JOHNSON KIGHTLINGER & COMPANY

THE COMMUNITY FOUNDATION

SERVING BOULDER COUNTY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009

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certified public accountants

JOHNSON KIGHTLINGER & COMPANY

2300 Broadway
Boulder, CO 80304-4145

T 303.449.3830
F 303.449.3889
www.jk-cpas.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Community Foundation Serving Boulder County
Boulder, Colorado

We have audited the accompanying consolidated statements of financial position of The Community Foundation Serving Boulder County ("the Foundation") as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation Serving Boulder County as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Johnson Kightlinger & Company

JOHNSON KIGHTLINGER & COMPANY
Boulder, Colorado
July 28, 2010

THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS		
Cash and cash equivalents (Note 1)	$ 6,030,815	$ 9,180,623
Contributions receivable (Note 2)	1,274,696	1,230,689
Notes receivable (Note 3)	778,936	1,021,596
Accounts receivable	-	47,682
Investments (Note 4)	24,397,513	18,620,145
Investments - charitable remainder trusts (Note 1)	130,680	116,972
Property and equipment, net (Note 5)	20,180	30,918
Prepaid expenses and other	19,110	19,461
Total assets	$ 32,651,930	$ 30,268,086
LIABILITIES		
Accounts payable and accrued liabilities	$ 132	$ 46,990
Conditional grant revenue (Note 13)	-	100,000
Liabilities under split-interest agreements (Note 6)	23,704	25,147
Assets held for others (Note 8)	1,471,871	1,340,048
Total liabilities	1,495,707	1,512,185
COMMITMENT (Note 7)		
NET ASSETS		
Unrestricted	29,208,118	27,308,384
Temporarily restricted (Note 9)	1,948,105	1,447,517
Total net assets	31,156,223	28,755,901
Total liabilities and net assets	$ 32,651,930	$ 30,268,086

THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE, GAINS AND SUPPORT			
Contributions (Note 8)	$ 4,161,606	$ 1,217,669	$ 5,379,275
Investment income - dividends and interest	851,496	-	851,496
In-kind donations (Note 11)	171,994	-	171,994
Program revenue	223,038	-	223,038
Investment management fees	15,102	-	15,102
Change in value of split interest agreements	-	15,153	15,153
Net assets released from restrictions (Note 9)	732,234	(732,234)	-
Total revenue and support	6,155,470	500,588	6,656,058
Net gain on investments - realized and unrealized (Note 4)	2,756,154	-	2,756,154
Total revenue, gains and support	8,911,624	500,588	9,412,212
EXPENSES AND LOSSES			
Program services - grants	5,606,200	-	5,606,200
Program services - other	300,951	-	300,951
Supporting services	1,104,739	-	1,104,739
Total expenses	7,011,890	-	7,011,890
INCREASE IN NET ASSETS	1,899,734	500,588	2,400,322
NET ASSETS - BEGINNING OF YEAR	27,308,384	1,447,517	28,755,901
NET ASSETS - END OF YEAR	$ 29,208,118	$ 1,948,105	$ 31,156,223

THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE AND SUPPORT			
Contributions (Note 8)	$ 3,462,206	$ 861,505	$ 4,323,711
Investment income - dividends and interest	1,242,137	-	1,242,137
In-kind donations (Note 11)	94,211	-	94,211
Program revenue	99,650	-	99,650
Investment management fees	19,989	-	19,989
Change in value of split interest agreements	-	(33,605)	(33,605)
Net assets released from restrictions (Note 9)	548,796	(548,796)	-
Total revenue and support	5,466,989	279,104	5,746,093
EXPENSES AND LOSSES			
Program services - grants	4,850,687	-	4,850,687
Program services - other	438,422	-	438,422
Supporting services	920,005	-	920,005
Total expenses	6,209,114	-	6,209,114
Losses on investments - realized and unrealized (Note 4)	8,088,185	-	8,088,185
Total expenses and losses	14,297,299	-	14,297,299
INCREASE (DECREASE) IN NET ASSETS	(8,830,310)	279,104	(8,551,206)
NET ASSETS - BEGINNING OF YEAR	36,138,694	1,168,413	37,307,107
NET ASSETS - END OF YEAR	$ 27,308,384	$ 1,447,517	$ 28,755,901

