



# Weld Community Foundation

(A Not-For-Profit Corporation)

FINANCIAL Report

Years Ended December 31, 2022 and 2021



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## Independent Auditors' Report

Board of Directors  
Weld Community Foundation  
Greeley, Colorado

### **Opinions**

We have audited the financial statements of the Weld Community Foundation (the Foundation), which comprise the balance sheets as of December 31, 2022 and 2021, 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, 2022 and 2021, 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 Opinions**

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, 2023

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# WELD COMMUNITY FOUNDATION

## BALANCE SHEETS

December 31	2022	2021
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,309,969	\$ 994,471
Receivables:		
Contributions	513	1,696
Interest	110,556	86,496
Investments, at fair value	51,694,701	50,238,577
Property and equipment, net	8,755	9,052
Other assets	9,592	5,164
Right of use asset	28,775	57,164
<b>TOTAL ASSETS</b>	<b>\$ 53,162,861</b>	<b>\$ 51,392,620</b>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 21,588	\$ 22,671
Grants payable	-	67,500
Scholarships payable	533,750	166,214
Annuity obligations	15,314	18,506
Deferred revenue	500	-
Lease liability	29,681	58,363
Assets held for agency funds	1,958,102	2,461,568
<b>Total Liabilities</b>	<b>2,558,935</b>	<b>2,794,822</b>
Net Assets:		
Without donor restrictions	3,373,453	4,124,138
With donor restrictions	47,230,473	44,473,660
<b>Total Net Assets</b>	<b>50,603,926</b>	<b>48,597,798</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 53,162,861</b>	<b>\$ 51,392,620</b>

See Accompanying Notes to Financial Statements.

# WELD COMMUNITY FOUNDATION

## STATEMENTS OF ACTIVITIES

Year Ended December 31, 2022	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue:			
Contributions	\$ 72,624	\$ 12,944,783	\$ 13,017,407
Contributed goods and services	43	13,552	13,595
Net investment earnings	(618,667)	(8,138,718)	(8,757,385)
Oil and gas royalties	-	1,159,709	1,159,709
Administration fees	629,596	(592,671)	36,925
Other	490	5,555	6,045
Net assets released from restrictions	2,665,847	(2,665,847)	-
<b>Total Revenue</b>	<b>2,749,933</b>	<b>2,726,363</b>	<b>5,476,296</b>
Expenses:			
Programs	3,010,182	-	3,010,182
Management and general	317,752	-	317,752
Fundraising	142,234	-	142,234
<b>Total Expenses</b>	<b>3,470,168</b>	<b>-</b>	<b>3,470,168</b>
Change in Net Assets	(720,235)	2,726,363	2,006,128
Net Interfund Transfers	(30,450)	30,450	-
Net Assets, Beginning of Year	4,124,138	44,473,660	48,597,798
<b>Net Assets, End of Year</b>	<b>\$ 3,373,453</b>	<b>\$ 47,230,473</b>	<b>\$ 50,603,926</b>

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# WELD COMMUNITY FOUNDATION

## STATEMENTS OF ACTIVITIES - Continued

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	32,135	68,286
Net assets released from restrictions	1,394,992	(1,394,992)	-
<b>Total Revenue</b>	<b>2,647,422</b>	<b>13,532,120</b>	<b>16,179,542</b>
Expenses:			
Programs	1,717,412	-	1,717,412
Management and general	297,194	-	297,194
Fundraising	143,931	-	143,931
<b>Total Expenses</b>	<b>2,158,537</b>	<b>-</b>	<b>2,158,537</b>
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
<b>Net Assets, End of Year</b>	<b>\$ 4,124,138</b>	<b>\$ 44,473,660</b>	<b>\$ 48,597,798</b>

See Accompanying Notes to Financial Statements.



