

# **The Longmont Community Foundation**

(a nonprofit Colorado corporation)

## **Financial Statements**

December 31, 2022 and 2021

# The Longmont Community Foundation

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## **Independent Auditor's Report**

To the Board of Trustees  
The Longmont Community Foundation  
Longmont, Colorado

### **Opinion**

We have audited the financial statements of The Longmont Community Foundation (a nonprofit Colorado corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Longmont Community Foundation as of December 31, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Longmont Community Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Longmont Community Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

## Independent Auditor's Report (continued)

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Longmont Community Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Longmont Community Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Brock and Company, CPAs, P.C.*

Certified Public Accountants

Boulder, Colorado  
October 24, 2023

# The Longmont Community Foundation

## Statements of Financial Position

December 31	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,023,903	\$ 1,455,171
Investments	21,236,210	24,075,464
Prepaid expenses and other assets	<u>2,122</u>	<u>2,516</u>
Total assets	<u><u>\$ 22,262,235</u></u>	<u><u>\$ 25,533,151</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Grants and scholarships payable	\$ 134,725	\$ 67,500
Accrued compensation and benefits	15,625	17,083
Assets held for agency funds	<u>7,656,435</u>	<u>10,334,068</u>
Total liabilities	<u><u>7,806,785</u></u>	<u><u>10,418,651</u></u>
<b>Net Assets</b>		
Without donor restrictions	7,936,612	8,558,230
With donor restrictions	<u>6,518,838</u>	<u>6,556,270</u>
Total net assets	<u><u>14,455,450</u></u>	<u><u>15,114,500</u></u>
Total liabilities and net assets	<u><u>\$ 22,262,235</u></u>	<u><u>\$ 25,533,151</u></u>

The accompanying Notes are an integral  
part of these financial statements

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# The Longmont Community Foundation

## Statements of Activities and Changes in Net Assets

Years ended December 31	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>						
Contributions	\$ 1,984,836	\$ 1,028,550	\$ 3,013,386	\$ 3,891,324	\$ 188,038	\$ 4,079,362
Less: agency funds contributed	139,076	-	139,076	1,394,271	-	1,394,271
Net contributions	1,845,760	1,028,550	2,874,310	2,497,053	188,038	2,685,091
Interest and dividends	386,141	169,867	556,008	223,161	223,021	446,182
Management fees	88,438	-	88,438	88,035	-	88,035
Other revenue	1,114	-	1,114	2,488	-	2,488
Net realized and unrealized investment gain	-	-	-	657,853	588,449	1,246,302
Net assets released from restrictions	369,794	(369,794)	-	337,859	(337,859)	-
Total revenues, gains and other support	2,691,247	828,623	3,519,870	3,806,449	661,649	4,468,098
<b>Functional Expenses and Losses</b>						
Program services						
Grantmaking and program expenses	3,179,650	-	3,179,650	2,319,786	-	2,319,786
Less: agency funds grants	1,407,490	-	1,407,490	598,893	-	598,893
Net grantmaking and program expenses	1,772,160	-	1,772,160	1,720,893	-	1,720,893
Supporting services						
General and administrative	150,593	-	150,593	116,048	-	116,048
Fundraising expenses	38,146	-	38,146	38,339	-	38,339
Total functional expenses	1,960,899	-	1,960,899	1,875,280	-	1,875,280
Net realized and unrealized investment loss	1,351,966	866,055	2,218,021	-	-	-
Total functional expenses and losses	3,312,865	866,055	4,178,920	1,875,280	-	1,875,280
<b>Change in Net Assets</b>	<b>\$ (621,618)</b>	<b>\$ (37,432)</b>	<b>\$ (659,050)</b>	<b>\$ 1,931,169</b>	<b>\$ 661,649</b>	<b>\$ 2,592,818</b>
<b>Net Assets, Beginning of Year</b>	<b>\$ 8,558,230</b>	<b>\$ 6,556,270</b>	<b>\$ 15,114,500</b>	<b>\$ 6,627,061</b>	<b>\$ 5,894,621</b>	<b>\$ 12,521,682</b>
Change in net assets	(621,618)	(37,432)	(659,050)	1,931,169	661,649	2,592,818
<b>Net Assets, End of Year</b>	<b>\$ 7,936,612</b>	<b>\$ 6,518,838</b>	<b>\$ 14,455,450</b>	<b>\$ 8,558,230</b>	<b>\$ 6,556,270</b>	<b>\$ 15,114,500</b>