See Notes to Consolidated Financial Statements

THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	PROGRAM SERVICES			SUPPORTING SERVICES			
	GRANT-MAKING	EDUCATION AND OUTREACH	TOTAL	MANAGE-MENT & GENERAL	FUND RAISING	TOTAL	GRAND TOTAL
Grants (Note 8)	$ 5,267,345	$ -	$ 5,267,345	$ -	$ -	$ -	$ 5,267,345
Salaries, payroll taxes, and benefits	61,976	187,650	249,626	305,050	289,314	594,364	843,990
Bad debt	250,000	-	250,000	-	-	-	250,000
Office expenses	4,642	14,056	18,698	22,851	21,672	44,523	63,221
Awards and banquets	-	22,482	22,482	-	50,440	50,440	72,922
Consultant and contract employees	-	20,530	20,530	112,918	71,858	184,776	205,306
Advertising and marketing	-	34,221	34,221	-	115,064	115,064	149,285
Printing and publications	-	5,596	5,596	11,088	5,596	16,684	22,280
Rent	4,634	14,029	18,663	22,807	21,630	44,437	63,100
Professional fees	-	-	-	6,375	6,375	12,750	12,750
Conference and travel	16,814	-	16,814	17,325	16,814	34,139	50,953
Depreciation	789	2,387	3,176	3,881	3,681	7,562	10,738
TOTAL EXPENSES	$ 5,606,200	$ 300,951	$ 5,907,151	$ 502,295	$ 602,444	$ 1,104,739	$ 7,011,890

THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	PROGRAM SERVICES			SUPPORTING SERVICES			
	GRANT-MAKING	EDUCATION AND OUTREACH	TOTAL	MANAGE-MENT & GENERAL	FUND RAISING	TOTAL	GRAND TOTAL
Grants (Note 8)	$ 4,746,548	$ -	$ 4,746,548	$ -	$ -	$ -	$ 4,746,548
Salaries, payroll taxes, and benefits	83,401	211,515	294,916	289,474	250,045	539,519	834,435
Office expenses	8,858	23,343	32,201	30,748	34,605	65,353	97,554
Awards and banquets	-	35,016	35,016	-	103,481	103,481	138,497
Consultant and contract employees	1,536	111,209	112,745	22,904	15,787	38,691	151,436
Advertising and marketing	-	23,656	23,656	-	84,351	84,351	108,007
Printing and publications	-	9,677	9,677	5,611	3,188	8,799	18,476
Rent	6,186	21,064	27,250	21,470	18,546	40,016	67,266
Professional fees	-	-	-	6,300	19,904	26,204	26,204
Conference and travel	2,998	-	2,998	3,087	2,998	6,085	9,083
Depreciation	1,160	2,942	4,102	4,028	3,478	7,506	11,608
TOTAL EXPENSES	$ 4,850,687	$ 438,422	$ 5,289,109	$ 383,622	$ 536,383	$ 920,005	$ 6,209,114

See Notes to Consolidated Financial Statements

THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 2,400,322	$ (8,551,206)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	10,738	11,608
Change in value of split-interest agreements	4,064	(3,571)
Note receivable discount (Note 3)	(7,340)	(8,386)
Donated investments	(293,470)	(418,449)
Unrealized (gain) loss on investments	(5,598,707)	7,508,400
Changes in operating assets and liabilities:		
Contributions receivable	(44,007)	(187,709)
Notes receivable	250,000	-
Accounts receivable	47,682	(47,682)
Other assets	351	14,459
Accounts payable and accrued liabilities	(52,365)	27,603
Grants payable	-	(65,000)
Conditional grant liability (Note 13)	(100,000)	100,000
Assets held for other not-for-profit organizations (Note 8)	131,823	(462,463)
Net cash provided by (used in) operating activities	(3,250,909)	(2,082,396)
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in investments, net	101,101	3,365,963
Purchase of equipment	-	(29,699)
Net cash provided by (used in) investing activities	101,101	3,336,264
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,149,808)	1,253,868
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	9,180,623	7,926,755
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,030,815	$ 9,180,623
NONCASH TRANSACTIONS		
Donated materials and services	$ 171,994	$ 94,211

