

**JOHNSON KIGHTLINGER & COMPANY**

**THE COMMUNITY FOUNDATION  
SERVING BOULDER COUNTY  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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## 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, 2014 and 2013, 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, 2014 and 2013, 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 28, 2015

**THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents (Note 1)	\$ 7,180,823	\$ 10,211,248
Contributions receivable (Note 2)	536,521	1,101,218
Loans receivable (Note 3)	80,000	110,000
Investments (Note 4)	37,932,663	33,038,798
Investments - charitable remainder trusts (Note 4)	173,798	168,880
Property and equipment, net (Note 5)	11,610	13,278
Prepaid expenses and other	28,697	19,352
Total assets	<u>\$ 45,944,112</u>	<u>\$ 44,662,774</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 61,299	\$ 56,769
Grants payable	79,750	220,055
Liability under split-interest agreement (Note 6)	27,340	27,254
Assets held for others (Note 8)	2,144,124	2,016,066
Total liabilities	<u>2,312,513</u>	<u>2,320,144</u>
<b>COMMITMENT</b> (Note 7)		
<b>NET ASSETS</b>		
Unrestricted	42,853,808	40,975,223
Temporarily restricted (Note 9)	777,791	1,367,407
Total net assets	<u>43,631,599</u>	<u>42,342,630</u>
Total liabilities and net assets	<u>\$ 45,944,112</u>	<u>\$ 44,662,774</u>

**THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE, GAINS AND SUPPORT</b>			
Contributions (Note 8)	\$ 7,228,173	\$ 86,722	\$ 7,314,895
Investment income - dividends and interest	741,956	-	741,956
In-kind donations (Note 10)	188,247	-	188,247
Program revenue	104,806	-	104,806
Investment management fees	23,255	-	23,255
Change in value of split interest agreement	-	4,832	4,832
Net assets released from restrictions (Note 9)	681,170	(681,170)	-
Total revenue and support	<u>8,967,607</u>	<u>(589,616)</u>	<u>8,377,991</u>
Net investment gains (Note 4)	<u>629,642</u>	-	<u>629,642</u>
Total revenue, gains and support	<u>9,597,249</u>	<u>(589,616)</u>	<u>9,007,633</u>
<b>EXPENSES AND LOSSES</b>			
Program services - grants	5,781,432	-	5,781,432
Program services - other	347,779	-	347,779
Supporting services	1,589,453	-	1,589,453
Total expenses	<u>7,718,664</u>	<u>-</u>	<u>7,718,664</u>
<b>CHANGE IN NET ASSETS</b>	<u>1,878,585</u>	<u>(589,616)</u>	<u>1,288,969</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>40,975,223</u>	<u>1,367,407</u>	<u>42,342,630</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 42,853,808</u>	<u>\$ 777,791</u>	<u>\$ 43,631,599</u>

See Notes to Consolidated Financial Statements

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

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	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE, GAINS AND SUPPORT</b>			
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	<u>10,456,703</u>	<u>(286,301)</u>	<u>10,170,402</u>
Net investment gains (Note 4)	<u>3,616,604</u>	-	<u>3,616,604</u>
Total revenue, gains and support	<u>14,073,307</u>	<u>(286,301)</u>	<u>13,787,006</u>
<b>EXPENSES AND LOSSES</b>			
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	<u>6,945,234</u>	<u>-</u>	<u>6,945,234</u>
<b>CHANGE IN NET ASSETS</b>	<u>7,128,073</u>	<u>(286,301)</u>	<u>6,841,772</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>33,847,150</u>	<u>1,653,708</u>	<u>35,500,858</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 40,975,223</u>	<u>\$ 1,367,407</u>	<u>\$ 42,342,630</u>