The accompanying Notes are an integral  
part of these financial statements

# The Longmont Community Foundation

## Statements of Functional Expenses

	2022				2021			
	Program Services	Supporting Services General and Administrative      Fundraising		Total Expenses	Program Services	Supporting Services General and Administrative      Fundraising		Total Expenses
Grants	\$ 1,334,195	\$ -	\$ -	\$ 1,334,195	\$ 1,407,970	\$ -	\$ -	\$ 1,407,970
Scholarships	187,904	-	-	187,904	77,000	-	-	77,000
Salaries and wages	122,990	16,399	24,598	163,987	113,626	15,150	22,725	151,501
Legal and professional	-	64,059	-	64,059	-	25,612	-	25,612
Miscellaneous expenses	30,941	18,048	2,578	51,567	27,486	16,034	2,290	45,810
Investment fees	35,782	-	-	35,782	27,044	-	-	27,044
Rent	21,848	2,913	4,370	29,131	33,086	4,412	6,617	44,115
Information technology	-	24,951	-	24,951	-	27,700	-	27,700
Employee benefits	12,518	1,669	2,504	16,691	13,618	1,816	2,724	18,158
Advertising	9,055	6,036	-	15,091	5,552	3,702	-	9,254
Payroll taxes	9,761	1,301	1,952	13,014	9,056	1,208	1,811	12,075
Dues and subscriptions	-	9,056	-	9,056	-	8,294	-	8,294
Professional development	-	4,264	-	4,264	-	10,339	-	10,339
Office supplies	2,594	741	371	3,706	230	66	33	329
Travel	2,312	661	330	3,303	2,104	601	301	3,006
Insurance	1,440	192	288	1,920	1,496	199	299	1,994
Telephone and internet	444	178	1,155	1,777	592	237	1,539	2,368
Printing and postage	376	125	-	501	2,033	678	-	2,711
<b>Total expenses</b>	<b>\$ 1,772,160</b>	<b>\$ 150,593</b>	<b>\$ 38,146</b>	<b>\$ 1,960,899</b>	<b>\$ 1,720,893</b>	<b>\$ 116,048</b>	<b>\$ 38,339</b>	<b>\$ 1,875,280</b>

The accompanying Notes are an integral part of these financial statements

# The Longmont Community Foundation

## Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2022	2021
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (659,050)	\$ 2,592,818
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Net realized and unrealized loss (gain) on investments	2,218,021	(1,246,302)
Increase (decrease) from changes in assets and liabilities		
Prepaid expenses and other assets	394	-
Grants and scholarships payable	67,225	(6,500)
Accrued compensation and benefits	(1,458)	7,940
Assets held for agency funds	(2,677,633)	1,934,719
Net cash (used) provided by operating activities	<u>(1,052,501)</u>	<u>3,282,675</u>
<b>Cash Flows From Investing Activities</b>		
Net proceeds (purchases) of investments	<u>621,233</u>	<u>(2,506,863)</u>
Net cash provided (used) by investing activities	<u>621,233</u>	<u>(2,506,863)</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(431,268)</b>	<b>775,812</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,455,171</u>	<u>679,359</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,023,903</u>	<u>\$ 1,455,171</u>

The accompanying Notes are an integral  
part of these financial statements

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# The Longmont Community Foundation

## Notes to Financial Statements

December 31, 2022 and 2021

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### Note 1 – Summary of Significant Accounting Policies

*Nature of Organization.* The Longmont Community Foundation (the "Foundation") was established in 1988 to improve life in the St. Vrain Valley through philanthropy and charitable leadership. The Foundation receives gifts from individuals, foundations, and organizations and places them into individual funds that match the giving priorities of the donors.

