

ONWARD! A LEGACY FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TOGETHER WITH INDEPENDENT AUDITORS' REPORT



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FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

November 2, 2021

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, 2020, 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, 2020, 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, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company P/C

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

ONWARD! A LEGACY FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<u>Assets</u>		
Cash and cash equivalents	\$ 771,598	\$ 250,673
Accounts receivable	5,983	5,162
Grants receivable	172,189	91,904
Contributions receivable	11,548	21,924
Prepaid expenses	7,325	20,676
Investments (Note 4)	2,893,820	2,869,673
Loans receivable (Note 5)	23,247	-
Property and equipment, net (Note 6)	369,371	-
Total assets	\$ 4,255,081	\$ 3,260,012
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 14,180	\$ 22,967
Payroll-related accruals	33,541	46,846
Grants payable	7,900	-
Charitable remainder trust payable (Note 7)	57,239	53,348
Agency funds payable (Note 8)	603,383	482,264
Total liabilities	716,243	605,425
<u>Net assets without donor restrictions</u>		
Undesignated	257,754	164,860
Investment in property and equipment	369,371	-
Board-designated endowment (Note 9)	24,860	14,732
	651,985	179,592
<u>Net assets with donor restrictions (Note 10)</u>		
Restricted for purpose	2,363,344	1,957,170
Restricted for perpetuity	523,509	517,825
	2,886,853	2,474,995
Total net assets	3,538,838	2,654,587
Total liabilities and net assets	\$ 4,255,081	\$ 3,260,012

The accompanying notes are an integral part of these financial statements

ONWARD! A LEGACY FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>			<u>2019</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<u>Revenue and other support</u>				
Grants and contracts	\$ 2,234	\$ 1,372,435	\$ 1,374,669	\$ 1,097,364
Contributions	3,965	537,085	541,050	350,740
Investment income(loss) (Note 4)	16,551	86,477	103,028	396,766
Special events	7,912	82,138	90,050	65,407
Less: direct cost of special events	(1,464)	(1,096)	(2,560)	(12,946)
Sales of merchandise, net (Note 11)	49,964	-	49,964	-
Program fees	45,748	-	45,748	51,146
In-kind contributions	-	-	-	42,450
Net assets released from restrictions (Note 12)	1,665,181	(1,665,181)	-	-
Total revenue and other support	<u>1,790,091</u>	<u>411,858</u>	<u>2,201,949</u>	<u>1,990,927</u>
<u>Expense</u>				
Program services				
Programs	1,014,821	-	1,014,821	1,303,880
Donor advised funds	98,221	-	98,221	86,972
Scholarship funds	69,460	-	69,460	65,732
Endowment funds	22,909	-	22,909	23,713
Total program expense	<u>1,205,411</u>	<u>-</u>	<u>1,205,411</u>	<u>1,480,297</u>
Supporting services				
General and administrative	104,376	-	104,376	100,015
Fund-raising	7,911	-	7,911	20,573
Total expense	<u>1,317,698</u>	<u>-</u>	<u>1,317,698</u>	<u>1,600,885</u>
Change in net assets	472,393	411,858	884,251	390,042
Net assets, beginning of year	<u>179,592</u>	<u>2,474,995</u>	<u>2,654,587</u>	<u>2,264,545</u>
Net assets, end of year	<u>\$ 651,985</u>	<u>\$ 2,886,853</u>	<u>\$ 3,538,838</u>	<u>\$ 2,654,587</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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020								2019
	Program Services				Supporting Services				
	Donor Advised Programs	Scholarship Funds	Endowment Funds	Total	General and Admin	Fund- raising	Total	Total	
Salaries	\$ 496,436	\$ -	\$ 750	\$ -	\$ 497,186	\$ 65,313	\$ 7,095	\$ 569,594	\$ 442,399
Payroll taxes and benefits	42,633	-	91	-	42,724	7,346	816	50,886	38,901
Grants and scholarships	163,621	98,181	66,791	22,900	351,493	7,953	-	359,446	775,211
Program supplies	137,414	-	84	-	137,498	-	-	137,498	104,284
Professional services	74,703	-	387	-	75,090	207	-	75,297	77,315
Occupancy	28,556	-	698	-	29,254	3,000	-	32,254	8,665
Travel	15,623	-	-	-	15,623	-	-	15,623	40,846
Audit and accounting services	-	-	-	-	-	11,970	-	11,970	15,525
Office expense	9,656	-	7	9	9,672	1,271	-	10,943	7,961
Insurance	9,192	-	21	-	9,213	737	-	9,950	4,862
Printing	7,962	-	-	-	7,962	1,473	-	9,435	9,416
Staff development and training	7,483	-	-	-	7,483	1,135	-	8,618	1,228
Website development	3,331	-	-	-	3,331	315	-	3,646	2,961
Meals	3,336	-	-	-	3,336	174	-	3,510	8,479
Telephone	2,833	-	22	-	2,855	-	-	2,855	4,206
Postage	1,341	-	-	-	1,341	931	-	2,272	1,928
Marketing and advertising	566	40	-	-	606	604	-	1,210	1,439
Professional services - in-kind	-	-	-	-	-	-	-	-	43,733
All other	10,135	-	609	-	10,744	1,947	-	12,691	11,526
Total	<u>\$ 1,014,821</u>	<u>\$ 98,221</u>	<u>\$ 69,460</u>	<u>\$ 22,909</u>	<u>\$ 1,205,411</u>	<u>\$ 104,376</u>	<u>\$ 7,911</u>	<u>\$ 1,317,698</u>	<u>\$ 1,600,885</u>

