JOHNSON KIGHTLINGER & COMPANY

THE COMMUNITY FOUNDATION

SERVING BOULDER COUNTY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

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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

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

We have audited the accompanying consolidated financial statements of The Community Foundation Serving Boulder County and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation Serving Boulder County and subsidiaries as of December 31, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Johnson Kightlinger & Company

JOHNSON KIGHTLINGER & COMPANY
August 22, 2014

THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Cash and cash equivalents (Note 1)	$ 10,211,248	$ 8,224,348
Contributions receivable (Note 2)	1,101,218	1,147,877
Loans receivable (Note 3)	110,000	140,000
Investments (Note 4)	33,038,798	27,648,183
Investments - charitable remainder trusts (Note 4)	168,880	147,616
Property and equipment, net (Note 5)	13,278	15,289
Prepaid expenses and other	19,352	17,170
Total assets	$ 44,662,774	$ 37,340,483
LIABILITIES		
Accounts payable and accrued liabilities	$ 56,769	$ 695
Grants payable	220,055	72,250
Liability under split-interest agreement (Note 6)	27,254	25,378
Assets held for others (Note 8)	2,016,066	1,741,302
Total liabilities	2,320,144	1,839,625
COMMITMENT (Note 7)		
NET ASSETS		
Unrestricted	40,975,223	33,847,150
Temporarily restricted (Note 9)	1,367,407	1,653,708
Total net assets	42,342,630	35,500,858
Total liabilities and net assets	$ 44,662,774	$ 37,340,483

THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE, GAINS AND SUPPORT			
Contributions (Note 8)	$ 8,303,615	$ 622,300	$ 8,925,915
Investment income - dividends and interest	818,399	-	818,399
In-kind donations (Note 10)	245,828	-	245,828
Program revenue	135,536	-	135,536
Investment management fees	25,336	-	25,336
Change in value of split interest agreement	-	19,388	19,388
Net assets released from restrictions (Note 9)	927,989	(927,989)	-
Total revenue and support	10,456,703	(286,301)	10,170,402
Net investment gains (Note 4)	3,616,604	-	3,616,604
Total revenue, gains and support	14,073,307	(286,301)	13,787,006
EXPENSES AND LOSSES			
Program services - grants	5,156,123	-	5,156,123
Program services - other	415,764	-	415,764
Supporting services	1,373,347	-	1,373,347
Total expenses	6,945,234	-	6,945,234
CHANGE IN NET ASSETS	7,128,073	(286,301)	6,841,772
NET ASSETS - BEGINNING OF YEAR	33,847,150	1,653,708	35,500,858
NET ASSETS - END OF YEAR	$ 40,975,223	$ 1,367,407	$ 42,342,630

THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE, GAINS AND SUPPORT			
Contributions (Note 8)	$ 5,209,069	$ 759,824	$ 5,968,893
Investment income - dividends and interest	773,615	-	773,615
In-kind donations (Note 10)	118,578	-	118,578
Program revenue	64,554	-	64,554
Investment management fees	18,655	-	18,655
Change in value of split interest agreement	-	10,382	10,382
Net assets released from restrictions (Note 9)	841,104	(841,104)	-
Total revenue and support	7,025,575	(70,898)	6,954,677
Net investment gains (Note 4)	1,554,429	-	1,554,429
Total revenue, gains and support	8,580,004	(70,898)	8,509,106
EXPENSES AND LOSSES			
Program services - grants	3,987,069	-	3,987,069
Program services - other	296,131	-	296,131
Supporting services	982,265	-	982,265
Total expenses	5,265,465	-	5,265,465
CHANGE IN NET ASSETS	3,314,539	(70,898)	3,243,641
NET ASSETS - BEGINNING OF YEAR	30,532,611	1,724,606	32,257,217
NET ASSETS - END OF YEAR	$ 33,847,150	$ 1,653,708	$ 35,500,858

THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	PROGRAM SERVICES			SUPPORTING SERVICES			
	GRANT-MAKING	EDUCATION AND	TOTAL	MANAGE-MENT & GENERAL	FUND RAISING	TOTAL	GRAND TOTAL
Grants (Note 8)	$ 4,939,474	$ -	$ 4,939,474	$ -	$ -	$ -	$ 4,939,474
Salaries, payroll taxes, and benefits	150,505	262,645	413,150	431,272	297,575	728,847	1,141,997
Office expenses	11,624	20,284	31,908	33,307	22,982	56,289	88,197
Meetings and events	37,510	36,271	73,781	38,648	122,143	160,791	234,572
Consultant and contract employees	-	11,880	11,880	65,342	41,581	106,923	118,803
Advertising and marketing	-	60,398	60,398	-	194,614	194,614	255,012
Printing and publications	-	5,052	5,052	10,105	5,052	15,157	20,209
Rent	10,328	18,023	28,351	29,593	20,420	50,013	78,364
Professional fees	24	42	66	22,667	22,645	45,312	45,378
Conference and travel	5,988	-	5,988	6,171	5,988	12,159	18,147
Depreciation	670	1,169.00	1,839	1,918	1,324	3,242	5,081
TOTAL EXPENSES	$ 5,156,123	$ 415,764	$ 5,571,887	$ 639,023	$ 734,324	$ 1,373,347	$ 6,945,234

See Notes to Consolidated Financial Statements

THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	PROGRAM SERVICES			SUPPORTING SERVICES			
	GRANT-MAKING	EDUCATION AND	TOTAL	MANAGE-MENT & GENERAL	FUND RAISING	TOTAL	GRAND TOTAL
Grants (Note 8)	$ 3,796,592	$ -	$ 3,796,592	$ -	$ -	$ -	$ 3,796,592
Salaries, payroll taxes, and benefits	134,636	203,966	338,602	379,390	226,683	606,073	944,675
Office expenses	16,042	24,302	40,344	45,202	27,011	72,213	112,557
Awards and banquets	-	11,476	11,476	-	26,778	26,778	38,254
Consultant and contract employees	-	5,103	5,103	28,074	17,864	45,938	51,041
Advertising and marketing	-	30,933	30,933	-	100,345	100,345	131,278
Printing and publications	-	1,909	1,909	3,818	1,909	5,727	7,636
Rent	9,954	15,081	25,035	28,050	16,760	44,810	69,845
Professional fees	1,475	2,234	3,709.00	11,306	9,633	20,939	24,648
Conference and travel	27,626	-	27,626	28,466	27,626	56,092	83,718
Depreciation	744	1,127	1,871	2,097	1,253	3,350	5,221
TOTAL EXPENSES	$ 3,987,069	$ 296,131	$ 4,283,200	$ 526,403	$ 455,862	$ 982,265	$ 5,265,465

See Notes to Consolidated Financial Statements

THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,841,772	$ 3,243,641
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized gain on investments	(3,149,747)	(1,428,236)
Donated investments	(1,243,193)	(1,434,057)
Contribution receivable discount	(16,334)	(17,080)
Depreciation	5,081	5,221
Other	2,237	1,204
Changes in operating assets and liabilities:		
Contributions receivable	62,993	149,119
Loans receivable	30,000	60,000
Other assets	(2,182)	189
Accounts payable and accrued liabilities	56,075	(24,544)
Grants payable	147,805	(94,442)
Assets held for other not-for-profit organizations	274,764	162,150
Net cash from operating activities	3,009,271	623,165
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in investments, net	(1,018,940)	(3,103,187)
Purchases of property, plant and equipment	(3,431)	-
Net cash from investing activities	(1,022,371)	(3,103,187)
CHANGE IN CASH AND CASH EQUIVALENTS	1,986,900	(2,480,022)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	8,224,348	10,704,370
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 10,211,248	$ 8,224,348
NONCASH TRANSACTIONS		
Donated materials and services	$ 245,828	$ 118,578

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 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 on discussing philanthropic tax issues and charitable giving with their clients.

