

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

Financial Statements

March 31, 2019 and 2018

(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.

Report on Financial Statements

We have audited the accompanying financial statements of The Women's Foundation of Colorado, Inc., which comprise the statements of financial position as of March 31, 2019 and 2018, and the related 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 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.

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

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 March 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in note 1, The Women's Foundation of Colorado, Inc. adopted the Financial Accounting Standard Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended March 31, 2019. The requirements of the ASU have been applied retrospectively for all periods presented. Our opinion is not modified with respect to this matter.

Kundinger, Corder & Engle, P.C.

August 20, 2019

The Women's Foundation of Colorado, Inc.
Statements of Financial Position
March 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 46,069	153,912
Prepaid expenses and other assets	83,243	110,842
Contributions receivable, net (note 3)	434,859	525,473
Investments (note 4)	21,790,517	20,772,942
Investment in Chambers Center (note 9)	1,500,000	1,500,000
Furniture and equipment, net (note 5)	43,813	54,565
Total assets	\$ 23,898,501	23,117,734
 Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 164,101	171,766
Accrued payroll costs	152,192	156,298
Grants payable (note 6)	112,233	26,000
Deferred revenue	—	178,500
Total liabilities	428,526	532,564
 Net assets (notes 7 and 8)		
Without donor restrictions	9,647,952	8,276,691
With donor restrictions	13,822,023	14,308,479
Total net assets	23,469,975	22,585,170
Commitments (notes 9, 11 and 12)		
Total liabilities and net assets	\$ 23,898,501	23,117,734

See the accompanying notes to the financial statements.

The Women's Foundation of Colorado, Inc.
Statement of Activities
Year Ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Support			
Contributions	\$ 592,513	561,510	1,154,023
Grant income (note 10)	1,000,000	126,000	1,126,000
In-kind contributions	76,598	–	76,598
Special events	1,219,025	–	1,219,025
Less direct cost of special events	(380,540)	–	(380,540)
Investment return, net of investment fees (note 4)	283,239	427,355	710,594
Net assets released from restrictions due to satisfaction of program and time restrictions (note 7)	1,601,321	(1,601,321)	–
Total revenue, gains and support	<u>4,392,156</u>	<u>(486,456)</u>	<u>3,905,700</u>
Expenses			
Program services			
Grant appropriations (note 6)	1,109,261	–	1,109,261
Research, education and advocacy	1,035,642	–	1,035,642
Total program services	<u>2,144,903</u>	<u>–</u>	<u>2,144,903</u>
Supporting services			
Management and general	557,655	–	557,655
Development and fundraising	318,337	–	318,337
Total supporting services	<u>875,992</u>	<u>–</u>	<u>875,992</u>
Total expenses	<u>3,020,895</u>	<u>–</u>	<u>3,020,895</u>
Change in net assets	1,371,261	(486,456)	884,805
Net assets at beginning of year	<u>8,276,691</u>	<u>14,308,479</u>	<u>22,585,170</u>
Net assets at end of year	<u>\$ 9,647,952</u>	<u>13,822,023</u>	<u>23,469,975</u>

See the accompanying notes to the financial statements.

The Women's Foundation of Colorado, Inc.
Statement of Activities
Year Ended March 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Support			
Contributions	\$ 768,811	610,462	1,379,273
Grant income	32,000	-	32,000
In-kind contributions	81,567	-	81,567
Special events	2,456,283	-	2,456,283
Less direct cost of special events	(727,897)	-	(727,897)
Investment return, net of investment fees (note 4)	610,341	1,358,653	1,968,994
Net assets released from restrictions due to satisfaction of program and time restrictions (note 7)	1,769,473	(1,769,473)	-
Total revenue, gains and support	<u>4,990,578</u>	<u>199,642</u>	<u>5,190,220</u>
Expenses			
Program services			
Grant appropriations (note 6)	1,259,424	-	1,259,424
Research, education and advocacy	1,196,774	-	1,196,774
Total program services	<u>2,456,198</u>	<u>-</u>	<u>2,456,198</u>
Supporting services:			
Management and general	571,972	-	571,972
Development and fundraising	324,042	-	324,042
Total supporting services	<u>896,014</u>	<u>-</u>	<u>896,014</u>
Total expenses	<u>3,352,212</u>	<u>-</u>	<u>3,352,212</u>
Change in net assets	1,638,366	199,642	1,838,008
Net assets at beginning of year	<u>6,638,325</u>	<u>14,108,837</u>	<u>20,747,162</u>
Net assets at end of year	<u>\$ 8,276,691</u>	<u>14,308,479</u>	<u>22,585,170</u>

See the accompanying notes to the financial statements.