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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 884,251	\$ 390,042
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Gains)losses on investments	(47,848)	(401,653)
Contributions restricted for long-term investment	(5,684)	(18,649)
Donated securities	(122,604)	(30,213)
Depreciation expense	2,500	-
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(821)	(2,196)
(Increase)decrease in grants receivable	(80,285)	(41,050)
(Increase)decrease in contributions receivable	10,376	17,561
(Increase)decrease in prepaid expenses	13,351	(17,793)
(Increase)decrease in loans receivable	(23,247)	-
Increase(decrease) in accounts and grants payable	(887)	11,578
Increase(decrease) in payroll-related accruals	(13,305)	21,004
Increase(decrease) in deferred revenue	-	(451,250)
Increase(decrease) in agency funds payable	121,119	(71,070)
Net cash provided(used) by operating activities	<u>736,916</u>	<u>(593,689)</u>
<u>Cash flows from investing activities</u>		
(Reinvestment) of investment earnings	(66,734)	(83,519)
(Purchases) of investments	(75,000)	(74,360)
Proceeds from investments	298,490	361,269
(Purchases) of property and equipment	(371,871)	-
Net cash provided(used) by investing activities	<u>(215,115)</u>	<u>203,390</u>
<u>Cash flows from financing activities</u>		
Payments against charitable gift split-interest annuity obligations	(6,560)	(5,147)
Investment in permanent endowment	5,684	18,649
Net cash provided(used) by financing activities	<u>(876)</u>	<u>13,502</u>
Net increase(decrease) in cash and cash equivalents	520,925	(376,797)
Cash and cash equivalents, beginning of year	<u>250,673</u>	<u>627,470</u>
Cash and cash equivalents, end of year	<u>\$ 771,598</u>	<u>\$ 250,673</u>

The accompanying notes are an integral part of these financial statements

ONWARD! A LEGACY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, contributions, and investment income.

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

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met.

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

4. Revenue and Revenue Recognition (concluded)

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. Miscellaneous funds are grass-roots activities organized by community groups which partner with the Organization 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

Management assesses the need for an allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. The Organization has not recorded an allowance as of December 31, 2020, as management believes all receivables are fully collectible.

6. Capitalization and Depreciation

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000, with an estimated useful life in excess of one year. Property and equipment are recorded at cost, or in the case of contributed items, fair value on the date of contribution. Depreciation is computed on the straight-line method based on the estimated useful lives of the related assets, ranging from 3 to 40 years.

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.

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

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.

9. Functional Reporting of Expenses

An expense that is a direct cost of program services, general/administrative, 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, 2019, from which the summarized information was derived.

13. 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.

14. Subsequent Events

Management has evaluated subsequent events through November 2, 2021, 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, 2020:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 771,598
Receivables	189,720
Investments	<u>2,893,820</u>
Total financial assets	<u>3,855,138</u>
Less amounts not available or budgeted for operational use within one year:	
Donor advised funds, less budgeted expense of \$40,000	920,700
Scholarship funds, less budgeted expense of \$40,000	910,126
Agency funds payable	603,383
Endowment funds restricted for perpetuity by donors	523,509
Charitable remainder trust liability, less budgeted expense of \$6,500	50,739
Board-designated endowment, less budgeted expense of \$6,000	<u>18,860</u>
	<u>3,027,317</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 827,821</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	\$ 1,334,338	\$ 1,961,296	\$ 626,958
Corporate bonds and bond funds	402,083	418,705	16,622
Preferred stock	286,130	270,271	(15,859)
Alternative investments	268,178	206,590	(61,588)
Government bonds	29,455	31,025	1,570
Certificates of deposit	5,869	5,869	-
Accrued interest	64	64	-
Total	<u>\$ 2,326,117</u>	<u>\$ 2,893,820</u>	<u>\$ 567,703</u>

NOTE 4 - INVESTMENTS (concluded)

Investment returns are summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividends, net of expenses	\$ 66,734
Realized gains(losses)	(7,649)
Unrealized gains(losses)	<u>65,948</u>
Subtotal	125,033
Less: allocations to agency funds	<u>(22,005)</u>
Total	<u><u>\$ 103,028</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.

