The Longmont Community Foundation

(a nonprofit Colorado corporation)

Longmont, Colorado

Financial Statements

December 31, 2018 and 2017

The Longmont Community Foundation

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BROCK AND COMPANY
Certified Public Accountants
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A PROFESSIONAL CORPORATION

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Independent Auditor's Report

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

We have audited the accompanying financial statements of The Longmont Community Foundation (a nonprofit Colorado corporation), which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

Management's Responsibility for the Financial Statements

The Organization's 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 audits 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.

BOULDER FORT COLLINS LITTLETON LONGMONT NORTHGLENN

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Longmont Community Foundation as of December 31, 2018 and 2017, 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.

Brock and Company, CPAs, P.C.

Certified Public Accountants

Longmont, Colorado
August 20, 2019

The Longmont Community Foundation

Statements of Financial Position

December 31	2018	2017
ASSETS		
Cash and cash equivalents	**$ 810,315**	$ 368,305
Investments	**12,298,341**	12,737,855
Prepaid expenses and other assets	**2,516**	22,874
Software, net	**-**	1,590
Total assets	**$ 13,111,172**	$ 13,130,624
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	**$ 2,402**	$ 6,486
Accrued compensation and benefits	**7,272**	8,085
Assets held for agency funds	**924,128**	1,047,491
Total liabilities	**933,802**	1,062,062
Net Assets		
Without donor restrictions	**10,213,884**	9,752,803
With donor restrictions	**1,963,486**	2,315,759
Total net assets	**12,177,370**	12,068,562
Total liabilities and net assets	**$ 13,111,172**	$ 13,130,624

The accompanying Notes are an integral part of these financial statements

The Longmont Community Foundation

Statements of Activities and Changes in Net Assets

Years ended December 31	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	$ 1,962,178	$ 8,068	$ 1,970,246
Less: agency funds contributed	12,715	-	12,715
Net contributions	1,949,463	8,068	1,957,531
Interest and dividends	211,563	37,028	248,591
Management fees	15,669	-	15,669
Other revenue	1,901	-	1,901
Net unrealized investment gains	-	-	-
Net realized investment gains	321,730	81,377	403,107
Net assets released from restrictions	220,331	(220,331)	-
Total revenues, gains and other support	2,720,657	(93,858)	2,626,799
Expenses and Losses			
Program services			
Grantmaking and program expenses	1,271,434	-	1,271,434
Less: agency funds grants	52,942	-	52,942
Net grantmaking and program expenses	1,218,492	-	1,218,492
Supporting services			
General and administrative	100,197	-	100,197
Fundraising expenses	29,759	-	29,759
Net unrealized investment losses	910,137	258,415	1,168,552
Loss on disposal of software	990	-	990
Total expenses and losses	2,259,576	258,415	2,517,991
Change in Net Assets	$ 461,081	$ (352,273)	$ 108,808
Net Assets, Beginning of Year As Previously Stated	$ 9,752,803	$ 2,315,759	$ 12,068,562
Prior period reclassification	-	-	-
Net Assets, Beginning of Year As Restated	9,752,803	2,315,759	12,068,562
Change in net assets	461,081	(352,273)	108,808
Net Assets, End of Year	$ 10,213,884	$ 1,963,486	$ 12,177,370

2017		
Without Donor Restrictions	With Donor Restrictions	Total
$ 1,523,808	$ 16,643	$ 1,540,451
172,206	-	172,206
1,351,602	16,643	1,368,245
168,509	29,276	197,785
13,575	-	13,575
2,621	-	2,621
799,576	206,134	1,005,710
232,540	70,306	302,846
150,173	(150,173)	-
2,718,596	172,186	2,890,782
1,337,047	-	1,337,047
16,515	-	16,515
1,320,532	-	1,320,532
86,355	-	86,355
29,125	-	29,125
-	-	-
-	-	-
1,436,012	-	1,436,012
$ 1,282,584	$ 172,186	$ 1,454,770
$ 6,553,483	$ 4,060,309	$ 10,613,792
1,916,736	(1,916,736)	-
8,470,219	2,143,573	10,613,792
1,282,584	172,186	1,454,770
$ 9,752,803	$ 2,315,759	$ 12,068,562