## WELD COMMUNITY FOUNDATION

### STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022	Program Services	Management and General	Fundraising	Total
Grants Expense	\$ 1,739,255	\$ -	\$ -	\$ 1,739,255
Scholarship Expense	802,806	-	-	802,806
Program Expense	278,641	-	-	278,641
Personnel Expenses	148,853	207,784	97,975	454,612
Spread the Good Initiatives	542	-	-	542
In-Kind Expense	13,595	-	-	13,595
Board/ Committees Expense	-	4,913	-	4,913
Advertising	-	-	7,151	7,151
Contract Labor	-	-	-	-
Conference and Training	-	1,041	-	1,041
Computer Software and Support	11,907	19,716	1,947	33,570
Depreciation Expense	-	4,782	-	4,782
Development/Events	-	-	21,117	21,117
Development/Marketing	-	-	5,475	5,475
Dues/Subs/Prof Fees	-	7,992	-	7,992
Mileage	392	63	442	897
Occupancy	10,096	16,827	6,731	33,654
Office Expense/Small Equipment	-	4,404	-	4,404
Postage	-	2,120	-	2,120
Printing	-	10,514	-	10,514
Photocopying	-	1,765	-	1,765
Professional Services	3,059	34,104	706	37,869
Telephone	1,036	1,727	690	3,453
	\$ 3,010,182	\$ 317,752	\$ 142,234	\$ 3,470,168

See Accompanying Notes to Financial Statements.

## WELD COMMUNITY FOUNDATION

### STATEMENTS OF FUNCTIONAL EXPENSES - Continued

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 CASH FLOWS

Years Ended December 31	2022	2021
Cash Flows from Operating Activities:		
Cash received from contributions and other revenue	\$ 9,108,219	\$ 1,648,322
Cash paid to suppliers and employees	(3,409,445)	(2,103,735)
Interest and dividends received	857,340	305,742
Interest paid	-	-
Cash Provided (Used) by Operating Activities	6,556,114	(149,671)
Cash Flows From Investing Activities:		
Purchase of property, plant and equipment	(4,487)	(1,599)
Purchase of investments	(27,334,231)	(28,266,846)
Proceeds from sales and redemption of investments	19,257,859	19,768,674
Net Cash Used by Investing Activities	(8,080,859)	(8,499,771)
Cash Flows From Financing Activities:		
Contributions restricted for endowments	1,843,443	8,835,219
Payments of annuity obligations	(3,200)	(22,505)
Net Cash Provided by Financing Activities	1,840,243	8,812,714
Net Increase in Cash	315,498	163,272
Cash, Beginning of Year	994,471	831,199
Cash, End of Year	\$ 1,309,969	\$ 994,471

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# WELD COMMUNITY FOUNDATION

## STATEMENTS OF CASH FLOWS - Continued

Years Ended December 31	2022	2021
Cash Flows From Operating Activities:		
Change in net assets	\$ 2,006,128	\$ 14,021,005
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	4,784	6,683
Net realized and unrealized (gains)losses on investments	9,887,271	(5,831,891)
Reinvested interest	-	9,343
Endowment contributions	(5,104,902)	(8,839,321)
Change in cash surrender value of life insurance	(5,564)	5,321
Actuarial change in annuities	8	1,195
(Increase) decrease in operating assets:		
Contributions receivable	1,183	2,389
Interest receivable	(24,060)	(3,553)
Lease asset	28,389	28,094
Other assets	(4,428)	(3,063)
Increase (decrease) in operating liabilities:		
Accounts payable	(1,083)	4,348
Grants payable	(67,500)	67,500
Scholarship payable	367,536	29,885
Deferred revenue	500	(19,115)
Lease liability	(28,682)	(27,789)
Agency funds	(503,466)	399,298
Net Cash Provided (Used) by Operating Activities	\$ 6,556,114	\$ (149,671)
Supplemental cash flow information:		
Contribution of securities restricted for endowment	\$ 3,261,459	\$ -

See Accompanying Notes to Financial Statements.

# WELD COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### 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.

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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 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, 2022, 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 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.

# WELD COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### 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.

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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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#### 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, 2022 and 2021; however, actual write-offs could exceed management's estimate.

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#### 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.

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# WELD COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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

#### 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 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, 2022 and December 31, 2021, respectively, contributions of \$500 and \$0, have not been recognized in the accompanying statement of activities because the conditions(s) on which they depend has not yet been met as the event for which the contributions have been given has not yet occurred.

Contributions receivable, if any, are recognized as contributions revenue in the period the notice of the contribution is received. The contributions are considered to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

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.”

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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. The Foundation did not monetize any contributed nonfinancial assets.

