

# **ONWARD! A LEGACY FOUNDATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT



**ONWARD! A LEGACY FOUNDATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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# TAYLORROTH

*Certified Public Accountants*

WORKING EXCLUSIVELY WITH NONPROFITS

October 19, 2020

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Onward! A Legacy Foundation  
Cortez, Colorado

We have audited the accompanying financial statements of **Onward! A Legacy Foundation** (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Onward! A Legacy Foundation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited Onward! A Legacy Foundation's financial statements for the year ended December 31, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Taylor Roth and Company P/A*

Taylor, Roth and Company, PLLC  
Certified Public Accountants  
Albuquerque, New Mexico

**ONWARD! A LEGACY FOUNDATION**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
<u>Assets</u>		
Cash and cash equivalents	\$ 250,673	\$ 627,470
Accounts receivable	5,162	2,966
Grants receivable	91,904	50,854
Contributions receivable	21,924	39,485
Prepaid expenses	20,676	2,883
Investments (Note 4)	2,869,673	2,641,197
Total assets	\$ 3,260,012	\$ 3,364,855
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 22,967	\$ 11,389
Payroll-related accruals	46,846	25,842
Deferred revenue	-	451,250
Charitable remainder trust payable (Note 5)	53,348	58,495
Agency funds payable (Note 6)	482,264	553,334
Total liabilities	605,425	1,100,310
 Net assets without donor restrictions		
Undesignated	164,860	91,720
Board-designated endowment (Note 7)	14,732	17,832
	179,592	109,552
 Net assets with donor restrictions (Note 8)		
Restricted for purpose	1,957,170	1,655,817
Restricted for perpetuity	517,825	499,176
	2,474,995	2,154,993
Total net assets	2,654,587	2,264,545
Total liabilities and net assets	\$ 3,260,012	\$ 3,364,855

The accompanying notes are an integral part of these financial statements

**ONWARD! A LEGACY FOUNDATION**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Grants and contracts	\$ 405	\$ 1,096,959	\$ 1,097,364	\$ 320,492
Investment income(loss)	46,753	350,013	396,766	(168,763)
Contributions	3,209	347,531	350,740	584,509
Special events	6,037	59,370	65,407	48,803
Less: direct cost of special events	(2,810)	(10,136)	(12,946)	(17,803)
Program fees	51,146	-	51,146	23,548
In-kind contributions (Note 9)	42,450	-	42,450	44,440
Net assets released from restrictions (Note 10)	1,523,735	(1,523,735)	-	-
Total revenue and other support	<u>1,670,925</u>	<u>320,002</u>	<u>1,990,927</u>	<u>835,226</u>
<u>Expense</u>				
Program services				
Programs	1,303,880	-	1,303,880	346,210
Donor advised funds	86,972	-	86,972	184,812
Scholarship funds	65,732	-	65,732	64,114
Endowment funds	23,713	-	23,713	30,833
Total program expense	<u>1,480,297</u>	<u>-</u>	<u>1,480,297</u>	<u>625,969</u>
Supporting services				
General and administrative	100,015	-	100,015	82,689
Fund-raising	20,573	-	20,573	17,077
Total expense	<u>1,600,885</u>	<u>-</u>	<u>1,600,885</u>	<u>725,735</u>
Change in net assets	70,040	320,002	390,042	109,491
Net assets, beginning of year	<u>109,552</u>	<u>2,154,993</u>	<u>2,264,545</u>	<u>2,155,054</u>
Net assets, end of year	<u>\$ 179,592</u>	<u>\$ 2,474,995</u>	<u>\$ 2,654,587</u>	<u>\$ 2,264,545</u>