The Foundation operated as an unincorporated affiliate of the Community Foundation of Northern Colorado until 2002, and thereafter, as an unincorporated affiliate of The Denver Foundation. In October 2013, the Foundation became a nonprofit corporation, and on August 31, 2014 separated from The Denver Foundation and commenced independent operations.

*Basis of Accounting.* The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when grants are approved and materials or services are received.

*Basis of Presentation.* The Foundation distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. The Foundation complies with established standards for external reporting by not-for-profit organizations, which requires that resources be classified for reporting purposes into two net asset categories according to externally (donor) imposed restrictions. The two net asset categories are as follows:

*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 organization. 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.

*Use of Estimates.* 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents.* For purpose of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

*Investments.* The Foundation's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Investment Committee determines the Foundation's valuation policies utilizing information provided by the investment advisors and custodians.

# The Longmont Community Foundation

## Notes to Financial Statements

December 31, 2022 and 2021

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### Note 1 – Summary of Significant Accounting Policies (continued)

*Investments (continued).* The Foundation maintains investment pool accounts for its funds. Realized and unrealized gains and losses from securities in the investment pool account are allocated monthly to the individual funds based on the relationship of the market value of each fund to the total market value of the investment pool account, as adjusted for additions to or deductions from the account.

*Fair Value Measurements.* The Foundation reports using fair value measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1     Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
  
- Level 2     Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3     Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

*Debt and Equity Securities.* The Foundation values securities with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

*Money Market Funds.* Valued at the quoted prices in active markets for identical assets held by the Foundation at year end.

# The Longmont Community Foundation

## Notes to Financial Statements

December 31, 2022 and 2021

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### Note 1 – Summary of Significant Accounting Policies (continued)

*Investments (continued).*

*Certificates of Deposits.* Valued at face value, which approximates the fair value.

*Hedge Funds.* Valued at NAV, without adjustment, of the units held by the Foundation at year-end. equal to the sum of the Fund's proportionate interests in the investment funds, as determined from financial information provided by the respective administrators or investment managers of the investment funds. These fair values represent the amounts the Fund would receive if it were able to liquidate its investments in the investment funds as of the measurement date, prior to any early withdrawal charges, if applicable. Some values received are estimates, subject to subsequent revision by the respective administrators or investment managers. Values received are generally net of management fees and incentive fees or allocations payable to the investment funds' investment managers pursuant to the investment funds' operating agreements. The investment funds value their underlying investments in accordance with policies established by each investment fund, as described in each of their financial statements or offering memoranda. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

*Private Portfolio.* Valued at NAV, without adjustment, based on calculate the net asset value of each class of units as of the close of business on the last business day of each calendar month, each date that a unit is offered or repurchased, as of the date of any distribution and at such other times as the Board shall determine (each, a "Determination Date"). In determining its net asset value, the Fund values its investments as of the relevant Determination Date. The net asset value of the Fund will equal, unless otherwise noted, the value of the total assets of the Fund (including the net asset value of each class of Units), less all of its liabilities, including accrued fees and expenses, each determined as of the relevant Determination Date.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

*Assets Held for Agency Funds.* A fund established with a contribution from an organization for the benefit of the contributing organization is classified as an agency fund. The activity in agency funds is reported as a change in the liability "Assets Held for Agency Funds".

# The Longmont Community Foundation

## Notes to Financial Statements

December 31, 2022 and 2021

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### Note 1 – Summary of Significant Accounting Policies (continued)

*Endowment Funds.* The Board of Trustees has determined that a portion of the Foundation's net assets meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), adopted by the State of Colorado in 2008. The Foundation is governed subject to the Articles of Incorporation and Bylaws for the Foundation and most contributions are received subject to the terms of the governing documents.

