

The Women's Foundation of Colorado, Inc.

Financial Statements

December 31, 2015 and 2014

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Engle, P.C.

Certified Public Accountants

Independent Auditor's Report

**Board of Trustees
The Women's Foundation of Colorado, Inc.**

We have audited the accompanying financial statements of The Women's Foundation of Colorado, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of The Women's Foundation of Colorado, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kundinger, Corder & Engle, P.C.

May 17, 2016

The Women's Foundation of Colorado, Inc.
Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets:		
Cash and cash equivalents	\$ 284,945	138,629
Prepaid expenses and other assets	32,361	32,555
Contributions receivable, net (note 2)	984,411	1,175,032
Investments, at fair value (note 3)	17,847,580	19,213,443
Investment in Chambers Center (note 8)	1,500,000	1,500,000
Property and equipment, net (note 4)	56,113	72,673
Total assets	\$ 20,705,410	22,132,332
 Liabilities and Net Assets:		
Accounts payable and accrued expenses	\$ 62,204	77,103
Accrued payroll costs	120,420	76,755
Grants payable (note 5)	51,500	-
Total liabilities	234,124	153,858
 Net assets:		
Unrestricted:		
Board designated for endowment (note 7)	2,060,389	2,466,582
Other	4,111,884	4,265,988
Total unrestricted	6,172,273	6,732,570
Temporarily restricted (note 6)	3,933,370	4,911,196
Permanently restricted (notes 6 and 7)	10,365,643	10,334,708
Total net assets	20,471,286	21,978,474
Commitments (notes 8, 11 and 12)		
Total liabilities and net assets	\$ 20,705,410	22,132,332

See accompanying notes to financial statements.

The Women's Foundation of Colorado, Inc.
Statement of Activities
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Support:				
Contributions	\$ 331,445	909,995	30,935	1,272,375
In-kind contributions (note 10)	70,144	-	-	70,144
Special events	468,856	22,887	-	491,743
Less direct cost of special events (note 9)	(292,094)	-	-	(292,094)
Investment return, net of investment fees (note 3)	(30,502)	(98,748)	-	(129,250)
Net assets released from restrictions due to satisfaction of program and time restrictions	1,811,960	(1,811,960)	-	-
Total revenue, gains and support	<u>2,359,809</u>	<u>(977,826)</u>	<u>30,935</u>	<u>1,412,918</u>
Expenses:				
Program services:				
Grants (note 5)	1,219,616	-	-	1,219,616
Research, education and advocacy	637,799	-	-	637,799
Total program services	<u>1,857,415</u>	<u>-</u>	<u>-</u>	<u>1,857,415</u>
Supporting services:				
Management and general	422,385	-	-	422,385
Development and fund raising (note 9)	640,306	-	-	640,306
Total supporting services	<u>1,062,691</u>	<u>-</u>	<u>-</u>	<u>1,062,691</u>
Total expenses	<u>2,920,106</u>	<u>-</u>	<u>-</u>	<u>2,920,106</u>
Change in net assets	(560,297)	(977,826)	30,935	(1,507,188)
Net assets at beginning of year	6,732,570	4,911,196	10,334,708	21,978,474
Net assets, end of year	<u>\$ 6,172,273</u>	<u>3,933,370</u>	<u>10,365,643</u>	<u>20,471,286</u>

See accompanying notes to financial statements.

The Women's Foundation of Colorado, Inc.
Statement of Activities
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Support:				
Contributions	\$ 336,113	983,115	1,243	1,320,471
In-kind contributions (note 10)	63,092	-	-	63,092
Special events	829,477	46,856	-	876,333
Less direct cost of special events (note 9)	(254,104)	-	-	(254,104)
Investment return, net of investment fees (note 3)	170,934	460,688	-	631,622
Net assets released from restrictions due to satisfaction of program and time restrictions	1,537,640	(1,537,640)	-	-
Total revenue, gains and support	<u>2,683,152</u>	<u>(46,981)</u>	<u>1,243</u>	<u>2,637,414</u>
Expenses:				
Program services:				
Grants (note 5)	1,339,204	-	-	1,339,204
Research, education and advocacy	499,823	-	-	499,823
Total program services	<u>1,839,027</u>	<u>-</u>	<u>-</u>	<u>1,839,027</u>
Supporting services:				
Management and general	416,964	-	-	416,964
Development and fund raising (note 9)	649,159	-	-	649,159
Total supporting services	<u>1,066,123</u>	<u>-</u>	<u>-</u>	<u>1,066,123</u>
Total expenses	<u>2,905,150</u>	<u>-</u>	<u>-</u>	<u>2,905,150</u>
Change in net assets	(221,998)	(46,981)	1,243	(267,736)
Net assets at beginning of year	6,954,568	4,958,177	10,333,465	22,246,210
Net assets, end of year	<u>\$ 6,732,570</u>	<u>4,911,196</u>	<u>10,334,708</u>	<u>21,978,474</u>