The accompanying notes are an integral part of these financial statements

**ONWARD! A LEGACY FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

	2019								2018
	Program Services				Supporting Services				
	Donor Advised Funds	Scholarship Funds	Endowment Funds	Total	General and Admin	Fund- raising	Total	Total	
Programs	Funds	Funds	Funds	Total	Admin	raising	Total	Total	
Salaries	\$ 395,927	\$ -	\$ -	\$ -	\$ 395,927	\$ 37,436	\$ 9,036	\$ 442,399	\$ 219,934
Payroll taxes and benefits	34,090	-	-	-	34,090	3,887	924	38,901	19,504
Grants and scholarships	605,359	86,932	60,895	22,025	775,211	-	-	775,211	299,150
Program supplies	102,583	-	201	1,500	104,284	-	-	104,284	48,695
Professional services	74,002	-	1,522	-	75,524	1,791	-	77,315	32,480
Professional services - in-kind (Note 9)	-	-	-	-	-	33,120	10,613	43,733	44,160
Travel	40,846	-	-	-	40,846	-	-	40,846	10,457
Audit and accounting services	-	-	-	-	-	15,525	-	15,525	12,650
Printing	7,089	-	540	-	7,629	1,787	-	9,416	3,365
Occupancy	5,746	-	519	-	6,265	2,400	-	8,665	3,226
Meals	8,204	-	-	-	8,204	275	-	8,479	9,099
Office expense	6,852	-	206	20	7,078	883	-	7,961	3,663
Telephone	4,140	-	66	-	4,206	-	-	4,206	2,986
Conferences and meetings	2,036	-	-	-	2,036	211	-	2,247	3,767
Postage	873	-	179	-	1,052	876	-	1,928	2,221
Marketing and advertising	1,059	40	20	-	1,119	320	-	1,439	1,318
All other	15,074	-	1,584	168	16,826	1,504	-	18,330	9,060
<b>Total</b>	<b><u>\$ 1,303,880</u></b>	<b><u>\$ 86,972</u></b>	<b><u>\$ 65,732</u></b>	<b><u>\$ 23,713</u></b>	<b><u>\$ 1,480,297</u></b>	<b><u>\$ 100,015</u></b>	<b><u>\$ 20,573</u></b>	<b><u>\$ 1,600,885</u></b>	<b><u>\$ 725,735</u></b>

The accompanying notes are an integral part of these financial statements

**ONWARD! A LEGACY FOUNDATION**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 390,042	\$ 109,491
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Gains)losses on investments	(401,653)	288,435
Contributions restricted for long-term investment	(18,649)	(87,210)
Donated securities	(30,213)	-
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(2,196)	2,448
(Increase)decrease in grants receivable	(41,050)	(45,343)
(Increase)decrease in contributions receivable	17,561	(39,485)
(Increase)decrease in prepaid expenses	(17,793)	166
Increase(decrease) in accounts payable	11,578	9,285
Increase(decrease) in payroll-related accruals	21,004	22,005
Increase(decrease) in deferred revenue	(451,250)	451,250
Increase(decrease) in agency funds payable	(71,070)	(42,901)
Net cash provided(used) by operating activities	<u>(593,689)</u>	<u>668,141</u>
<u>Cash flows from investing activities</u>		
(Reinvestment) of investment earnings	(83,519)	(78,433)
(Purchases) of investments	(74,360)	(318,698)
Proceeds from investments	361,269	63,718
Net cash provided(used) by investing activities	<u>203,390</u>	<u>(333,413)</u>
<u>Cash flows from financing activities</u>		
Charitable gift split-interest annuity obligation undertaken	-	58,495
Payments against charitable gift split-interest annuity obligations	(5,147)	-
Investment in permanent endowment	18,649	87,210
Net cash provided(used) by financing activities	<u>13,502</u>	<u>145,705</u>
Net increase(decrease) in cash and cash equivalents	(376,797)	480,433
Cash and cash equivalents, beginning of year	<u>627,470</u>	<u>147,037</u>
Cash and cash equivalents, end of year	<u>\$ 250,673</u>	<u>\$ 627,470</u>

The accompanying notes are an integral part of these financial statements



## **ONWARD! A LEGACY FOUNDATION**

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

#### NOTE 1 - NATURE OF ACTIVITIES

Onward! A Legacy Foundation (the Organization) is a not-for-profit organization located in Cortez, Colorado. The mission of the Organization is to provide opportunities to develop and maintain a sustainable resource base that will enhance the quality of life for residents in the Four Corners' communities. The Organization focuses its efforts on scholarships, civic beautification, social services, art and culture, and organization development. To achieve this mission, the Organization invests donor funds responsibly to preserve capital, provide growth, and earn income for grant making. The Organization is supported primarily by grants and contracts, investment income and contributions.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

##### 1. Basis of Accounting

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

##### 2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U. S. generally accepted accounting principles, which require the Organization 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 organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

##### 3. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

##### 4. Revenue and Revenue Recognition

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. The Organization's net assets without donor restrictions consist of general funds, board-designated funds, and miscellaneous funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

4. Revenue and Revenue Recognition (concluded)

Miscellaneous funds are grass-roots activities organized by community groups which partner with the Organization in order to take advantage of the Organization's tax-exempt status and back office capabilities. The Organization takes responsibility for all aspects of the programs to ensure operations and management of funds are consistent with the mission and tax-exempt purpose of the Organization. The Organization retains final decision-making authority over these funds. Accordingly, these funds are recorded as support without donor restrictions when received.