The accompanying Notes are an integral part of these financial statements

The Longmont Community Foundation

Statements of Functional Expenses

Years ended December 31	2018			
		Supporting Services		
	Program Services	General and Administrative	Fundraising	Total Expenses
Grants	$ 1,005,581	$ -	$ -	$ 1,005,581
Salaries and wages	77,379	10,317	15,476	103,172
Investment fees	53,761	-	-	53,761
Rent	29,246	3,900	5,849	38,995
Information technology	-	35,048	-	35,048
Miscellaneous expenses	20,371	11,883	1,698	33,951
Employee benefits	13,997	1,866	2,799	18,662
Legal and professional	-	22,437	-	22,437
Payroll taxes	6,614	882	1,323	8,818
Advertising	4,356	2,904	-	7,260
Dues and subscriptions	-	4,817	-	4,817
Travel	2,862	818	409	4,089
Professional development	-	3,468	-	3,468
Telephone and internet	712	285	1,852	2,849
Printing and postage	1,473	491	-	1,964
Office supplies	1,297	371	185	1,853
Insurance	843	112	169	1,124
Amortization	-	600	-	600
Total expenses	$ 1,218,492	$ 100,197	$ 29,759	$ 1,348,449

	2017		
	Supporting Services		
Program Services	General and Administrative	Fundraising	Total Expenses
$ 1,118,809	$ -	$ -	$ 1,118,809
74,400	9,920	14,880	99,200
48,425	-	-	48,425
24,671	3,290	4,934	32,895
-	27,258	-	27,258
15,003	8,752	1,250	25,005
18,059	2,408	3,612	24,079
-	23,597	-	23,597
6,645	886	1,329	8,860
4,683	3,122	-	7,805
-	1,353	-	1,353
3,732	1,066	533	5,331
-	1,220	-	1,220
795	318	2,067	3,180
2,157	719	-	2,876
1,950	557	279	2,785
1,204	161	241	1,605
-	1,730	-	1,730
$ 1,320,532	$ 86,355	$ 29,125	$ 1,436,013

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	2018	2017
Cash Flows From Operating Activities		
Change in net assets	**$ 108,808**	$ 1,454,770
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized losses (gains) on investments	**765,445**	(1,308,556)
Amortization	**600**	1,730
Loss on disposal of software	**990**	-
Increase (decrease) from changes in assets and liabilities		
Receivables	**-**	2,803
Prepaid expenses and other assets	**20,358**	2,006
Grants payable	**(4,084)**	5,886
Accrued compensation and benefits	**(813)**	(840)
Assets held for agency funds	**(123,363)**	250,185
Net cash provided by operating activities	**767,941**	407,984
Cash Flows From Investing Activities		
Net change in investments	**(325,931)**	(333,209)
Purchases of software	**-**	(1,800)
Net cash used by investing activities	**(325,931)**	(335,009)
Net Increase in Cash and Cash Equivalents	**442,010**	72,975
Cash and Cash Equivalents, Beginning of Year	**368,305**	295,330
Cash and Cash Equivalents, End of Year	**$ 810,315**	$ 368,305

The accompanying Notes are an integral part of these financial statements

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 Presentation. 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.

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.

Changes in Accounting Principles. Commencing on January 1, 2018, the Association adopted the provisions of FASB ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities,* which became effective. The update changes the presentation of net assets, required the presentation of the statement of functional expenses, modifies the presentation of cash flows, requires certain disclosures about liquidity and availability of resources, and provides for disclosures of investment return. The change in accounting principle has been retroactively applied to all periods presented.