See accompanying notes to financial statements.

The Women's Foundation of Colorado, Inc.
Statements of Cash Flows
Year Ended December 31, 2015 and 2014

	2015	2014
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ (1,507,188)	(267,736)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	43,510	39,518
Amortization of discount on contributions receivable	(30,650)	5,433
Provision for uncollectible contributions receivable	17,547	51,986
Realized and unrealized gain on investments	576,551	(14,757)
(Increase) decrease in operating assets:		
Contributions receivable	155,247	(326,746)
Prepaid expenses and other assets	194	(1,580)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(14,899)	18,525
Accrued payroll costs	43,665	(33,825)
Grants payable	51,500	(2,207)
Net cash used in operating activities	(664,523)	(531,389)
Cash flows from investing activities:		
Proceeds from sale of investments, net of purchases	789,312	538,505
Purchases of property and equipment	(26,950)	(20,631)
Net cash provided by investing activities	762,362	517,874
Cash flows from financing activities:		
Cash contributions for endowment	48,477	13,238
Net increase (decrease) in cash and cash equivalents	146,316	(277)
Cash and cash equivalents at beginning of year	138,629	138,906
Cash and cash equivalents at end of year	\$ 284,945	138,629

See accompanying notes to financial statements.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements

December 31, 2015 and 2014

(1) Summary of Significant Accounting Policies

(a) General

The Women's Foundation of Colorado, Inc. (the "Foundation") was founded in 1986. The mission of the Foundation is to build resources and lead change so that every woman and girl in Colorado achieves her full potential.

(b) Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

Information regarding the financial position and activities of the Foundation is reported according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

(d) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and /or nature of any donor restrictions.

All donor-restricted support, including pledges, is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Conditional pledges are recognized as receivables and revenue when the conditions on which they depend are substantially met.

The Foundation uses the allowance method to determine uncollectible contributions receivable. The allowance is calculated using the delinquent pledge policy adopted by the Foundation in 2010.

(e) Cash and Cash Equivalents

The Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less and that are not part of an investment portfolio to be cash equivalents.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Investments

Investments are reported at fair value. Fair value is determined as more fully described in note 1(g). Management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable.

Investment return consists of the Foundation's distributive share of any interest, dividends, capital gains and losses generated from investments, as well as the change in fair value of the investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statements of activities.

(g) Fair Value Measurements

The Foundation uses a fair value hierarchy that prioritized the inputs to valuation techniques used to measure the fair value of investments into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3). All of the Foundation's investments are considered to be Level 1 investments. Investments in marketable equity and fixed income securities with readily determinable market values are reported at fair value based upon quoted prices in active markets.

(h) Concentrations of Credit Risk

The Foundation places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. Funds in excess of the federally insured limit set by the Federal Deposit Insurance Corporation (FDIC) are transferred into a sweep instrument on a daily basis. The Foundation has significant investments in equity and fixed income securities and is therefore subject to concentrations of credit risk. Investments are made by investment managers engaged by the Foundation and the investments are monitored by the management of the Foundation. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Foundation.

Credit risk with respect to pledges receivable is considered low due to the large number of contributors comprising the Foundation's contributor base.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Property and Equipment

Furniture and equipment is recorded at cost or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years. The Foundation capitalizes all fixed asset purchases over \$1,000 with an estimated useful life of three years or more.

(j) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

(k) Donated Goods and Services

Donated goods and services are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation.

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation with its education and outreach programs and fund-raising events. These services were not recognized in the financial statements because they did not meet the criteria for recognition.