The Organization's net assets with donor restrictions consist of donor advised funds, scholarship funds, and fiscal funds that are restricted for grant-making, scholarships for individuals, or fiscal sponsorship of certain activities. Based on the nature of the underlying agreements, these contributions are reported as donor-restricted support when received. As the funds are spent for the intended purposes, the restrictions are released. The Organization receives advice from donors of donor advised funds regarding identifying grantees; however, the Organization retains final decision-making authority over these funds. The Organization considers donor advised funds restricted for grant-making purposes. An administrative fee is charged to these funds, based on agreements with the donors, which is recorded as revenue without donor restrictions by the general fund of the Organization.

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net asset with donor restrictions. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

5. Accounts, Grants, and Contributions Receivable

The Organization has not recorded an allowance for doubtful accounts as management believes receivables are fully collectible.

6. Grants

Grants are not recorded as expense until distributed since the Organization reserves the right to rescind any unpaid grants.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (concluded)

9. Functional Reporting of Expenses

An expense that is a direct cost of program services, administration/management, or fund-raising is recorded as such in the general ledger. When an expense is attributable to more than one function, the cost is recorded as a shared expense and then allocated based on the time and effort of staff working in each functional area. Expenses included in these financial statements that include an allocation based on time and effort of staff are: payroll and related payroll expenses and in-kind professional services.

10. Fair Value Measurements

The Organization follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC 820, which require use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value 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).

11. Public Deposit Protection Act Custodian

On occasion, the Organization may hold cash in demand deposit accounts in excess of the coverage offered by the Federal Deposit Insurance Corporation (FDIC). In January 2019, the Organization was assigned as an official custodian of the Public Deposit Protection Act, and this assignment provides for collateral pledged on demand deposit accounts for the balances in the Organization's primary banking institution that exceed FDIC coverage.

12. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

13. New Accounting Pronouncement

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

14. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements.

15. Subsequent Events

Management has evaluated subsequent events through October 19, 2020, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2019:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 250,673
Receivables	118,990
Investments	<u>2,869,673</u>
Total financial assets	<u>3,239,336</u>
Less amounts not available or budgeted for operational use within one year:	
Donor advised funds, less 2020 budgeted expense of \$35,000	750,860
Scholarship funds, less 2020 budgeted expense of \$40,000	885,422
Endowment funds restricted for perpetuity by donors	517,825
Agency funds payable	482,264
Fiscal funds	178,942
Charitable remainder trust liability	53,348
Board-designated endowment, less budgeted expense of \$6,000	<u>8,732</u>
	<u>2,877,393</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 361,943</u>

The Organization has minimal fixed overhead costs which is a strategic goal of the governing body so that contribution and investment income can be largely directed to grant-making and other program activities. Gifts without donor restrictions are used for operations, in addition to management fees charged to funds.

NOTE 4 - INVESTMENTS

Investments are carried at market value and consisted of the following at year-end:

<u>Description</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equities and equity funds	\$ 1,097,700	\$ 1,609,449	\$ 511,749
Corporate bonds and bond funds	539,289	536,815	(2,474)
Preferred stock	274,437	270,017	(4,420)
Alternative investments	270,791	268,232	(2,559)
Government bonds	179,214	178,673	(541)
Certificates of deposit	5,825	5,825	-
Accrued interest	662	662	-
Total	<u>\$ 2,367,918</u>	<u>\$ 2,869,673</u>	<u>\$ 501,755</u>

NOTE 4 - INVESTMENTS (continued)

Investment returns are summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividends	\$ 83,519
Realized gains(losses)	32,693
Unrealized gains(losses)	<u>368,960</u>
Subtotal	485,172
Less: allocations to agency funds	<u>(88,406)</u>
Total	<u><u>\$ 396,766</u></u>

