Computer Software and Support	7,345	18,172	360	25,877
Depreciation Expense	-	5,556	-	5,556
Development/Events	-	-	25,400	25,400
Development/Marketing	-	-	5,640	5,640
Dues/Subs/Prof Fees	-	5,526	-	5,526
Mileage	108	322	523	953
Occupancy	6,704	20,111	6,704	33,519
Office Expense/Small Equipment	-	6,404	-	6,404
Postage	-	778	-	778
Printing	-	4,146	-	4,146
Photocopying	-	1,836	-	1,836
Professional Services	-	27,876	-	27,876
Telephone	586	1,758	586	2,930
	\$ 1,906,503	\$ 294,817	\$ 132,510	\$ 2,333,830

See Accompanying Notes to Financial Statements.

WELD COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended December 31	2021	2020
Cash Flows from Operating Activities:		
Cash received from contributions and other revenue	\$ 1,648,322	\$ 1,823,975
Cash paid to suppliers and employees	(2,103,735)	(2,363,781)
Interest and dividends received	305,742	375,312
Interest paid	-	-
Cash Provided (Used) by Operating Activities	(149,671)	(164,494)
Cash Flows From Investing Activities:		
Purchase of property, plant and equipment	(1,599)	(6,613)
Net (purchase) redemption of investments	(8,498,172)	(77,612)
Net Cash Provided (Used) by Investing Activities	(8,499,771)	(84,225)
Cash Flows From Financing Activities:		
Contributions restricted for endowments	8,835,219	269,485
Payments of annuity obligations	(22,505)	(6,500)
Net Cash Provided by Financing Activities	8,812,714	262,985
Net Increase (Decrease) in Cash	163,272	14,266
Cash, Beginning of Year	831,199	816,933
Cash, End of Year	\$ 994,471	\$ 831,199

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WELD COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS - Continued

Years Ended December 31	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ 14,021,005	\$ 3,838,453
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	6,683	5,556
Net realized and unrealized gains on investments	(5,831,891)	(4,097,560)
Reinvested interest	9,343	4,460
Endowment contributions	(8,835,219)	(269,485)
Change in interest in third-party trusts	-	90,000
Change in cash surrender value of life insurance	5,321	(5,143)
Actuarial change in annuities	1,195	6,392
Contribution of stock	(4,102)	(50,138)
(Increase) decrease in operating assets:		
Contributions receivable	2,389	2,650
Interest receivable	(3,553)	(2,929)
Lease asset	28,094	(84,657)
Other assets	(3,063)	(601)
Increase (decrease) in operating liabilities:		
Accounts payable	4,348	4,297
Grants payable	67,500	(200)
Scholarship payable	29,885	16,661
Deferred revenue	(19,115)	12,115
Lease liability	(27,789)	86,152
Agency funds	399,298	279,483
Net Cash Provided (Used) by Operating Activities	\$ (149,671)	\$ (164,494)

See Accompanying Notes to Financial Statements.

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies:

The accounting and reporting policies of Weld Community Foundation (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 Community Foundation Serving Northern Colorado, were transferred to the Foundation. 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, 2021, there has been no activity in CFSGWC.

Basis of Presentation:

As of January 1, 2018, the Foundation adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. This standard requires net assets to be changed to two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications.

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.

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies – Continued:

Basis of Presentation - Continued:

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.

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.

Revenue and Revenue Recognition:

The Foundation has adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies – Continued:

Contributions:

The Foundation has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting.

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 contributions with a measurable performance or other barrier and are recognized when the conditions on which they depend have been substantially met.

Consequently, at December 31, 2021 and December 31, 2020, respectively, contributions of \$0 and \$19,115, have not been recognized in the accompanying statement of activities because the condition(s) on which they depend has not yet been met as the event for which the contributions have been given has not yet occurred.

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."

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, 2021 and 2020; however, actual write-offs could exceed management's estimate.

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies – Continued:

Investments:

The Foundation records investments in marketable securities at fair 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 fair 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 \$1,000 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.

Leases:

As of January 1, 2020, the Foundation adopted Accounting Standards Update (ASU) Topic 842, *Leases*. The Foundation determines if an arrangement is or contains a lease at inception. The Foundation elects an accounting policy by class of underlying asset to treat each separate lease component together with the non-lease components related to it as one combined unit of account. Leases are included in right-of-use (ROU) assets and lease liabilities in the balance sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and the ROU assets also include prepaid or accrued rent, if applicable. Operating lease expense is recognized on a straight-line basis over the lease term and included in the Occupancy line item.