(l) Functional Allocation of Expenses

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

(m) Income Tax Status

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and contributions received qualify for the charitable contribution deduction. However, income from activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation incurred no unrelated business income tax during 2015 and 2014.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Income Tax Status, Continued

The Foundation is required to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The Foundation believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are significant to the financial statements. If incurred, interest and penalties associated with uncertain tax positions would be recorded in the period assessed. The Foundation's *Return of Organization Exempt from Income Tax* (Form 990) for 2012 through 2014 are subject to examination by the IRS, generally for three years after they were filed.

(n) Subsequent Events

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Foundation's financial statements were available to be issued on May 17, 2016 and this is the date through which subsequent events were evaluated.

(2) Contributions Receivable

Pledges made by foundations, corporations, and individuals, are recorded on the Statement of Financial Position as temporarily restricted assets or permanently restricted assets, depending upon the donor's restrictions. Pledges due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 0.69% to 2.25%.

The following is a summary of all unconditional pledges receivable at December 31:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 734,068	670,304
Receivable in one to five years	325,676	562,753
Receivable in more than five years	<u>30,645</u>	<u>61,056</u>
Total unconditional pledges receivable	1,090,389	1,294,113
Less discount to net present value	(8,660)	(39,310)
Less allowance for uncollectible pledges	<u>(97,318)</u>	<u>(79,771)</u>
	\$ <u>984,411</u>	<u>1,175,032</u>

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(2) Contributions Receivable, Continued

Contributions receivable are recorded in the following accounts at December 31:

	<u>2015</u>	<u>2014</u>
Permanently restricted net assets (note 7)	\$ 721	19,055
Temporarily restricted net assets (note 6)	983,690	1,155,977
	<u>\$ 984,411</u>	<u>1,175,032</u>

(3) Investments

Investments are comprised of the following at December 31:

	<u>2015</u>	<u>2014</u>
Publicly traded mutual funds invested in:		
Bond funds:		
Short-term fixed income	\$ —	944,385
Global fixed income	4,408,397	3,677,185
	<u>4,408,397</u>	<u>4,621,570</u>
Equity funds:		
U.S. equities	4,155,603	3,986,270
Non U.S. equities	5,272,205	4,723,597
Commodities	—	309,166
Alternative strategies	1,385,994	2,562,868
	<u>10,813,802</u>	<u>11,581,901</u>
Real estate fund	1,308,149	1,537,478
Total publicly traded mutual funds	<u>16,530,348</u>	<u>17,740,949</u>
Exchange traded funds invested in alternative strategies	881,378	939,422
Invested cash equivalents	30,716	128,479
Certificates of deposit	405,138	404,593
	<u>\$ 17,847,580</u>	<u>19,213,443</u>

Investments are recorded in the following net asset balances at December 31:

	<u>2015</u>	<u>2014</u>
Permanently restricted net assets	\$ 10,350,165	10,315,653
Temporarily restricted net assets	3,933,370	3,755,219
Unrestricted restricted net assets	3,564,045	5,142,571
	<u>\$ 17,847,580</u>	<u>19,213,443</u>

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(3) Investments, Continued

Investment return is summarized as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 471,787	653,094
Net realized and unrealized gain (loss)	(576,551)	14,757
Less investment expenses	<u>(25,000)</u>	<u>(36,479)</u>
Earnings on investments	(129,764)	631,372
Earnings on cash and cash equivalents	<u>514</u>	<u>250</u>
Total investment return	\$ <u>(129,250)</u>	<u>631,622</u>

(4) Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 81,335	75,233
Software	<u>227,648</u>	<u>206,798</u>
	308,983	282,031
Less accumulated depreciation	<u>(252,870)</u>	<u>(209,358)</u>
	\$ <u>56,113</u>	<u>72,673</u>

(5) Grants

The Foundation awards grants to other not-for-profit organizations that support women and girls' programs. For the years ended December 31, 2015 and 2014, the Foundation awarded grants totaling \$1,219,616 and \$1,339,204, respectively. Grant expense is recorded at the time the grants are approved by the Board of Trustees. Grants approved but not paid at December 31, 2015 totaled \$51,500 and are reported as grants payable in the accompanying Statements of Financial Position.