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

At times, the Foundation may be a remainder beneficiary in trusts held by third-party trustees. The Foundation's equity in these 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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# WELD COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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

#### Investments:

The Foundation records investments in investment 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.

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#### 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.

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#### 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.

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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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# WELD COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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

#### 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.

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#### 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 2019.

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#### Reclassifications:

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 financial statement presentation. These reclassifications have no effect on the previously reported change in net assets.

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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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#### 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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# WELD COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date.

December 31	2022	2021
Financial Assets at Year End:		
Cash and cash equivalents	\$ 1,309,969	\$ 994,471
Contributions receivable	513	1,696
Interest receivable	110,556	86,496
Investments	51,694,701	50,238,577
	53,115,739	51,321,240
Assets Held for Agency Funds	(1,958,102)	(2,461,568)
Board Designations for Programs and Projects	(3,116,177)	(3,768,578)
Net Assets with Donor Restrictions	(47,230,473)	(44,473,660)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 810,987	\$ 617,434

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.

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### NOTE 3 – Contributions Receivable:

December 31	2022	2021
Due in less than one year	\$ 513	\$ 1,183
Due in one to five years	-	513
	\$ 513	\$ 1,696

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# 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 for equity securities and exchange traded funds are based on quoted market prices for identical assets traded in active markets. Fair values for fixed income and U.S. Government securities are based on pricing models using comparable securities 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, 2022</u>					
Cash equivalents	\$5,722,674	\$5,722,674	\$5,722,674	\$ --	\$ --
Investment securities:					
Equity	21,883,961	24,754,495	24,754,495	--	--
Fixed income	10,077,610	9,347,338	--	9,347,338	--
U.S. Government	4,668,712	4,332,506	--	4,332,506	--
Foreign equities	2,920,589	2,809,140	2,809,140	--	--
Exchange traded funds	54,952	46,150	46,150	--	--
Certificates of deposit	4,534,827	4,534,827	--	4,534,827	--
Life insurance	147,571	147,571	--	147,571	--
	\$50,010,896	\$51,694,701	\$33,332,459	\$18,362,242	\$ --

# 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, 2021</u>					
Cash equivalents	\$5,274,396	\$5,274,396	\$5,274,396	\$ --	\$ --
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	--
	\$37,949,763	\$50,238,577	\$37,810,401	\$12,428,176	\$ --

Investment earnings (losses) consist of the following:

Years Ended December 31	2022	2021
Interest and Dividends	\$ 881,400	\$ 637,856
Net Realized Gains	717,142	2,538,821
Less: Investment Management Fees	(197,188)	(173,608)
	1,401,354	3,003,069
Net unrealized gains (loss)	(10,604,413)	3,293,070
Total Investment Earnings (Loss)	(9,203,059)	6,296,139
Less: Investment (Earnings) Loss of Agency Funds	445,674	(337,904)
Net Investment Earnings (Loss)	\$ (8,757,385)	\$ 5,958,235

### NOTE 5 – Property and Equipment:

December 31	2022	2021
Office Furniture and Equipment	\$ 29,599	\$ 66,644
Leasehold Improvements	4,129	4,129
	33,728	70,773
Less: Accumulated Depreciation	24,973	61,721
	\$ 8,755	\$ 9,052

# WELD COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 – Scholarships Payable:

Most scholarships awarded by the Foundation are paid in the fall of the current year and the spring of the following year (the school year). Beginning in 2022, the Foundation has new multi-year scholarships payable for up to five school years per student. Scholarship payments due are as follows:

December 31	2022
2023	\$ 252,916
2024	88,000
2025	85,000
2026	68,334
2027	39,500
	<u>\$ 533,750</u>

### 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	2022	2021
<b>Operating Reserve:</b>		
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 90% of a current administrative budget	\$ 523,540	\$ 346,054
<b>Community Foundation Impact Fund:</b>		
Established in 2010 to ensure essential organizational staff and tools are in place, facilitate community endowments, and provide leadership for community initiatives	2,446,780	3,243,066
<b>Community Foundation Impact Fund Board Designated:</b>		
Established in 2021 to ensure essential organizational staff and tools are in place, facilitate community endowments, and provide leadership for community initiatives	125,846	35,000