See Notes to Consolidated Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

The Community Foundation Serving Boulder County (the Foundation) was established in 1991 as a Colorado not-for-profit corporation. The Foundation receives, administers and disburses funds for public, charitable, educational, scientific, literary, environmental, health and human services, and other benevolent purposes. The Foundation finances its operations largely through proceeds from donations and investment earnings. The Foundation exists to encourage and strengthen philanthropy, enhance the structure and capacity of local not-for-profit agencies, provide opportunities to improve the quality of life in Boulder County communities, and to benefit future generations.

Program services provided by the Foundation include the following:

Grant Making
The Foundation is enabled through donors to make contributions to various charitable organizations. This process includes soliciting funding requests, evaluating the requests, and awarding the grants.

Education and Outreach
The Foundation offers a variety of specific programs including technical assistance and training developed to strengthen the internal capacity of not-for-profit agencies. The assistance and training focuses on structural and administrative responsibilities of not-for-profit organizations including board member responsibilities, financial management, human resources, and fundraising.

Additionally, the Foundation is committed to promoting a culture of giving in Boulder County through education and information. The Foundation conducts seminars and meetings for contributors to educate them about emerging needs, developing values about giving and helping family members discuss philanthropy. The Foundation also provides training for donor advisors discussing relevant philanthropic tax issues and tools for discussing charitable giving with clients.

Basis of Accounting and Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2009, the Foundation had no permanently restricted net assets.

The consolidated financial statements include the accounts of the Foundation and its wholly-owned subsidiaries described below. Interorganizational balances and transactions have been eliminated in consolidation.

Organizational Structure

For liability protection and management of certain gifts, the Foundation formed the following subsidiaries:

- TCFSO, a Colorado nonprofit corporation wholly owned by the Foundation; a supporting organization which holds the three LLC's below
- Willard, LLC, a Colorado limited liability company; holds real estate remainder interests; wholly owned by TCFSO
- TCFML, LLC, a Colorado limited liability company; holds investments in equity and debt securities; wholly owned by TCFSO

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organizational Structure (Continued)

- Entrepreneurs Foundation of Colorado LLC (EFCO), a Colorado limited liability company wholly owned by the Foundation; holds donated stock warrants and other securities of privately held companies

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation's cash balances include money market funds and certificates of deposit. Cash balances are insured, in part, by the Securities Investor Protection Corporation and the Federal Deposit Insurance Corporation. Even though certain cash balances exceed insurance limits, the Foundation maintains its cash balances at high-quality financial institutions and does not expect any losses from this exposure.

Contributions Receivable

Contributions receivable consists of unconditional multi-year promises to give, and are recorded at net realizable value for promises expected to be collected within one year, and at fair value for those due beyond one year. The relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are incorporated into a fair value measurement computer using present value techniques.

Notes Receivable

Notes receivable are carried at their estimated collectible amounts. Interest income on loans receivable is recognized using the effective interest method. Interest income on impaired loans is recognized as cash is collected or on a cost-recovery basis. Provisions for losses on loans receivable are determined on the basis of loss experience, known and inherent risks in the loan portfolio, the estimated value of underlying collateral, and current economic conditions. The Foundation generally requires collateral for significant notes receivable.

Notes receivable are placed on non-accrual status when they become past due. Upon suspension of the accrual of interest, interest income is subsequently recognized to the extent cash payments are received. Accrual of interest is resumed when loans are removed from non-accrual status. Notes receivable are charged against their allowance accounts when such receivables are deemed to be uncollectible.