The following table summarizes the levels in the fair value hierarchy into which the Organization's investments fall as of year-end:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 1,609,449	\$ 1,609,449	\$ -	\$ -
Corporate bonds	536,815	536,815	-	-
Preferred stock	270,017	270,017	-	-
Alternative investments	268,232	268,232	-	-
Government bonds	178,673	-	178,673	-
Certificates of deposit	5,825	5,825	-	-
Accrued interest	662	662	-	-
Total	<u><u>\$ 2,869,673</u></u>	<u><u>\$ 2,691,000</u></u>	<u><u>\$ 178,673</u></u>	<u><u>\$ -</u></u>

The Organization follows the Fair Value Measurements and Disclosures Topic of FASB ASC 820 which requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. The standard establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The Organization has investments in equities, mutual funds, corporate fixed income bonds, and certificates of deposit in this category.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Fair value is determined through the use of models or other valuation methodologies. The Organization has government bonds in this category.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The Organization does not have any investments in this category.

NOTE 4 - INVESTMENTS (concluded)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

NOTE 5 - CHARITABLE GIFT SPLIT-INTEREST ANNUITY OBLIGATIONS

During 2018, the Organization was the recipient of a charitable gift annuity (i.e. charitable remainder trust or annuity). The agreement stipulates that the beneficiary of the annuity will receive a quarterly cash distribution over their lifetime, and upon the death of the beneficiary, the assets that remain will be contributed to the Organization. The Organization maintains the assets as general assets of the Organization and a liability is recognized for the estimated present value of the annuity obligation using the discount rate and actuarial assumptions as provided in Internal Revenue Service guidelines and actuarial tables. Contribution revenue, which represents the fair value of assets donated less the annuity obligation, is recorded as revenue upon receipt of the donated assets. Assets of the Organization derived from these charitable gift annuities are invested as described in Note 4.

Obligations of the Organization related to this annuity, valued at the estimated present value of the annuity obligation, totaled \$53,348 as of December 31, 2019. During the year ended December 31, 2019, the Organization recognized amortization expense of \$1,574 for the annuity.

NOTE 6 - AGENCY FUNDS PAYABLE

When the Organization accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to an entity specified by the donor, professional standards require that a liability be recorded, rather than a contribution. The Organization refers to such funds as agency funds. A liability is reported for these funds held for others and is included in the Statement of Financial Position as *Agency funds payable*. Receipts and disbursements related to these funds are excluded from revenues and expenses of the Organization.

NOTE 7 - BOARD-DESIGNATED ENDOWMENT

The principal invested in the board-designated endowment is intended to be held in perpetuity, with the income used exclusively for grant-making and other charitable works. Because the Board has control, the board-designated endowment is designated as net assets without donor restrictions. See Note 11 for additional information on the endowment funds.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

At year-end, net assets with donor restrictions were available for the following purposes:

<u>Description</u>	<u>Amount</u>
Scholarship funds	\$ 925,422
Donor advised funds	785,860
Fiscal funds and other sponsored direct programs	178,942
Endowment funds - investment income	66,946
Total	<u>\$ 1,957,170</u>

At year-end, net assets restricted by the donor for perpetuity included:

<u>Description</u>	<u>Amount</u>
Hoover Endowed Scholarship Fund	\$ 201,290
General Fund Endowment	121,443
Larsen Endowed Scholarship Fund	89,745
Searle Community Endowment Fund	64,328
Cortez Public Library Endowment Fund	41,019
Total	<u>\$ 517,825</u>

See Note 11 for additional information on the endowment funds.

NOTE 9 - IN-KIND CONTRIBUTIONS AND RELATED PARTIES

The Organization's Executive Director owns an accounting firm, Forth & Associates, located in Cortez, Colorado, which is where the Organization's office is located. Forth & Associates provides the office equipment and general office support for the Organization. The Organization paid the Executive Director \$18,504 during 2019 (including salary and benefits). The Organization paid Forth and Associates \$7,809 during 2019 for general bookkeeping and office support. The difference between these payments and the value of the time spent working on activities of the Organization is recorded as an in-kind contribution of professional services. During the year ended December 31, 2019, in-kind contributions of \$42,450 were recorded. In addition, during the year ended December 31, 2019, the Organization paid \$2,400 to a company owned by the Executive Director for office space.