WELD COMMUNITY FOUNDATION

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. 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 2018.

Reclassifications:

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 financial statement presentation. These reclassifications have no effect on the previously reported change in net assets.

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.

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies – Continued:

Subsequent Events:

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

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, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date.

December 31	2021	2020
Financial Assets at Year End:		
Cash and cash equivalents	\$ 994,471	\$ 831,199
Contributions receivable	1,696	4,085
Interest receivable	86,496	82,943
Investments	50,238,577	35,919,076
	51,321,240	36,837,303
Assets Held for Agency Funds	(2,461,568)	(2,062,271)
Board Designations for Programs and Projects	(3,768,578)	(3,386,582)
Net Assets with Donor Restrictions	(44,473,660)	(30,973,848)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 617,434	\$ 414,602

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	2021	2020
Due in less than one year	\$ 1,183	\$ 3,167
Due in one to five years	513	918
	\$ 1,696	\$ 4,085

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – Investments:

The Foundation records investments in marketable securities at fair 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, 2021</u>					
Cash equivalents	\$5,274,394	\$5,274,396	\$5,274,394	\$ --	\$ --
Investment securities:					
Equity	19,909,410	31,870,583	31,870,583	--	--
Fixed income	8,614,626	9,372,582	9,372,582	--	--
U.S. Government	3,300,646	2,913,588	2,913,588	--	--
Foreign equities	653,727	610,940	610,940	--	--
Exchange traded funds	54,952	54,482	54,482	--	--
Life insurance	142,006	142,006	--	142,006	--
	<u>\$37,949,761</u>	<u>\$50,238,577</u>	<u>\$50,096,569</u>	<u>\$142,006</u>	<u>\$ --</u>

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – Investments – Continued:

Description	Cost	Fair Value Measurements			
		Total	Level 1	Level 2	Level 3
<u>December 31, 2020</u>					
Cash equivalents	\$ 1,833,192	\$ 1,833,192	\$ 1,833,192	\$ --	\$ --
Investment securities:					
Equity	13,862,548	21,947,156	21,947,156	--	--
Fixed income	7,912,294	8,473,175	8,473,175	--	--
U.S. Government	2,671,206	2,913,588	2,913,588	--	--
Foreign equities	502,934	610,940	610,940	--	--
Exchange traded funds	4,240	4,255	4,255	--	--
Life insurance	136,684	136,686	--	136,686	--
Closely held	2	84	84	--	--
	\$26,923,100	\$35,919,076	\$35,782,390	\$ 136,686	\$ --

Investment earnings consist of the following:

Years Ended December 31	2021	2020
Interest and Dividends	\$ 637,856	\$ 639,843
Net Realized Gains	2,538,821	411,815
Less: Investment Management Fees	(173,608)	(136,086)
	3,003,069	915,572
Net unrealized gains (loss)	3,293,070	3,685,745
Total Investment Earnings	6,296,139	4,601,317
Less: Investment (Earnings) Loss of Agency Funds	(337,904)	(266,062)
Net Investment Earnings (Loss)	\$ 5,958,235	\$ 4,335,255

NOTE 5 – Property and Equipment:

December 31	2021	2020
Office Furniture and Equipment	\$ 66,644	\$ 65,045
Leasehold Improvements	4,129	4,129
	70,773	69,174
Less: Accumulated Depreciation	61,721	55,038
	\$ 9,052	\$ 14,136

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – 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	2021	2020
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	\$ 346,054	\$ 297,740
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	3,243,066	2,926,384
Community Foundation Impact Fund Board Designated: Established in 2021 to ensure essential organizational staff and tools are in place, facilitate community endowments, and provide leadership for community initiatives	35,000	--
Endowment Challenge: \$180,000 allocated from Impact Fund from 2015 to 2020 to encourage new endowments from area public charities. Awards of \$10,000 each were made to 15 new endowments from 2016 to 2020	50,011	30,011
Innovation Center of the High Plains Library District: Established in 2019 to create a matching fund for future donations to the Innovation Center of the High Plains Library District. Expanded in 2020 to provide funding for Wes Bruce’s Installation of an interactive space at the Innovation Center.	94,447	132,447
	<u>\$ 3,768,578</u>	<u>\$ 3,386,582</u>

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – Net Assets – Continued:

Net Assets With Donor Restrictions:

The nature of restrictions are as follow:

December 31	2021	2020
Restricted as to:		
Purpose	24,334,584	\$ 18,500,385
Time (equity in assets held by third-party trustees)	--	--
Perpetual endowment corpus	20,139,076	12,473,463
	<u>\$ 44,473,660</u>	<u>\$ 30,973,848</u>

NOTE 7 – Endowments:

At the end of 2021, the Foundation's endowments consist of 94 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 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.