See Notes to Consolidated Financial Statements

**THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>			<u>GRAND TOTAL</u>
	<u>GRANT- MAKING</u>	<u>EDUCATION AND</u>	<u>TOTAL</u>	<u>MANAGE- MENT &amp; GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>	
Grants (Note 8)	\$ 5,533,935	\$ -	\$ 5,533,935	\$ -	\$ -	\$ -	\$ 5,533,935
Salaries, payroll taxes, and benefits	151,038	202,805	353,843	385,494	321,880	707,374	1,061,217
Office expenses	12,117	16,271	28,388	30,927	25,824	56,751	85,139
Meetings and events	63,130	10,381	73,511	65,043	87,352	152,395	225,906
Consultant and contract employees	-	31,780	31,780	174,791	111,231	286,022	317,802
Advertising and marketing	-	65,317	65,317	-	184,720	184,720	250,037
Printing and publications	-	4,285	4,285	8,571	4,286	12,857	17,142
Rent	11,712	15,725	27,437	29,891	24,958	54,849	82,286
Professional fees	10	13	23	56,424	56,420	112,844	112,867
Conference and travel	8,594	-	8,594	8,854	8,593	17,447	26,041
Other	143	192	335	365	304	669	1,004
Depreciation	753	1,010	1,763	1,921	1,604	3,525	5,288
<b>TOTAL EXPENSES</b>	<b>\$ 5,781,432</b>	<b>\$ 347,779</b>	<b>\$ 6,129,211</b>	<b>\$ 762,281</b>	<b>\$ 827,172</b>	<b>\$ 1,589,453</b>	<b>\$ 7,718,664</b>

See Notes to Consolidated Financial Statements

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

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>			<u>GRAND TOTAL</u>
	<u>GRANT- MAKING</u>	<u>EDUCATION AND</u>	<u>TOTAL</u>	<u>MANAGE- MENT &amp; GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>	
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	1,839	1,918	1,324	3,242	5,081
<b>TOTAL EXPENSES</b>	<u>\$ 5,156,123</u>	<u>\$ 415,764</u>	<u>\$ 5,571,887</u>	<u>\$ 639,023</u>	<u>\$ 734,324</u>	<u>\$ 1,373,347</u>	<u>\$ 6,945,234</u>

See Notes to Consolidated Financial Statements



**THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,288,969	\$ 6,841,772
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gain on investments	(629,642)	(3,616,604)
Donated investments	(1,633,162)	(1,243,193)
Contribution receivable discount	(15,237)	(16,334)
Depreciation	5,288	5,081
Other	1,413	2,237
Changes in operating assets and liabilities:		
Contributions receivable	579,934	62,993
Loans receivable	30,000	30,000
Other assets	(9,346)	(2,182)
Accounts payable and accrued liabilities	4,531	56,075
Grants payable	(140,305)	147,805
Assets held for other not-for-profit organizations	128,058	274,764
Net cash from operating activities	<u>(389,499)</u>	<u>2,542,414</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change in investments, net	(2,635,979)	(552,083)
Purchases of property, plant and equipment	(4,947)	(3,431)
Net cash from investing activities	<u>(2,640,926)</u>	<u>(555,514)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(3,030,425)</u>	<u>1,986,900</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>10,211,248</u>	<u>8,224,348</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 7,180,823</u>	<u>\$ 10,211,248</u>
<b>NONCASH TRANSACTIONS</b>		
Donated materials and services	<u>\$ 188,247</u>	<u>\$ 245,828</u>

**THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

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**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, 2014, 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)

**THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

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**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 equivalent 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.

**THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

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**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 \$1,000 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, 2014.

**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.

**THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Advertising**

Advertising costs are expensed as incurred. Advertising expense totaled \$250,037 and \$255,012 in 2014 and 2013 respectively, of which \$145,019 and \$138,084 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**

In 2013 one donor accounted for 14% of the Foundation's total revenue and support. No such concentrations existed in 2014. Most of the Foundation's 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 measured at fair value consisted of the following December 31:

<u>Investment Type</u>	<u>Level 1</u>		<u>Level 2</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Money market funds	\$ 497,817	\$ 2,631,853	\$ -	\$ -
Publicly traded securities	38,106,461	33,207,678	-	-
Certificates of deposit	-	-	4,934,755	5,254,802
	<u>\$ 38,604,278</u>	<u>\$ 35,839,531</u>	<u>\$ 4,934,755</u>	<u>\$ 5,254,802</u>

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.

**THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The Foundation is a not-for-profit organization and is generally 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 Foundation is subject to income tax for unrelated business income received from ownership interests in taxable entities. However, the Foundation had no taxable income to report for 2014 or 2013.

The Foundation 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.

Should its tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS. The Foundation's federal information returns (Forms 990) for 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed. The Foundation's state income tax return for 2014 is subject to examination by Colorado tax authorities, generally for four years after they were filed.

**Subsequent Events Evaluation**

Management has evaluated subsequent events through August 28, 2015, the date the financial statements were available to be issued.