Net Asset Classification. 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Interpretation of Relevant Law. 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 temporarily restricted until appropriated, at which time the appropriation is reclassified to unrestricted net assets. Contributions that are subject to other gift instruments may be recorded as permanently restricted, temporarily restricted or unrestricted, depending on the specific terms of the agreement. In addition, contributions that are promised to be given in a future period are presented as temporarily restricted 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.

Note 1 – Summary of Significant Accounting 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.

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 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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:

Mutual Funds. Valued at the quoted net asset value ("NAV") of shares/units held by the Foundation at year end.

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.

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.

Software. Software is recorded at cost for purchased assets. Amortization is computed using the straight-line method over the estimated useful life of the assets which is three years for software. Amortization expense totaled $600 and $1,730 for the years ended December 31, 2018 and 2017, respectively.

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".

Contributions. Contributions, including unconditional promises to give (pledges), are recorded as received.

In-kind Contributions. Donated goods and equipment are recorded at estimated fair values as revenue and expense, or capitalized assets, depending on the nature of the donation. In-kind contributions are used to support the mission of the Foundation.

Note 1 – Summary of Significant Accounting Policies (continued)

Pledges receivable are recorded at the amount the Foundation expects to receive, allowing for estimated uncollectible pledges. The allowance for uncollectible pledges is estimated based on management's review of specific pledges outstanding. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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, 2018 and 2017 were $7,260 and $7,805, 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.

For uncertain tax positions, the Foundation uses a more-likely-than-not recognition criteria before and separate from the measurement of a tax position. The Foundation recognizes the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. With respect to the Foundation, this would primarily relate to the determination of unrelated business taxable income, and to the maintenance of its tax exempt status.

Management has evaluated the policies and procedures that have been implemented to provide assurance that income is properly characterized and activities that jeopardize its tax exempt status are within limits established under existing tax code and regulations. Management has determined the effects of uncertain tax positions are not material to the Foundation for recognition or disclosure in the accompanying financial statements and, accordingly, no income tax liability has been recorded for uncertain income tax positions in the accompanying financial statements.

All income tax years are open for examination. The 2015 tax year was the initial tax year for the Foundation. Additionally, penalties and interest may be assessed on income taxes that are delinquent.

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 August 20, 2019, which is the date the financial statements were available to be issued.

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:

	2018	2017
Financial assets, end of year		
Cash and cash equivalents	$ 810,315	$ 368,305
Investments	12,298,341	12,737,855
Total financial assets	13,108,656	13,106,160
Less donor restricted endowment funds not available to be used within one year	(1,963,486)	(2,315,759)
Financial assets available to meet cash requirements for general expenditures within one year	$ 11,145,170	$ 10,790,401

Note 3 - Investments and Fair Value Measurements

The following summaries the Foundation's fair value of investments measured on a recurring using quoted prices in active markets for identical assets (level 1) inputs as of December 31:

	2018	2017
Investments		
Debt and equity securities		
US large cap equities	$ 3,955,812	$ 5,221,784
US mid cap equities	1,297,118	1,243,956
US small cap equities	-	291,113
International equities	983,528	548,865
High yield bonds	313,616	240,363
Intermediate term bonds	778,759	1,224,733
Short-term bonds	1,111,177	1,071,045
World bonds	436,230	582,027
US treasury bonds	281,653	427,664
Inflation protected securities	89,960	141,018
Real estate investment trusts	133,293	149,634
Total debt and equity securities	9,381,146	11,142,202
Money market funds	2,073,012	821,752
Mutual funds	844,182	773,901
	$ 12,298,341	$ 12,737,855

The Foundation has been designated as a beneficiary in a charitable trust held by a bank. The beneficial interest in trusteed assets are not included above in total investments.

Note 3 - Investments and Fair Value Measurements (continued)

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 years ended December 31, 2018 and 2017, there were no transfers in or out of levels 1, 2, or 3.