The Women's Foundation of Colorado, Inc.
Statement of Functional Expenses
Year Ended March 31, 2019
(With Summarized Information for 2018)

	Research, Education and Advocacy	General & Administrative	Development & Fundraising	Total 2019	Total 2018
Grant appropriations	\$ 1,109,261	–	–	1,109,261	1,259,424
Salaries	569,271	357,346	164,891	1,091,508	1,122,898
Benefits	91,375	55,166	24,606	171,147	151,246
Payroll taxes	43,940	21,806	12,403	78,149	84,946
Professional services	82,968	40,009	7,119	130,096	255,425
Information technology	39,588	14,031	7,404	61,023	66,673
Occupancy	26,282	15,738	7,320	49,340	49,003
Events	31,932	7,192	2,116	41,240	38,498
Office expenses	17,232	3,514	4,175	24,921	22,417
Travel	17,725	3,365	2,156	23,246	26,670
Bank fees	–	22,567	–	22,567	19,902
Printing	15,108	1,122	4,416	20,646	47,832
Insurance	7,009	4,320	2,008	13,337	12,848
Dues and subscriptions	9,318	2,244	1,383	12,945	13,779
Advertising	9,959	151	2,223	12,333	8,058
Professional development	6,061	5,524	723	12,308	10,451
Bad debt	–	–	59,240	59,240	74,192
Donated goods and services	62,099	–	14,499	76,598	81,566
Depreciation	5,775	3,560	1,655	10,990	6,384
	<u>\$ 2,144,903</u>	<u>557,655</u>	<u>318,337</u>	<u>3,020,895</u>	<u>3,352,212</u>

See the accompanying notes to the financial statements.

The Women's Foundation of Colorado, Inc.

Statements of Cash Flows

Years Ended March 31, 2019 and 2018

	2019	2018
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 884,805	1,838,008
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,990	6,384
Amortization of discount on contributions receivable	21	(525)
Amortization of discount on long-term payables	1,351	(5,065)
Provision for uncollectible contributions receivable	59,240	74,192
Realized and unrealized (gain) loss on investments	17,839	(1,526,493)
Decrease in operating assets:		
Contributions receivable	31,353	163,331
Prepaid expenses and other assets	27,599	86,774
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(9,016)	93,942
Accrued payroll costs	(4,106)	38,473
Grants payable	86,233	16,000
Deferred revenue	(178,500)	77,588
Net cash provided by operating activities	927,809	862,609
Cash flows from investing activities		
Purchases of investments, net of proceeds from sales	(1,035,414)	(817,865)
Purchases of furniture and equipment	(238)	(35,102)
Net cash used in investing activities	(1,035,652)	(852,967)
Net increase (decrease) in cash and cash equivalents	(107,843)	9,642
Cash and cash equivalents at beginning of period	153,912	144,270
Cash and cash equivalents at end of period	\$ 46,069	153,912

See the accompanying notes to the financial statements.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements

March 31, 2019 and 2018

(1) Summary of Significant Accounting Policies

(a) Organization

The Women's Foundation of Colorado, Inc. (the "Foundation") is a Colorado non-profit corporation founded in 1986. The vision of the Foundation is a future where Colorado women and girls of every background and identity prosper. The Foundation's mission is catalyzing community to advance and accelerate economic opportunities for Colorado women and their families.