Under the terms of the Articles of Incorporation and Bylaws the Board of Trustees have a variance power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment, of the Board such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served. In addition, pursuant to the terms of endowment fund agreements, the Foundation retains ultimate authority and control over the investment, expenditure, distribution and grants of principal and income from endowment funds. It is the expressed intention of the Foundation to honor the designations of donors; however, the Foundation reserves the right to exercise final control over such funds.

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 endowment fund, (2) the purposes of the institution and the endowment funds, (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 resources of the Foundation, and (7) the Foundation's investment policies.

As a result of the ability to distribute principal, the Board of Trustees has determined that all contributions received subject to the Articles of Incorporation, Bylaws, terms of endowment fund agreements, and subject to UPMIFA, are classified as net assets with donor restrictions until appropriated, at which time the appropriation is reclassified to net assets without donor restrictions. Contributions that are subject to other gift instruments may be recorded as net assets with or without donor restrictions, depending on the specific terms of the agreement. In addition, contributions that are promised to be given in a future period are presented as net assets with donor restrictions until the payments are due.

*Endowment Investment and Spending Policies.* The Foundation has adopted investment and spending policies to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy attempts to establish an achievable return objective through diversification of asset classes.

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 parameters.

# The Longmont Community Foundation

## Notes to Financial Statements

December 31, 2022 and 2021

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### Note 1 – Summary of Significant Accounting Policies (continued)

*Endowment Investment and Spending Policies (continued).* The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grantmaking and administration. The current spending policy is to distribute an amount equal to 5% of the fund's total market value based on a three year rolling average. Accordingly, over the long term, the Foundation expects current spending policy to allow its endowment assets to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

*Contributions.* Contributions, including unconditional promises to give (pledges), are recognized when the donation is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

*Contributed Services and Materials.* Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed materials are reported at fair market value on the date of gift. No contributed services or materials were recorded during the years ended December 31, 2022 and 2021.

*Functional Allocation of Expenses.* Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

*Advertising.* The Foundation expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2022 and 2021 were \$15,091 and \$9,254, respectively.

*Income Taxes.* The Foundation is a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been found not to be a private foundation under Internal Revenue Code. Accordingly, no provision for income taxes has been made.

*Subsequent Events.* Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 24, 2023, which is the date the financial statements were available to be issued.

# The Longmont Community Foundation

## Notes to Financial Statements

December 31, 2022 and 2021

### Note 2 - Availability and Liquidity

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Foundation has the following financial assets, primarily consisting of cash and cash equivalents and accounts receivables, available to meet the cash requirements for general expenditures within one year of the statement of financial position dates as of December 31:

	<u>2022</u>	<u>2021</u>
Financial assets, end of year		
Cash and cash equivalents	\$ 1,023,903	\$ 1,455,171
Investments	21,236,210	24,075,464
Total financial assets	<u>22,260,113</u>	<u>25,530,635</u>
Less donor restricted endowment funds not available to be used within one year	(6,518,838)	(6,556,270)
Less assets held for agency funds	<u>(7,656,435)</u>	<u>(10,334,068)</u>
	<u>(14,175,273)</u>	<u>(16,890,338)</u>
Financial assets available to meet cash requirements for general expenditures within one year	<u>\$ 8,084,840</u>	<u>\$ 8,640,297</u>

### Note 3 - Investments and Fair Value Measurements

The Organization's fair value hierarchy for those investment assets measured at fair value on a recurring basis is as follows at December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Debt and equity securities			
US large blend	\$ 5,845,685	\$ -	\$ 5,845,685
Foreign large value	1,621,471	-	1,621,471
Foreign large growth	1,375,454	-	1,375,454
Diversified emerging markets	1,248,635	-	1,248,635
Intermediate core-plus bonds	1,233,577	-	1,233,577
High yield bonds	987,602	-	987,602
Global real estate	887,575	-	887,575
Multi-strategy funds	805,233	-	805,233
Global allocation	765,899	-	765,899
Exchange traded funds	655,049	-	655,049
Foreign large blend	628,783	-	628,783
Nontraditional bonds	599,448	-	599,448
Energy limited partnership	577,592	-	577,592
Bank loan	453,917	-	453,917
Short term bonds	259,027	-	259,027
Total debt and equity securities	<u>17,944,947</u>	-	<u>17,944,947</u>
Money market funds	600,303	-	600,303
Certificates of deposit	-	10,643	10,643
	<u>\$ 18,545,250</u>	<u>\$ 10,643</u>	<u>\$ 18,555,893</u>