Investments

The Foundation's investment portfolio consists primarily of mutual fund investments in equity and debt securities with readily determinable market values. All investments are carried at fair value, with gains and losses reported in the statement of activities.

Occasionally, the Foundation receives noncash donations, such as real estate or equity securities of privately held companies, which do not have readily determinable market values. Donations of such investments are reported at fair value, estimated based upon evaluation of individual assets and sales of comparable assets.

It is the Foundation's policy to sell contributed publicly traded securities upon receipt. In cases where the security contains restrictions, the security is liquidated as soon as possible.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Split-Interest Agreements (Charitable Remainder Trusts)

The Foundation has received gifts from donors who established charitable remainder trusts which name the Foundation as trustee. The trusts require the Foundation to make lifetime distributions to designated beneficiaries. The payments are made from the income or principal of the assets donated pursuant to the trust agreement. Upon the death of the beneficiary, assets remaining in the trust will be transferred to the Foundation. The Foundation records the assets held in these trusts at fair value and records a liability at the estimated discount value of the amounts due to the beneficiaries based on Internal Revenue Service group annuity tables. The present value is calculated using risk-free discount rates in effect at the date of the gift. The excess of the gift's fair value over the corresponding liability is recognized as support in the year of the gift.

In subsequent years, gains or losses from changes in actuarial assumptions, accretions of the discount, and investment gains or losses are recorded as increases or decreases in the value of split-interest agreements in the statement of activities.

Property and Equipment

Property and equipment is stated at cost if purchased and estimated fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to ten years. The Foundation capitalizes property and equipment additions greater than $500.

Expense Allocation

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

Revenue Recognition – Contributions

Contributions are reported as unrestricted or temporarily restricted, depending upon the existence and nature of any donor restrictions. Donor agreements and the Foundation's bylaws grant variance power to the Foundation's Board. Variance power allows the Board to modify or vary the donor's restrictions if the restriction becomes incapable of fulfillment or is inconsistent with the charitable needs of the community. The Foundation strives to honor donors' charitable intent and accepts grant recommendations from donors. However, by virtue of its variance power the Foundation generally reports contributions as unrestricted.

Contributions to be received over multiple years or at a specified date in the future (split interest agreements) are subject to time restrictions and are reported as temporarily restricted. Multi-year promises to give are recognized in the year the written promise is received from the donor. When the funds are collected in subsequent years, the time restriction is lifted and the Foundation recognizes an increase in unrestricted net assets with a corresponding reduction of temporarily restricted net assets and is reported in the statement of activities as net assets released from restrictions.

The Board has designated some funds specifically for grant making and other purposes. Such funds are considered unrestricted by the Foundation's Board.

Grants

Grants are expensed when approved for payment by the Foundation's Board of Trustees.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled $149,285 and $108,007 in 2009 and 2008 respectively, of which $110,079 and $54,110 respectively was contributed as in-kind donations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they require specialized skills and are provided by individuals possessing those skills. Donated materials, if significant, are reported as contributions at fair market value. Donated services consist primarily of printing, advertising, accounting, and legal services. The printing and advertising services are used to promote the Foundation's programs while the legal and accounting services support administrative operations.

A number of volunteers have donated significant amounts of time to the Foundation's programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition.

Concentration of Donors in One Geographic Area

Most of the Foundation's donors are located in the Boulder-Denver metropolitan area of Colorado.

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of temporary cash investments, contributions receivable (Note 2) and notes receivable (Note 3). The Foundation places its cash with high quality financial institutions and attempts to limit the amount of credit exposure to any one financial institution. Contributions receivable are due from a fairly broad donor base. Notes receivable are generally secured by collateral.

Fair Value Measurements

Fair value measurements of assets and liabilities may be carried out using:

- Quoted prices in active markets for identical assets (Level 1),
- Significant other observable inputs (Level 2), or
- Significant unobservable inputs (Level 3).