Certain members of the Board of Directors and/or their immediate relatives are distribution advisors to certain funds held by the Organization.

NOTE 10 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted program purposes:

<u>Description</u>	<u>Amount</u>
Fiscal funds and other sponsored direct programs	\$ 1,338,131
Donor advised funds	97,462
Scholarship funds	65,489
Endowment funds	<u>22,653</u>
Total	<u>\$ 1,523,735</u>

NOTE 11 - ENDOWMENT FUNDS

The Organization's endowments consist of five individual funds established for a variety of purposes and, as required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors ensures that in all aspects of institutional funds management, the Organization acts in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as stated in Colorado Revised Statutes 15-1-1101 through 1110, as well as all other applicable state and federal laws. The "prudent investor rule" states that in managing its institutional funds, the Organization and its agents shall act in good faith with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In the preservation of the endowment fund, primary consideration is given to donor intent as expressed in a gift instrument and as expressly enumerated in prudence factors in UPMIFA.

The Organization classifies the original value of gifts donated to the endowment and the original value of subsequent gifts donated to the endowment as net assets with donor restrictions required to be held in perpetuity. In accordance with the Organization's interpretation of UPMIFA, any remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions required to be held in perpetuity is classified as net assets without donor restrictions or net assets with donor restrictions (for time or purpose) and held until those amounts are appropriated for expenditure by the Organization in a manner consistent with the donor's intent as stated in the gift instrument. In making a determination to appropriate or accumulate donor-restricted endowment funds, the Organization shall act in good faith and if relevant, considers the following factors: (1) the duration and preservation of the endowment fund; (2) the purposes of the institution and the endowment fund; (3) general economic conditions; (4) the possible effect of inflation or deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the institution; and (7) the investment policy of the institution.

*Endowment Investment Objective.* The Organization's primary objectives in managing endowments are to create a steady stream of revenue to support its mission, to preserve the purchasing power of the endowment in perpetuity, and to achieve the highest total return with a reasonable level of risk.



NOTE 11 - ENDOWMENT FUNDS (concluded)

*Endowment Spending Policy.* The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Organization's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 5%, net of investment fees. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places an emphasis on corporate bonds and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Originally contributed endowment principal is maintained in net assets with donor restrictions to be held in perpetuity; accumulated net earnings and appreciation and depreciation on related investments are recorded in net assets with or without donor restrictions, as specified by the donor.

Endowment asset composition as of December 31, 2019, consisted of donor-restricted and board-designated funds. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration, and as of December 31, 2019, none of the endowment funds were considered underwater.

Endowment assets are included with investments on the statement of financial position.

Changes in endowment assets as of December 31, 2019, were as follows:

<u>Description</u>	<u>Without Donor</u>	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Restrictions</u>	<u>Restricted for</u>	<u>Restricted for</u>	
	<u>Board-</u>	<u>Purpose</u>	<u>Perpetuity</u>	
	<u>designated</u>			
Endowment assets,				
beginning of year	\$ 17,832	\$ (155)	\$ 499,176	\$ 516,853
Contributions	-	-	18,649	18,649
Investment income(loss)	-	89,754	-	89,754
Appropriation of endowment				
assets for expenditure	<u>(3,100)</u>	<u>(22,653)</u>	<u>-</u>	<u>(25,753)</u>
Total	<u>\$ 14,732</u>	<u>\$ 66,946</u>	<u>\$ 517,825</u>	<u>\$ 599,503</u>

NOTE 12 - PENSION

The Organization has a SIMPLE IRA for qualified employees and expense related to this benefit was \$1,025 for the year ended December 31, 2019.

NOTE 13 - CONCENTRATION OF RISK

*Investment Accounts*

The Organization holds investments in two brokerage accounts that are subject to market value fluctuation.

NOTE 14 - SUBSEQUENT EVENT – COVID-19 PANDEMIC

The COVID-19 outbreak in the United States has caused business disruption through government-mandated closings of nonessential businesses. While the disruption is expected to be temporary, the related financial impact and duration of the pandemic crisis cannot be reasonably estimated at this time.

In April 2020, the Organization received \$89,264 through the U. S. Small Business Administration's Paycheck Protection Program (PPP). Management expects the funding to be converted to a grant during 2020. However, as per terms of the PPP, any amounts not forgiven will be repaid over a maximum two-year term at 1% interest.