# WELD COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7 – Net Assets - Continued:

December 31	2022	2021
Endowment Challenge: \$200,000 allocated from Impact Fund from 2015 to 2022 to encourage area public charities to create new endowments or grow current endowments. Awards of \$10,000 each were made to 16 new endowments and 2 existing endowments from 2016 to 2022	20,011	50,011
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 (aka LINC). Modified in 2020 to provide \$250,000 funding for Wes Bruce’s Installation of an interactive children’s space at the Innovation Center.	-	94,447
	<u>\$ 3,116,177</u>	<u>\$ 3,768,578</u>

### Net Assets With Donor Restrictions:

The nature of restrictions are as follow:

December 31	2022	2021
Restricted as to:		
Purpose	21,823,015	24,334,584
Time (equity in assets held by third-party trustees)	--	--
Perpetual endowment corpus	25,407,458	20,139,076
	<u>\$ 47,230,473</u>	<u>\$ 44,473,660</u>

### NOTE 8 – Endowments:

At the end of 2022, the Foundation’s endowments consist of 109 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.

# WELD COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### 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 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 5.5% and 5.00% for 2022 and 2021 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 8 – Endowments – Continued:

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

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, 2022 and 2021, the composition of endowment net assets with donor restrictions were as follows:

December 31	2022		2021	
	Restricted- Perpetual	Restricted- Purpose	Restricted- Perpetual	Restricted- Purpose
Donor-advised endowment funds	\$ --	\$ 2,168,313	\$ --	\$ 2,696,327
Fair value of original gift	25,399,512	10,594,539	20,139,076	18,900,314
	<u>\$ 25,399,512</u>	<u>\$ 12,762,852</u>	<u>\$ 20,139,076</u>	<u>\$ 21,596,641</u>

The following are the changes in endowment net assets with donor restrictions for 2022 and 2021:

Years Ended December 31	2022	2021
Balance at Beginning of Year	\$ 41,735,717	\$ 28,399,493
Contributions	5,336,954	8,763,798
Interfund gift	(232,053)	41,805
Oil and gas royalties	1,159,709	1,014,522
Appropriation for expenditure	(1,443,361)	(1,061,510)
Administration fees	(549,147)	(584,295)
Investment return, net	(7,851,059)	5,141,650
Reclassifications and transfers	5,604	20,255
Balance at End of Year	<u>\$ 38,162,364</u>	<u>\$ 41,735,717</u>



# WELD COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### **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. As of December 31, 2022, there were 16 funds that had deficiencies. In total, these funds have an original gift value of \$13,484,136, a current fair value of \$11,724,658, and a deficiency of \$1,759,478. As of December 31, 2021, deficiencies of this nature did not exist. The deficiencies resulted from unfavorable market fluctuations occurring soon after new contributions and continued allowable spending.

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.

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### **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 2022 and 2021 were \$16,874 and \$16,328, respectively.

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### **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 \$121,553 of amounts on deposit in excess of federally insured limits at December 31, 2022.

In 2022, two donors, who each provided more than 10% of total contributions, provided a combined 91% of total contributions. In 2021, two donors, who each provided more than 10% of total contributions, provided a combined 94% of total contributions.

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# WELD COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12 –Leases:

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 were calculated 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 used in the lease calculations was 5.50%. The Foundation’s operating leases consist of a single lease for office space.

For the years ended December 31, 2022 and 2021, respectively, total operating lease cost was \$32,613 and \$32,319, respectively. The lease requires monthly payments of \$2,717 in 2022 and \$2,668 in 2021. Monthly payments will increase 2% per year on each anniversary date through 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:

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Year Ending December 31	Amount
2023	\$ 33,225
Total Lease Payments	33,225
Less: Present Value Discount	(3,544)
Total Lease Obligations	\$ 29,681

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### NOTE 13 – Contingencies and Subsequent Events:

Pending Beneficiary Interests:

In late January 2023, the Foundation was notified that it has been named a 25% beneficiary of a trust valued at \$292,000 as of December 2022. This would equate to an interest in the trust of approximately \$73,000; which does not presently meet the Foundation’s criteria to be included in the Foundation’s financial statements.

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