In 2016 and 2017 we developed and began to implement a 5-year strategic plan whose primary goal is to focus, align, and integrate our work on livable wages to create more impact. We intend to achieve this goal through:

- Research
- Policy advocacy
- Strategic grantmaking, and
- Convening and learning

The Foundation is supported primarily through contributions from individuals and corporations, grants and investment income.

(b) Basis of Accounting and Presentation

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.

The Foundation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Cash and Cash Equivalents

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

(d) 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 are monitored by the Board of Trustees. Though the market value of investments is subject to fluctuations on a year-to-year basis, the Board of Trustees 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.

(e) Contributions and Contributions Receivable

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions receivable are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Investments

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities.

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. 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 statement of activities.

(g) Fair Value Measurements

The Foundation uses a fair value hierarchy that prioritizes 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) Furniture and Equipment

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

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) 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 are not recognized in the financial statements because they do not meet the criteria for recognition.

Donated goods and services relate primarily to special events and totaled \$76,598 and \$81,567 for the years ended March 31, 2019 and 2018, respectively.

(j) Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. The Foundation incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Foundation also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fundraising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

(k) 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.

(l) 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 has not engaged in any activities that would result in unrelated business income.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Income Tax Status, Continued

The Foundation provides employees certain transportation fringe benefits that are taxable under the Tax Cuts and Jobs Act of 2017. Taxes related to these benefits were \$1,412 for 2019.

Management is required to evaluate tax positions taken and recognize a tax liability (or asset) if a position has been taken that more than likely would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken or expected to be taken by the Foundation that would require recognition of a liability (or asset) or disclosure in the financial statements and determined there are none. The Foundation is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress. Management believes that the Foundation is no longer subject to income tax examinations for years prior to 2015.

(m) 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 August 20, 2019 and this is the date through which subsequent events were evaluated.

(n) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. The reclassifications had no effect on net assets or the change in net assets.

(o) New Accounting Pronouncement

During 2019, the Foundation adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(2) Availability and Liquidity of Financial Assets

The following represents the Foundation's financial assets as of March 31, 2019, that are available for expenditure within one year:

Financial assets at year end:	
Cash and cash equivalents	\$ 46,069
Contributions receivable	434,859
Investments	<u>21,790,517</u>
	22,271,445
Amounts included above, subject to meeting donor restrictions or receiving board approval for expenditure:	
Net assets with donor restrictions	(13,822,023)
Board designated endowment funds	<u>(4,444,724)</u>
	(18,266,747)
Amounts expected to meet donor restrictions or receive board approval for expenditure with one year:	
Net assets with time or purpose restrictions expected to be met in one year	535,512
Endowment funds appropriated for expenditure within one year	<u>713,143</u>
	<u>1,248,655</u>
Financial assets available to meet general and specific expenditures within one year	\$ <u>5,253,353</u>

Less than 25% of the contributions the Foundation receives contain donor restrictions as to how the contribution is to be used; most of its support comes without donor restrictions. Such unrestricted support has over the last four years represented approximately 100% of annual operating expenses. The Foundation attempts to raise unrestricted contributions and grant funds each year which meet or exceed its annual operating budget. The operating budget is defined as personnel costs and other expenses not related to grantmaking. Grant expenses and some other program expenses are funded through donor contributions and grants which are restricted as to purpose and by investment income allocated to donor-advised and special interest funds and to the Foundation's endowment.

The Foundation manages its cash available to meet total expenditures in several significant ways:

- Preparing an annual operating budget that highlights the difference between unrestricted income and operating expenses and requires approval by the Board of Trustees to incur an operating deficit in any given year,
- Establishing an Investment Policy designed to balance risk and return to achieve the Foundation's short-term liquidity requirements and its long-term financial sustainability goals,
- Operating under a spending policy designed to ensure long-term sustainability of the Foundation's endowment,
- Maintaining adequate liquid assets to satisfy short-term operating cash needs and annual grantmaking requirements.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(2) Availability and Liquidity, Continued

The Foundation's Direct Service Grantmaking and Public Policy Committees meet annually to review and approve grant requests and periodically throughout the rest of the year to advise on research and grant evaluation and to determine the Foundation's public policy agenda. The Foundation's Investment Committee meets quarterly to review portfolio performance and make decisions regarding asset allocation in light of prevailing and forecast market conditions. The Foundation's Audit & Finance Committee meets five times a year to review the Foundation's annual budget and periodic financial results against the approved budget and to monitor the adequacy of the Foundation's operating and grantmaking reserves. The Board of Trustees meets five times a year and approves the annual budget and requests for amendments to the budget in addition to its other duties.