Fair Value Measurements

Assets and liabilities measured at fair value consisted of the following at December 31, 2009:

		Level 1
Assets measured on a recurring basis:		
Cash equivalents – money market funds	$	1,882,883
Cash equivalents – certificates of deposit		3,650,000
Publicly traded securities		24,109,737
	$	29,642,620

The Foundation's EFCO subsidiary held warrants for stock and other interests in 17 and 23 privately held companies at December 31, 2009 and 2008, respectively. No value is included for the warrants in the accompanying financial statements because the Foundation considers that they have no current market value.

Income Taxes

The Foundation is a not-for-profit organization and is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The Foundation's wholly owned subsidiary TCFSO has been designated a Type 2 supporting organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

Subsequent Events Evaluation

Management has evaluated subsequent events through July 28, 2010, the date the financial statements were available to be issued.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at December 31:

	2009	2008
Contributions receivable	$ 1,325,267	$ 1,299,130
Unamortized discounts	(50,571)	(68,441)
Total	$ 1,274,696	$ 1,230,689

No allowance for uncollectible contributions was provided, as management believes the amounts are fully collectible.

Contributions receivable includes the current balance of a $800,000 note received in 2004 that is discounted at a rate of 3.51%. The note terms were renegotiated in 2008. Discount amortization, net of adjustments, totaled $17,869 and $1,725 in 2009 and 2008, respectively. Future payments of contributions receivable consisted of the following at December 31, 2009:

Amounts due in:	
One year or less	$ 388,354
Two to five years	910,263
More than five years	26,650
	$ 1,325,267

NOTE 3 – NOTES RECEIVABLE

Notes receivable consisted of the following as of December 31:

	2009	2008
Notes receivable	$ 1,050,000	$ 1,050,000
Allowance for uncollectible	(250,000)	-
Unamortized discounts	(21,064)	(28,404)
	$ 778,936	$ 1,021,596

Notes receivable includes a $1 million note that the Foundation considers will probably not be collected in full. Accordingly, in 2009 the Foundation recorded a $250,000 allowance for credit loss against this note. This allowance is an estimate, and it is reasonably possible that it will change significantly in the near term.

Future payments on notes receivable consisted of the following at December 31, 2009:

Amounts due in:	
One year or less	$ 175,000
Two to five years	500,000
More than five years	375,000
	$ 1,050,000

NOTE 4 – INVESTMENTS

The Foundation's investments consisted of the following at December 31:

	2009	2008
Publicly traded securities:		
Equity	$ 15,588,700	$ 10,170,843
Debt	8,521,037	8,137,818
Real estate remainder interests	328,456	328,456
Real estate – undeveloped land	85,000	100,000
Other	5,000	-
	$ 24,528,193	$ 18,737,117
Charitable remainder trusts	$ 130,680	116,972
Other	24,397,513	18,620,145
	$ 24,528,193	$ 18,737,117

The Foundation's investment gains and losses consisted of the following for the years ended December 31:

	2009	2008
Realized losses	$ (2,717,595)	$ (423,234)
Unrealized gains (losses)	5,598,707	(7,508,400)
Fees	(124,958)	(156,551)
	$ 2,756,154	$ (8,088,185)

NOTE 5 – PROPERTY AND EQUIPMENT

The Foundation's property and equipment consisted of the following at December 31:

	2009	2008
Office equipment	$ 30,926	$ 30,926
Furniture	14,908	14,908
Signage	10,032	10,032
Computer software	47,821	47,821
	103,687	103,687
Accumulated depreciation	(83,507)	(72,769)
Property and equipment, net	$ 20,180	$ 30,918

NOTE 6 – SPLIT-INTEREST AGREEMENT LIABILITIES

The Foundation has obligations under a charitable remainder unitrust agreement. The Foundation has an obligation to pay the lesser of the annual trust income or 5% of the trust assets on the first day of the fiscal year. If annual income exceeds 5% of assets, the Foundation is obligated to pay additional amounts to make up prior year cumulative deficiencies (payments of less than 5% of assets), if any. The obligation is recorded at present value, computed using an effective discount factor of 4.873% and the estimated life expectancy of the beneficiary. Unitrust obligation assumptions are reviewed annually by Foundation management. Payments due in 2010 under this agreement total $7,463, and the estimated liability for amounts due after 2010 is $16,241.