Investment earnings (losses) consisted of the following for the years ended December 31:

	2018	2017
Interest and dividends	**$ 248,591**	$ 197,785
Net realized investment gains (losses)	**403,107**	302,846
Net unrealized investment gains (losses)	**(1,168,552)**	1,005,710
	(516,854)	1,506,341
Investment fees	**(53,761)**	(48,425)
Net investment gains (losses)	**$ (570,615)**	$ 1,457,916

Note 4 – Endowment Funds, Net Assets and Reclassifications

Endowment net assets consisted of the following fund types at December 31, 2018:

	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor designated			
Donor advised	**$ -**	**$ 1,354,157**	**$ 1,354,157**
Scholarship	**-**	**134,892**	**134,892**
Field of interest	**-**	**474,437**	**474,437**
Endowment net assets	**$ -**	**$ 1,963,486**	**$ 1,963,486**

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, 2018:

	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment funds	**$ -**	**$ 1,963,486**	**$ 1,963,486**
Non-endowment funds	**10,213,884**	**-**	**10,213,884**
Total net assets	**$ 10,213,884**	**$ 1,963,486**	**$ 12,177,370**

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

Endowment net assets consisted of the following fund types at December 31, 2017:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor designated			
Donor advised	$ -	$ 1,619,015	$ 1,619,015
Scholarship	-	154,476	154,476
Field of interest	-	542,268	542,268
Endowment net assets	$ -	$ 2,315,759	$ 2,315,759

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, 2017:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	$ -	$ 2,315,759	$ 2,315,759
Non-endowment funds	9,752,803	-	9,752,803
Total net assets	$ 9,752,803	$ 2,315,759	$ 12,068,562

The following summarizes the changes in endowment net assets for the year ended December 31, 2018:

	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, January 1, 2018	**$ -**	**$ 2,315,759**	**$ 2,315,759**
Interest and dividends		**37,028**	**37,028**
Net realized and unrealized losse	**-**	**(177,038)**	**(177,038)**
Contributions	**-**	**8,068**	**8,068**
Appropriated for expenditure		**(220,331)**	**(220,331)**
Change in endowment net assets	**-**	**(352,273)**	**(352,273)**
Endowment net assets, December 31, 2018	**$ -**	**$ 1,963,486**	**$ 1,963,486**

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

The following summarizes the changes in endowment net assets for the year ended December 31, 2017:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2017, as restated	$ -	$ 2,143,573	$ 2,143,573
Interest and dividends	-	39,426	39,426
Net realized and unrealized gains	-	276,440	276,440
Contributions	-	16,643	16,643
Appropriated for expenditure	-	(160,323)	(160,323)
Change in endowment net assets	-	172,186	172,186
Endowment net assets, December 31, 2017	$ -	$ 2,315,759	$ 2,315,759

Reclassifications. During 2018, management discovered certain non-endowed funds have been historically reported as restricted net assets. These fund agreements provide the Board of Trustees variance power over the timing and use of the funds, and the net assets are not required to be maintained in perpetuity. Net assets totaling $1,916,736, previously reported as with donor restrictions, have been reclassified as net asset without donor restrictions at of January 1, 2017 in the accompanying financial statements.

Note 5 – Operating Lease

The Foundation leases office space in Longmont, Colorado under a noncancelable operating lease. The lease requires monthly payments of $1,910, subject to annual escalations, and expires in August 2022. Rent expense, including utilities, taxes, and parking, under the lease totaled $38,995 and $32,895 for the years ended December 31, 2018 and 2017, respectively.

Future annual minimum base rental lease payments under the operating lease are as follows at December 31, 2018:

Year	Total
2019	$ 25,274
2020	26,001
2021	26,729
2022	18,362
	$ 96,366

Note 6 – Retirement Plan

In January 2015, the Foundation established a retirement plan under Section 401(k) of the Internal Revenue Code. The plan requires matching contributions equal to 100% of employee salary deferrals up to 4% of employee compensation. Employees are eligible to participate at 18-years of age. The Foundation contributed $4,549 and $3,508 during the years ended December 31, 2018 and 2017, 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.