# The Longmont Community Foundation

## Notes to Financial Statements

December 31, 2022 and 2021

### Note 3 - Investments and Fair Value Measurements (continued)

Total from previous page	\$ 18,555,893
Investments measured at net asset value	<u>2,680,317</u>
Total investments	<u><u>\$ 21,236,210</u></u>

The Organization's fair value hierarchy for those investment assets measured at fair value on a recurring basis is as follows at December 31, 2021:

	Level 1	Level 2	Total
Debt and equity securities			
US large blend equities	\$ 8,475,887	\$ -	\$ 8,475,887
US large value	1,242,378	-	1,242,378
US mid value	657,987	-	657,987
International equities	4,602,077	-	4,602,077
Real estate income fund	1,075,606	-	1,075,606
Nontraditional bonds	399,791	-	399,791
Intermediate term bonds	1,772,726	-	1,772,726
Floating rate funds	1,013,857	-	1,013,857
Multi-strategy funds	1,412,504	-	1,412,504
Total debt and equity securities	20,652,813	-	20,652,813
Money market funds	248,901	-	248,901
Certificates of deposit	-	10,482	10,482
	<u>\$ 20,901,714</u>	<u>\$ 10,482</u>	20,912,196

Investments measured at net asset value	<u>3,163,268</u>
Total investments	<u><u>\$ 24,075,464</u></u>

*Changes in Fair Value Levels.* The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2022 and 2021, there were no significant transfers in or out of hierarchy levels.

The following table summarizes investments measured at fair value based on NAV per unit/share as of December 31:

Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	<u>2022</u>	None	Semi-annually	95 days
	\$ 1,736,679			
	<u>2021</u>			
	\$ 2,028,046			



# The Longmont Community Foundation

## Notes to Financial Statements

December 31, 2022 and 2021

### Note 3 - Investments and Fair Value Measurements (continued)

<u>Investment</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private Portfolio	<b><u>2022</u></b>	None	Quarterly via tender offer, subject to Board approval	None, 30 days preferred
	\$ 943,638			
	<b><u>2021</u></b>			
	\$ 1,135,222			

Investment income (loss) consisted of the following for the years ended December 31:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Interest and dividends	\$ 556,008	\$ 446,182
Net realized investment (loss) gain	(381,284)	227,561
Net unrealized investment (loss) gain	(1,836,737)	1,018,741
	<b><u>(1,662,013)</u></b>	<b><u>1,692,484</u></b>
Investment fees	(35,782)	(27,044)
Net investment (loss) income	<b><u>\$ (1,697,795)</u></b>	<b><u>\$ 1,665,440</u></b>

### Note 4 – Endowment Funds, Net Assets and Reclassifications

Endowment net assets consisted of the following fund types at December 31, 2022:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Donor Restricted			
Donor advised	\$ -	\$ 2,788,910	\$ 2,788,910
Scholarship	-	636,819	636,819
Field of interest	-	1,630	1,630
Donor designated	-	1,197,173	1,197,173
Discretionary	-	1,894,306	1,894,306
	-	<b><u>6,518,838</u></b>	<b><u>6,518,838</u></b>
Board Designated	<b><u>138,297</u></b>	-	<b><u>138,297</u></b>
	<b><u>\$ 138,297</u></b>	<b><u>\$ 6,518,838</u></b>	<b><u>\$ 6,657,135</u></b>