Basis of Accounting and Presentation

The Foundation reports information regarding its financial position and activities into three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2013, 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:

- Entrepreneurs Foundation of Colorado LLC (EFCO), a Colorado limited liability company which holds donated stock warrants and other securities of privately held companies; wholly owned by TCFSO; wholly owned by the Foundation
- TCFSO, a Colorado nonprofit corporation wholly owned by the Foundation; a supporting organization which holds the LLC's below
- Willard, LLC, a Colorado limited liability company which holds real estate remainder interests; wholly owned by TCFSO
- TCFML, LLC, a Colorado limited liability company; held investments in publicly traded equity and debt securities; wholly owned by TCFSO (dissolved in 2013)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Contributions Receivable

Contributions receivable consist 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 history of making timely payments, and the donor's overall creditworthiness are incorporated into a fair value measurement computed using present value techniques.

Loans Receivable

Loans 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 loans.

Loans 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. Loans 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.

Split-Interest Agreements (Charitable Remainder Trusts)

The Foundation occasionally receives gifts from donors who establish charitable remainder trusts naming the Foundation as trustee. Such 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Split-Interest Agreements (Continued)

The Foundation records assets held in such trusts at fair value and records liability at the estimated present value of the amounts due to the beneficiaries. 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 of $500 or more.

Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of expected undiscounted future cash flows are less than the carrying amount of the asset. If impairment has occurred, the loss is measured based on the amount by which the carrying value exceeds its fair market value. Management believes that no impairment has occurred as of December 31, 2013.

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. The Foundation's bylaws and all donor agreements grant variance power to the Foundation's Board. Variance power allows the Board to modify or vary donor restrictions if they become incapable of fulfillment or are 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 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 offsetting increase in unrestricted net assets and reduction of temporarily restricted net assets. The change is reported in the statement of activities as net assets released from restrictions.

The Foundation records donor-restricted contributions as unrestricted if the restrictions are met in the same reporting period. The Board has designated certain 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising
Advertising costs are expensed as incurred. Advertising expense totaled $255,012 and $131,278 in 2013 and 2012 respectively, of which $138,084 and $91,170 respectively was contributed as in-kind donations.

Donated Services and Materials
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.

Concentrations and Credit Risk
At December 31, 2013, 35% of contributions receivable was due from one donor, and at December 31, 2012, 28% of contributions receivable were due from two donors. One donor accounted for 16% of the Foundation's contribution revenue in 2013. Most of the Foundation's other donors are located in the Boulder-Denver metropolitan area of Colorado.

Financial instruments which represent concentrations of credit risk consist of cash, contributions receivable (Note 2) and loans receivable (Note 3). Cash balances are insured, in part, by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. Although certain cash balances exceed insured limits, the Foundation maintains its cash balances at high-quality financial institutions and does not expect any losses from this exposure. Contributions receivable are due from a fairly broad donor base. Loans 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).

Assets and liabilities measured at fair value consisted of the following assets measured on a recurring basis using Level 1 inputs at December 31:

	2013	2012
Cash equivalents – money market funds	$ 2,631,853	$ 2,077,114
Cash equivalents – certificates of deposit	5,254,802	5,866,795
Publicly traded securities	33,207,678	27,778,812

The Foundation holds warrants for stock and other ownership interests in privately held companies. No value is included for such interest 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 and is classified as a public charity. 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. The Organization has taken no tax positions it believes are unlikely to be upheld, or that might jeopardize its tax-exempt status, if examined by taxing authorities with full knowledge of all relevant information.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Accordingly, no provision for income taxes is included in the accompanying financial statements. Should its tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS. The Organization's federal information returns (Forms 990) for 2010, 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Subsequent Events Evaluation

Management has evaluated subsequent events through August 22, 2014, the date the financial statements were available to be issued.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at December 31:

	2013	2012
Face value	$ 1,171,173	1,234,166
Unamortized discount	(69,955)	(86,289)
	$ 1,101,218	$ 1,147,877

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

Contributions receivable includes the current balance of an $800,000 note received in 2004 that is discounted at a rate of 3.51%. Discount amortization totaled $16,334 and $17,080 in 2013 and 2012, respectively. Future payments of contributions receivable consisted of the following at December 31, 2013:

Amounts due in:	
One year or less	$ 675,519
Two to five years	246,600
More than five years	179,099
	$ 1,101,218

NOTE 3 – LOANS RECEIVABLE

Loans receivable consisted of the following as of December 31:

	2013	2012
Face value	$ 260,000	$ 290,000
Allowance for uncollectible	(150,000)	(150,000)
	$ 110,000	$ 140,000