The Foundation believes that its financial policies create a sufficient control environment to ensure its financial sustainability and that its financial assets are adequate to provide for operating and grantmaking commitments in support of its mission.

The Foundation's financial policies require that it maintain an operating reserve equivalent to its next six months forecast operating cash flow requirements and a separate grantmaking reserve equivalent to its next six months forecast grantmaking requirements. To achieve these targets, the Foundation's Chief Financial Officer forecasts its future cash flows and presents a rolling 12-month cash forecast to the Audit & Finance Committee at each committee meeting. During the year ended March 31, 2019, the level of liquidity and reserves were managed within the policy requirements.

(3) Contributions Receivable

Contributions receivable are scheduled to be collected as follows:

Receivable in less than one year	\$ 279,452
Receivable in one to five years	<u>206,015</u>
Total contributions receivable	485,467
Less discount to net present value	(6,164)
Less allowance for uncollectible pledges	<u>(44,444)</u>
Contributions receivable, net	\$ <u>434,859</u>

Pledges due in more than one year are reflected at the present value of estimated future cash flows using discount rates ranging from 2.21% to 2.41%.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(4) Investments

Investments are comprised of the following at March 31:

	<u>2019</u>	<u>2018</u>
Publicly traded mutual funds invested in:		
Global bond funds	\$ 4,525,110	4,592,797
Equity funds	14,678,183	13,987,802
Real estate fund	972,376	1,464,943
Certificates of deposit (note 10)	1,011,351	–
Invested cash equivalents	<u>603,497</u>	<u>727,400</u>
	\$ <u>21,790,517</u>	<u>20,772,942</u>

Investment return is summarized as follows for years ended March 31:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 753,711	467,501
Net realized and unrealized (loss) gain	(17,839)	1,526,493
Investment fees	<u>(25,278)</u>	<u>(25,000)</u>
Investment return	\$ <u>710,594</u>	<u>1,968,994</u>

(5) Furniture and Equipment

Furniture and equipment consisted of the following at March 31:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 41,377	41,377
Software	<u>31,921</u>	<u>31,683</u>
	73,298	73,060
Less accumulated depreciation	<u>(29,485)</u>	<u>(18,495)</u>
	\$ <u>43,813</u>	<u>54,565</u>

(6) Grants

The Foundation awards grants to other not-for-profit organizations that support women and girls' programs. For the years ended March 31, 2019 and 2018, the Foundation awarded grants totaling \$1,109,261 and \$1,259,424, respectively. Grant expense is recorded at the time the grants are approved by the Board of Trustees. Grants approved but not paid at March 31, 2019 totaled \$112,233 and are reported as grants payable in the accompanying Statement of Financial Position.

(7) Net Assets

Net Assets Without Donor Restrictions

The Foundation's net assets without donor restrictions is comprised of undesignated and Board designated amounts as follows at March 31:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 5,203,228	4,379,660
Board designated for endowment	<u>4,444,724</u>	<u>3,897,031</u>
Total net assets without donor restrictions	\$ <u>9,647,952</u>	<u>8,276,691</u>

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(7) Net Assets, Continued

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of March 31:

	<u>2019</u>	<u>2018</u>
Specific purpose:		
Faith, Feminism, and Philanthropy	\$ 350,000	316,295
Scholarships	60,000	60,000
Beyond Our Borders	67,252	64,883
Other programs	8,664	50,780
Passage of time:		
Contributions receivable	<u>434,859</u>	<u>346,973</u>
Total subject to purpose and time restrictions	920,775	838,931
Endowments:		
General program endowment fund	4,110,858	4,110,858
Operating endowment fund	855,912	855,912
Beyond Our Borders fund	282,554	278,757
Advised funds	5,159,808	5,159,808
Unexpended earnings on endowment funds	<u>2,492,116</u>	<u>3,064,213</u>
Total endowments	<u>12,901,248</u>	<u>13,469,548</u>
Total net assets with donor restrictions	\$ <u>13,822,023</u>	<u>14,308,479</u>