NOTE 7 – LEASE COMMITMENT

The Foundation leases office space under a lease that expires January 14, 2011. The Foundation also rents off site storage space. Rent expense totaled $63,100 and $67,266 in 2009 and 2008, respectively. Future minimum lease payments as of December 31, 2009 consisted of the following:

2010	41,370
2011	1,748
	$ 43,118

NOTE 8 – AGENCY ENDOWMENTS

The Foundation has arrangements with certain not-for-profit organizations (NPO's) whereby an NPO transfers assets to the Foundation and specifies itself as beneficiary. In such cases, the Foundation does not report the receipt of these assets as contributions. Even though the NPO has granted the Foundation variance power and the Foundation has legal title to the assets, under U.S. generally accepted accounting principles, such transfers are reported as a liability to the Foundation. Likewise, grant expense and investment income and expense (including unrealized gains or losses) relating to these funds are reported as changes to the liability. The liability totaled $1,471,871 and $1,340,048 at December 31, 2009 and 2008, respectively.

The following table shows the effects of agency endowments on the Foundation's contribution revenue and grant expense:

	2009	2008
Total amounts raised	$ 5,379,575	$ 4,394,416
Less: amounts received as agency endowments	(300)	(70,705)
Contributions	$ 5,379,275	$ 4,323,711
Total grants made	$ 5,314,604	$ 4,798,359
Less: grants made from agency endowments	(47,259)	(51,811)
Grants	$ 5,267,345	$ 4,746,548

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31:

	2009	2008
Contributions receivable	$ 1,274,696	$ 1,230,689
Remainder interest from split-interest agreements	106,981	91,828
Restricted for specific purposes	566,428	125,000
	$ 1,948,105	$ 1,447,517

Net assets released from restrictions consisted of the following:

	2009	2008
Net cash received against promises to give	$ 574,662	$ 548,796
Satisfaction of program restrictions	157,572	-
	$ 732,234	$ 548,796

NOTE 10 – RELATED PARTY TRANSACTIONS

The Foundation leases office space (Note 7) from a company owned in part by the spouse of a Board member.

The Foundation paid $14,870 and $23,079 in 2009 and 2008 to two marketing support companies owned in part by Board members. The same companies contributed in-kind services totaling $77,185 in 2009.

NOTE 11 – IN-KIND CONTRIBUTIONS

Donated services valued at $171,994 and $94,211 have been recorded in the financial statements at fair market value for 2009 and 2008, respectively. Such services included donated legal, accounting, marketing and other services, and were used in fundraising and other activities. Additionally, volunteers have donated significant amounts of time to the Foundation in various capacities. However, these services have not been reflected in the financial statements since they neither require specialized skills nor would they have typically been purchased had they not been donated. The value of these services is not readily determinable.

NOTE 12 – EMPLOYEE BENEFIT PLAN

The Foundation sponsors a 401(k) retirement plan (“the Plan”), which covers all employees with six consecutive months of service. Employees may elect to defer a portion of their compensation, subject to certain limits. The Plan also provides for discretionary contributions by the Foundation. The Foundation contributed $44,834 and $41,362 in 2009 and 2008, respectively.

NOTE 13 – CONDITIONAL GRANTS

In 2009 a donor assigned a $330,000 note receivable to the Foundation. Because collection of the note is uncertain, the Foundation did not record a receivable at December 31, 2009, and instead will record proceeds from the note as they are received using the cost recovery method.

In 2008 the Foundation received a $100,000 challenge grant to be used for delivering content to specified audiences through new media channels. The grant required the Foundation to raise matching funds. The matching funds were not raised until 2009; therefore, the grant is recorded as a liability as of December 31, 2008 on the accompanying statement of financial position.