Future payments on loans receivable consisted of the following at December 31, 2013:

Amounts due in:	
One year or less	$ 80,000
Two to five years	30,000
	$ 110,000

NOTE 4 – INVESTMENTS

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

	2013	2012
Financial statement categories:		
Charitable remainder trusts	$ 168,880	$ 147,616
Other	33,038,798	27,648,183
	$ 33,207,678	$ 27,795,798
Types of investments:		
Publicly traded securities:		
Equity	$ 23,052,944	$ 17,663,487
Debt	8,676,465	10,115,325
Other	1,478,269	16,986
	$ 33,207,678	$ 27,795,798

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

	2013	2012
Realized gains	$ 620,860	$ 264,750
Unrealized gains (losses)	3,149,747	1,428,236
Fees	(154,003)	(138,557)
	$ 3,616,604	$ 1,554,429

Prior Year Correction

The accompanying 2012 financial statements reflect a $573,795 correction for certificates of deposit (CDs) that were treated as publicly traded debt securities, although the Foundation's policy is to treat all CDs as cash. The tables above reflect this correction, which increased 2012 cash and decreased publicly traded debt securities. The correction is reflected in cash and investments on the accompanying 2012 statements of financial position and cash flows. There was no change to the statements of activities or to net assets.

NOTE 5 – PROPERTY AND EQUIPMENT

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

	2013	2012
Office equipment	$ 34,049	$ 34,766
Furniture	14,908	14,908
Signage	10,032	10,032
Computer software	47,820	47,820
	106,809	107,526
Accumulated depreciation	(93,531)	(92,237)
Property and equipment, net	$ 13,278	$ 15,289

NOTE 6 – SPLIT-INTEREST AGREEMENT LIABILITY

The Foundation has obligations under a charitable remainder unitrust agreement. The Foundation must pay the trust's beneficiary the lesser of annual trust income or 5% of trust assets on the first day of each fiscal year. Liabilities under the obligations are recorded using current interest rates and actuarial assumptions, and are adjusted annually for the beneficiary's estimated life expectancy. Estimated liabilities under this agreement totaled $27,254 and $25,378 at December 31, 2013 and 2012. The agreement requires the Foundation to pay an additional amount ($26,569 as of December 31, 2013) to make up cumulative deficiencies if annual income exceeds 5% of assets.

NOTE 7 – OPERATING LEASES

The Foundation leases office space under an operating lease. The lease calls for monthly payments of $3,495 until January 2015. The Foundation also rents off-site storage space. Rent expense totaled $78,364 and $69,845 in 2013 and 2012, respectively.

Minimum future lease commitments under these leases at December 31, 2013 were as follows:

2014	$ 44,456
2015	44,456
2016	44,456
	$ 133,368

NOTE 8 – ASSETS HELD FOR OTHERS

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 by the Foundation as increases in liabilities. 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 $2,016,066 and $1,741,302 at December 31, 2013 and 2012, respectively.

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

	2013	2012
Total amounts raised	$ 8,975,350	$ 6,020,492
Less: amounts received as agency endowments	(49,436)	(51,600)
Contributions revenue	$ 8,925,914	$ 5,968,892
Total grants made	$ 4,983,659	$ 3,828,560
Less: grants made from agency endowments	(44,185)	(31,968)
Grants expense	$ 4,939,474	$ 3,796,592

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

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

	2013	2012
Contributions receivable	$ 1,101,218	$ 1,147,877
Remainder interest from split-interest agreement	141,626	122,238
Restricted for specific purposes	124,563	383,593
	$ 1,367,407	$ 1,653,708

Net assets released from restrictions consisted of the following:

	2013	2012
Net cash received against promises to give	$ 660,576	$ 637,483
Satisfaction of program restrictions	259,030	199,715
Other	8,383	3,906
	$ 927,989	841,104

NOTE 10 – IN-KIND CONTRIBUTIONS

Donated services totaling $245,828 and $118,578 are included in the 2013 and 2012 financial statements, respectively. Such services were recorded at their estimated fair market value, and included donated 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 are not been reflected in the financial statements, because 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 11 – 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 $57,210 and $48,939 in 2013 and 2012, respectively.