(6) Restricted Net Assets

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

	<u>2015</u>	<u>2014</u>
Contributions receivable	\$ 983,690	1,155,977
Contributions restricted by donors, not yet expended	475,787	447,438
Endowment fund earnings, not yet expended	<u>2,473,893</u>	<u>3,307,781</u>
	\$ <u>3,933,370</u>	<u>4,911,196</u>

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(6) Restricted Net Assets, Continued

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

	<u>2015</u>	<u>2014</u>
General Program Endowment	\$ 4,110,858	4,093,740
Operating Endowment Fund	855,912	854,026
Advised Funds	5,116,808	5,104,877
The Beyond Our Borders Fund	<u>282,065</u>	<u>282,065</u>
	<u>\$ 10,365,643</u>	<u>10,334,708</u>

The following is a summary of the individual funds:

General Program Endowment

Gifts to this fund support the grants and programs of the Foundation. The earnings are subject to the spending policies adopted by the Board of Trustees.

Operating Endowment Fund

Gifts to this fund support general operating expenses of the Foundation. The earnings are subject to the spending policies adopted by the Board of Trustees.

Permanently Restricted Advised Funds

Currently the Foundation has three permanently restricted advised funds. At the end of the life of the advised fund, the fund will become part of the general endowment. The donor may advise, recommend or request that the earnings on such funds be used for certain purposes, and the Foundation will distribute the funds accordingly, if consistent with the mission of the Foundation and sound grant-making practices and with the Foundation Board of Trustees' approval.

The Beyond Our Borders Fund

The fund will be used for grants awarded to programs that benefit women and girls nationally and/or outside the United States. Under the fund agreement, the fund will be administered by an advisory committee. Contributions to the fund shall be directed by the donor as restricted for granting within the calendar year of the gift or by December 31st of the following year at 0%, 25%, 50%, 75%, or 100% of the gift, while the remaining percentage of funds will be either unrestricted or permanently restricted for endowment, as determined by the donor. Any funds not granted will be transferred to the permanently restricted portion of the fund. If the fair value of the fund is less than \$100,000 and either the advisory committee is dissolved or the advisory committee fails to make written recommendations within a 36 month period, the fund will become part of the Foundation's general endowment.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(7) Endowment Funds

The Foundation's endowments consist of both donor-restricted and board designated endowment funds. As required by generally accepted accounting principles, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's endowment assets and net assets consisted of the following as of December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated				
endowment investments	\$ 2,073,485	-	-	2,073,485
Donor restricted				
endowment investments	(13,096)	2,473,893	10,364,922	12,825,719
Contributions receivable				
for endowment	<u>-</u>	<u>-</u>	<u>721</u>	<u>721</u>
Total endowment assets	\$ <u>2,060,389</u>	<u>2,473,893</u>	<u>10,365,643</u>	<u>14,899,925</u>

The Foundation's endowment assets and net assets consisted of the following as of December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated				
endowment investments	\$ 2,474,263	-	-	2,474,263
Donor restricted				
endowment investments	(7,681)	3,307,780	10,315,653	13,615,752
Contributions receivable				
for endowment	<u>-</u>	<u>-</u>	<u>19,055</u>	<u>19,055</u>
Total endowment assets	\$ <u>2,466,582</u>	<u>3,307,780</u>	<u>10,334,708</u>	<u>16,109,070</u>

The Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(7) Endowment Funds, Continued

The remaining portion of the donor-restricted endowment funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other Foundation resources
- (7) The investment policies of the Foundation

Following are the changes in the endowment net assets for the years ended December 31, 2014 and 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at January 1, 2014	\$ 2,648,851	3,611,276	10,333,465	16,593,592
Investment return:				
Investment income	84,170	460,256	-	544,426
Net realized and unrealized losses	<u>(7,927)</u>	<u>(9,617)</u>	<u>-</u>	<u>(17,544)</u>
Total investment return	<u>76,243</u>	<u>450,639</u>	<u>-</u>	<u>526,882</u>
Contributions	967,183	-	1,243	968,426
Appropriated for expenditure	<u>(1,225,695)</u>	<u>(754,135)</u>	<u>-</u>	<u>(1,979,830)</u>
Endowment net assets at December 31, 2014	2,466,582	3,307,780	10,334,708	16,109,070
Investment return:				
Investment income	92,422	300,206	-	392,628
Net realized and unrealized losses	<u>(72,122)</u>	<u>(391,165)</u>	<u>-</u>	<u>(463,287)</u>
Total investment return	<u>20,300</u>	<u>(90,959)</u>	<u>-</u>	<u>(70,659)</u>
Contributions	727,404	70	30,935	758,409
Appropriated for expenditure	<u>(1,153,897)</u>	<u>(742,998)</u>	<u>-</u>	<u>(1,896,895)</u>
Endowment net assets at December 31, 2015	\$ <u>2,060,389</u>	<u>2,473,893</u>	<u>10,365,643</u>	<u>14,899,925</u>