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – Endowments – Continued:

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 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 5.00% and 4.75% for 2021 and 2020 respectively. 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.

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – Endowments – Continued:

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. These funds were reclassified in 2019.

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, 2021 and 2020, the composition of endowment net assets with donor restrictions were as follows:

December 31	2021		2020	
	Restricted- Perpetual	Restricted- Purpose	Restricted- Perpetual	Restricted- Purpose
Variable corpus	\$ --	\$ --	\$ --	\$ --
Donor-advised endowment funds	--	2,696,327	--	2,357,035
Fair value of original gift	20,139,076	18,900,314	12,473,463	13,568,995
	<u>\$ 20,139,076</u>	<u>\$ 21,596,641</u>	<u>\$ 12,473,463</u>	<u>\$ 15,926,030</u>

The following are the changes in endowment net assets with donor restrictions for 2021 and 2020:

Years Ended December 31	2021	2020
Balance at Beginning of Year	\$ 28,399,493	\$ 24,856,824
Contributions	8,763,798	263,124
Other income	41,805	19,748
Oil and gas royalties	1,014,522	1,014,969
Appropriation for expenditure	(1,061,510)	(1,044,116)
Administration fees	(584,295)	(428,155)
Investment return, net	5,141,650	3,649,002
Reclassifications and transfers	20,255	68,097
Balance at End of Year	<u>\$ 41,735,717</u>	<u>\$ 28,399,493</u>

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – 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, 2021 and 2020, deficiencies of this nature did not exist in donor-restricted endowment funds.

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 9 – 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 2021 and 2020 were \$16,328 and \$13,241, respectively.

NOTE 10 – 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 \$0 and \$86,498 of amounts on deposit in excess of federally insured limits at December 31, 2021 and December 31, 2020, respectively.

In 2021, two donors, who each provided more than 10% of total contributions, provided a combined 94% of total contributions. During 2020, two donors, who each provided more than 10% of total contributions, provided a combined 24% of total contributions.

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 11 –Leases:

Operating Lease:

The Foundation evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Foundation's right to use the underlying assets for the lease term, and the lease liabilities represent the Foundation's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from a single operating lease, were recalculated based on the present value of future lease payments over the lease terms. The Foundation has made an accounting policy election to utilize the incremental borrowing rate to discount future lease payments. The rate at December 31, 2021 is 5.50%.

The Foundation's operating leases consist of a single lease for office space. In July 2018, the Foundation amended its office space lease in connection with a 50% increase in the space leased.

For the years ended December 31, 2021 and 2020, respectively, total operating lease cost was \$32,319 and \$31,425, respectively. The lease requires monthly payments of \$2,668 in 2021 and \$2,619 in 2020. Monthly payments will increase 2% per year on each anniversary date after 2019. The lease term expires December 2023.

The Foundation has elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial indirect costs for existing leases.

Future maturities of lease liabilities are as follows:

Year Ending December 31	Amount
2022	\$ 32,613
2023	33,225
Total Lease Payments	65,838
Less: Present Value Discount	(7,475)
Total Lease Obligations	\$ 58,363

WELD COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 12 – Contingencies and Subsequent Events:

Pending Beneficiary Interests:

The Foundation has been named as beneficiary in two trusts that are in various stages of administration. At December 31, 2021, each situation involves either certain matters being contested or significant uncertainty in valuing and/or liquidating 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, 2021.

Pandemic:

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel and quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Foundation operate. It is unknown how long these conditions will last and what the complete financial effect will be to the Foundation.

Subsequent Events:

A pending beneficial interest was settled in March 2022 and the Foundation received approximately \$4.8 million. At May 11, 2022 there are approximately \$8.3 million of unrealized losses on investments since yearend from decreases in the fair value, leaving the total investment accounts at approximately \$46.4 million.