In addition to endowment net assets, the Foundation also manages other non-endowed funds. The following summarizes all Foundation net assets as of December 31, 2022:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Endowment funds	\$ 138,297	\$ 6,518,838	\$ 6,657,135
Non-endowment funds	7,798,315	-	7,798,315
Total net assets	<b><u>\$ 7,936,612</u></b>	<b><u>\$ 6,518,838</u></b>	<b><u>\$ 14,455,450</u></b>



# The Longmont Community Foundation

## Notes to Financial Statements

December 31, 2022 and 2021

### Note 4 – Endowment Funds, Net Assets and Reclassifications (continued)

The following summarizes the changes in endowment net assets for the year ended December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2022	\$ 155,469	\$ 6,556,270	\$ 6,711,739
Interest and dividends	3,756	169,867	173,623
Net realized and unrealized loss	(20,604)	(866,055)	(886,659)
Contributions	-	1,028,550	1,028,550
Appropriated for expenditure	(324)	(369,794)	(370,118)
Change in endowment net assets	<u>(17,172)</u>	<u>(37,432)</u>	<u>(54,604)</u>
Endowment net assets, December 31, 2022	<u>\$ 138,297</u>	<u>\$ 6,518,838</u>	<u>\$ 6,657,135</u>

Endowment net assets consisted of the following fund types at December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted			
Donor advised	\$ -	\$ 3,107,045	\$ 3,107,045
Scholarship	-	476,045	476,045
Field of interest	-	13,806	13,806
Donor designated	-	1,393,977	1,393,977
Discretionary	-	1,565,397	1,565,397
	-	6,556,270	6,556,270
Board Designated	155,469	-	155,469
	<u>\$ 155,469</u>	<u>\$ 6,556,270</u>	<u>\$ 6,711,739</u>

In addition to endowment net assets, the Foundation also manages other non-endowed funds. The following summarizes all Foundation net assets as of December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	\$ 155,469	\$ 6,556,270	\$ 6,711,739
Non-endowment funds	8,402,761	-	8,402,761
Total net assets	<u>\$ 8,558,230</u>	<u>\$ 6,556,270</u>	<u>\$ 15,114,500</u>

# The Longmont Community Foundation

## Notes to Financial Statements

December 31, 2022 and 2021

### Note 4 – Endowment Funds, Net Assets and Reclassifications (continued)

The following summarizes the changes in endowment net assets for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2021	\$ 127,239	\$ 5,894,621	\$ 6,021,860
Interest and dividends	5,283	223,021	228,304
Net realized and unrealized gain	6,659	588,449	595,108
Contributions	7,954	188,038	195,992
Funds designated by Board	8,641	103,156	111,797
Appropriated for expenditure	(307)	(441,015)	(441,322)
Change in endowment net assets	28,230	661,649	689,879
Endowment net assets, December 31, 2021	<u>\$ 155,469</u>	<u>\$ 6,556,270</u>	<u>\$ 6,711,739</u>

### Note 5 – Operating Lease

The Foundation leased office space in Longmont, Colorado under a noncancelable operating lease. The lease expired in August 2022. Rent expense, including utilities, taxes, and parking, under the lease totaled \$29,130 and \$44,115 for the years ended December 31, 2022 and 2021, respectively.

### Note 6 – Retirement Plan

The Foundation has established a retirement plan under Section 401(k) of the Internal Revenue Code. Employees are eligible to participate at 18-years of age. The plan requires matching contributions equal to 100% of employee salary deferrals up to 4% of employee compensation. The Foundation contributed \$6,526 and \$5,580 during the years ended December 31, 2022 and 2021, respectively.

### Note 7 – Concentrations

*Support.* The Foundation receives predominantly all of its support and revenue from Longmont, Colorado and surrounding communities. In any year, it may receive large gifts from a limited number of donors who may vary from year to year.

*Cash.* The Foundation routinely maintains cash balances in excess of federally insured limits.

*Investments.* The Organization's investments subject to credit risk consist primarily of mutual funds. The credit risk is reduced by maintaining the investments in a variety of funds. The investment funds are held and managed by a single financial institution trustee.