**NOTE 2 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Face value	\$ 591,239	1,171,173
Unamortized discount	(54,718)	(69,955)
	<u>\$ 536,521</u>	<u>\$ 1,101,218</u>

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 \$15,237 and \$16,334 in 2014 and 2013, respectively. Future payments of contributions receivable consisted of the following at December 31, 2014:

<u>Amounts due in:</u>	
One year or less	\$ 150,116
Two to five years	245,000
More than five years	<u>141,405</u>
	<u>\$ 536,521</u>

**THE COMMUNITY FOUNDATION SERVING BOULDER COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 3 – LOANS RECEIVABLE**

Loans receivable consisted of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Face value	\$ 230,000	\$ 260,000
Allowance for uncollectible	<u>(150,000)</u>	<u>(150,000)</u>
	<u>\$ 80,000</u>	<u>\$ 110,000</u>

Future payments on loans receivable are due in one year or less and total 80,000 at December 31, 2014.

**NOTE 4 – INVESTMENTS**

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

	<u>2014</u>	<u>2013</u>
<u>Financial statement categories:</u>		
Charitable remainder trusts	\$ 173,798	\$ 168,880
Other	<u>37,932,663</u>	<u>33,038,798</u>
	<u>\$ 38,106,461</u>	<u>\$ 33,207,678</u>
<u>Types of investments:</u>		
<u>Publicly traded securities:</u>		
Equity	\$ 23,635,911	\$ 23,052,944
Debt	13,637,359	8,676,465
Other	<u>833,191</u>	<u>1,478,269</u>
	<u>\$ 38,106,461</u>	<u>\$ 33,207,678</u>

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

	<u>2014</u>	<u>2013</u>
Realized gains	\$ 1,488,782	\$ 620,860
Unrealized gains (losses)	(699,540)	3,149,747
Fees	<u>(159,600)</u>	<u>(154,003)</u>
	<u>\$ 629,642</u>	<u>\$ 3,616,604</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

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

	<u>2014</u>	<u>2013</u>
Office equipment	\$ 37,431	\$ 34,049
Furniture	14,908	14,908
Signage	10,032	10,032
Computer software	<u>47,820</u>	<u>47,820</u>
	110,191	106,809
Accumulated depreciation	<u>(98,581)</u>	<u>(93,531)</u>
Property and equipment, net	<u>\$ 11,610</u>	<u>\$ 13,278</u>

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**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 \$27,340 and \$27,254 at December 31, 2014 and 2013. The agreement requires the Foundation to pay an additional amount (\$29,253 as of December 31, 2014) to make up cumulative deficiencies if annual income exceeds 5% of assets.

**NOTE 7 – OPERATING LEASES**

The Foundation leases office spaces under two operating leases. The leases call for monthly payments totaling \$3,705 and \$490, until January 2016 and November 2015, respectively. The Foundation also rents off-site storage space. Rent expense totaled \$82,286 and \$78,364 in 2014 and 2013, respectively.

Minimum future lease commitments under these leases at December 31, 2014 were as follows:

2015	\$	49,356
2016		<u>44,456</u>
	\$	<u>93,812</u>

**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 \$2,144,124 and \$2,016,066 at December 31, 2014 and 2013, respectively.

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

	<u>2014</u>	<u>2013</u>
Total amounts raised	\$ 7,450,648	\$ 8,975,350
Less: amounts received as agency endowments	<u>(135,751)</u>	<u>(49,436)</u>
Contributions revenue	<u>\$ 7,314,897</u>	<u>\$ 8,925,914</u>
Total grants made	\$ 5,588,007	4,983,659
Less: grants made from agency endowments	<u>(54,072)</u>	<u>(44,185)</u>
Grants expense	<u>\$ 5,533,935</u>	<u>\$ 4,939,474</u>



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**NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2014</u>	<u>2013</u>
Contributions receivable	\$ 536,521	\$ 1,101,218
Remainder interest from split-interest agreement	146,458	141,626
Restricted for specific purposes	<u>94,812</u>	<u>124,563</u>
	<u>\$ 777,791</u>	<u>\$ 1,367,407</u>

Net assets released from restrictions consisted of the following:

	<u>2014</u>	<u>2013</u>
Net cash received against promises to give	\$ 613,577	\$ 660,576
Satisfaction of program restrictions	29,751	259,030
Other	<u>37,842</u>	<u>8,383</u>
	<u>\$ 681,170</u>	<u>\$ 927,989</u>

**NOTE 10 – IN-KIND CONTRIBUTIONS**

Donated services totaling \$188,247 and \$245,828 are included in the 2014 and 2013 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 \$51,725 and \$57,210 in 2014 and 2013, respectively.