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(7) Endowment Funds, Continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the amount of the original donation. In accordance with generally accepted accounting principles, any deficiencies would be reported in unrestricted net assets. At December 31, 2015, there were two funds with such deficiencies totaling \$13,096.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a reasonable, predictable, stable and sustainable level of distribution that supports current needs while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to maximize utilization of investments which preserve principal, maximize income commensurate with risk, provide liquidity to help ensure adequate reserves, and fit within the Foundation's preference of acceptable principal and interest risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Distribution Policy

The Foundation's spending policy allows for appropriating the investment earnings for distribution based upon a four-quarter trailing average of the fair market value of endowment investments. In establishing the distribution policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow, net of spending, at the rate of inflation or greater over the investment horizon thus maintaining the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

(8) Investment in Chambers Center

The Foundation entered into an agreement with the University of Denver (the University) to raise funds to construct, furnish, and equip a building that houses the University's Women's College and the Foundation's operations. The building is known as the Merle Catherine Chambers Center for the Advancement of Women. The University owns the building, including the initial furniture and equipment, and also retains all liabilities with respect to its ownership. Total project costs, including fundraising costs, were approximately \$8.6 million.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(8) Investment in Chambers Center (Continued)

The University provided the site for the building and \$2.36 million of the project costs. The Foundation and the University collectively raised the remaining \$6.24 million needed to complete the project.

The Foundation and the University entered into an agreement that allows the Foundation to lease office space within the building for 99 years with an unlimited option to renew for successive 99-year periods. The lease rate is based upon actual operating and maintenance costs allocated to the Foundation's space plus 10% to fund a maintenance and capital reserve. The agreement allows the Foundation to withdraw from its lease and relinquish its economic interest in the building upon six months notice. If the Foundation makes this election, the University agrees to purchase the Foundation's interest in the use of the building at a price based upon fair market value for comparable space as calculated per the agreement. The Foundation has not made an election to withdraw from the lease as of December 31, 2015.

The value of the Foundation's economic interest in the building is estimated to be \$1,500,000, and this is the value reflected in the accompanying financial statements.

(9) Fundraising Activities

Total fundraising costs consist of the following for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Special events, indirect expenses	\$ 76,898	132,846
Other development and fundraising	<u>563,408</u>	<u>516,313</u>
Total development and fund raising	640,306	649,159
Special events, direct expenses	<u>292,094</u>	<u>254,104</u>
	<u>\$ 932,400</u>	<u>903,263</u>

(10) Donated Goods and Services

Donated goods and services relate primarily to special events and totaled \$70,144 and \$63,092 in 2015 and 2014, respectively.

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Notes to Financial Statements, Continued

(11) Employee Benefit Plan

As part of its agreement with the University of Denver, the University processes the Foundation's payroll and is reimbursed for actual payroll costs plus 15%. The additional 15% covers the Foundation's share of employer taxes and benefits, including a tax-sheltered retirement plan sponsored by the University. All Foundation employees are eligible for participation in this plan, which includes a matching contribution of up to 8% of an employee's salary. This contribution is funded by the Foundation and is part of the 15% additional reimbursement described above.

(12) Office Lease

The Foundation is billed monthly by the University for its share of operating costs at the Merle Catherine Chambers Center. The current rate is \$3,430 per month and will be adjusted annually to reflect actual costs incurred. In addition, the Foundation is required to fund its share of an operating reserve account for the building on a monthly basis at a rate equal to 10% of its share of operating costs. The current rate is \$343 per month. Operating costs billed by the University totaled \$53,155 for 2015 and \$60,618 for 2014.