Net assets were released from restriction for the following purposes for the years ended March 31:

	<u>2019</u>	<u>2018</u>
Purpose and time restrictions accomplished	\$ 536,613	792,389
Endowment funds appropriated for expenditure	<u>1,064,708</u>	<u>977,084</u>
Total net assets released from restriction	\$ <u>1,601,321</u>	<u>1,769,473</u>

(8) Endowment Funds

The Foundation's endowments consist of both donor-restricted and board designated endowment funds as follows at March 31:

	<u>2019</u>	<u>2018</u>
Board designated	\$ 4,444,724	3,897,031
Donor restricted:		
Perpetual endowments	10,409,132	10,405,335
Unexpended earnings on endowments	<u>2,492,116</u>	<u>3,064,213</u>
Total endowment funds	<u>\$ 17,345,972</u>	<u>17,366,579</u>

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 Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(8) Endowment Funds, Continued

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 net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

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.

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 March 31st of the following year at 0%, 25%, 50%, 75%, or 100% of the gift, while the remaining percentage of funds will be either available for Beyond Our Borders program expenditures or restricted for endowment, as determined by the donor. Excluded in the endowment fund are contributions restricted by donors in perpetuity, and the earnings on those funds. Contributions received for granting and general program expenditures are included in net assets restricted by donors for a specific purpose. Any funds not granted will be transferred to the endowment 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

(8) Endowment Funds, Continued

Advised Funds

Currently the Foundation has three advised funds with donor restrictions. 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.

Following are the changes in the endowment net assets:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, March 31, 2017	\$ 2,357,392	12,983,210	15,340,602
Net investment return	312,961	1,407,896	1,720,857
Contributions	1,226,678	55,526	1,282,204
Appropriated for expenditure	<u>—</u>	<u>(977,084)</u>	<u>(977,084)</u>
Endowment net assets, March 31, 2018	3,897,031	13,469,548	17,366,579
Net investment return	157,608	427,354	584,962
Contributions	390,085	69,054	459,139
Appropriated for expenditure	<u>—</u>	<u>(1,064,708)</u>	<u>(1,064,708)</u>
Endowment net assets, March 31, 2019	\$ <u>4,444,724</u>	<u>12,901,248</u>	<u>17,345,972</u>

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.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(8) Endowment Funds, Continued

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 12-quarter trailing average of the fair market value of endowment investments. 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.

(9) Investment in Chambers Center

The Foundation entered into an agreement in 2000 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 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 March 31, 2019.

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.

The Women's Foundation of Colorado, Inc.

Notes to Financial Statements, Continued

(10) Grant Income

In September 2018, the Foundation was awarded a \$1,000,000 general operating grant from The Colorado Health Foundation to support the implementation of the Foundation's 2017-2021 strategic plan. The entire proceeds of the grant were received at that time and subsequently invested in highly liquid, low risk investments that are drawn upon as specific expenditures are identified in the strategic plan.

The following table represents the impact on the Foundation's operating results for the year ending March 31, 2019 and expected activity in subsequent years.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
Grant income	\$ 1,000,000	–	–	–	1,000,000
Investment income	11,915	24,775	13,188	3,312	53,190
Appropriated for expenditure	<u>(10,000)</u>	<u>(358,003)</u>	<u>(464,033)</u>	<u>(221,154)</u>	<u>(1,053,190)</u>
	\$ <u>1,001,915</u>	<u>(333,228)</u>	<u>(450,845)</u>	<u>(217,842)</u>	<u>–</u>

(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 full-time, permanent Foundation employees are eligible for participation in this plan, which includes a matching contribution of 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 \$3,112 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 \$311 per month. Operating costs billed by the University totaled \$57,260 and \$47,643 for 2019 and 2018, respectively.