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. 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	\$ 1,961,296	\$ 1,961,296	\$ -	\$ -
Corporate bonds	418,705	418,705	-	-
Preferred stock	270,271	270,271	-	-
Alternative investments	206,590	206,590	-	-
Government bonds	31,025	-	31,025	-
Certificates of deposit	5,869	5,869	-	-
Accrued interest	64	64	-	-
Total	<u><u>\$ 2,893,820</u></u>	<u><u>\$ 2,862,795</u></u>	<u><u>\$ 31,025</u></u>	<u><u>\$ -</u></u>

NOTE 5 - LOANS RECEIVABLE

During 2020, the Organization became the fiscal sponsor of a revolving loan program which supports local farming operations. Loan balances are typically due within two to five years of the initial disbursement, and no interest is charged. As of December 31, 2020, a balance of \$23,247 is due from five recipients of this loan program, and no allowance for uncollectible amounts is considered necessary.

NOTE 6 - PROPERTY AND EQUIPMENT

As of December 31, 2020, property and equipment consisted of the following:

<u>Description</u>	<u>Amount</u>
Land - orchard	\$ 311,066
Land improvements - orchard irrigation	8,395
Equipment	26,920
Vehicles	25,490
	<u>371,871</u>
Less: accumulated depreciation	<u>(2,500)</u>
Net property and equipment	<u>\$ 369,371</u>

The property and equipment noted above was purchased during 2020 by three of the Organization's fiscal funds. The use of these assets is limited to the purposes of the respective funds, and the assets are not available for the Organization's general use. Depreciation expense for the year totaled \$2,500.

NOTE 7 - 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 \$57,239 as of December 31, 2020. During the year ended December 31, 2020, the Organization recognized amortization expense of \$1,435 for the annuity.

NOTE 8 - 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 in the Statement of Financial Position as *Agency funds payable*.

NOTE 8 - AGENCY FUNDS PAYABLE (concluded)

Receipts and disbursements related to these funds are excluded from revenues and expenses of the Organization. As of December 31, 2020, the Organization was the custodian of nine agency funds.

NOTE 9 - 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 13 for additional information on the endowment funds.

NOTE 10 - 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>
Donor advised funds	\$ 960,700
Scholarship funds	950,126
Fiscal funds and other sponsored direct programs	385,665
Endowment funds - investment income	66,853
Total	<u>\$ 2,363,344</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	127,127
Larsen Endowed Scholarship Fund	89,745
Searle Community Endowment Fund	64,328
Cortez Public Library Endowment Fund	41,019
Total	<u>\$ 523,509</u>

See Note 14 for additional information on the endowment funds.

NOTE 11 - SALES OF MERCHANDISE

Several of the Organization's fiscal funds produce and sell goods to further the mission-related purpose (e.g., baked goods, farm products, etc.). Details of sales for the year ended December 31, 2020 included:

<u>Description</u>	<u>Amount</u>
Merchandise sales	\$ 70,230
Less: cost of goods sold	<u>(20,266)</u>
Sales of merchandise, net	<u>\$ 49,964</u>

NOTE 12 - 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	\$ 1,443,543
Donor advised funds	126,181
Scholarship funds	72,608
Endowment funds	22,849
Total	<u>\$ 1,665,181</u>

NOTE 13 - 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 13 - 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 donor restrictions, until appropriated.

Endowment asset composition as of December 31, 2020, 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, 2020, 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, 2020, 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	\$ 14,732	\$ 66,946	\$ 517,825	\$ 599,503
Contributions	10,228	-	5,684	15,912
Investment income(loss)	-	22,756	-	22,756
Appropriation of endowment assets for expenditure	(100)	(22,849)	-	(22,949)
Total	<u>\$ 24,860</u>	<u>\$ 66,853</u>	<u>\$ 523,509</u>	<u>\$ 615,222</u>

NOTE 14 - PENSION

The Organization has a SIMPLE IRA for qualified employees and expense related to this benefit was \$2,397 for the year ended December 31, 2020.

NOTE 15 - RELATED PARTIES

During the year ended December 31, 2020, the Organization paid \$3,000 to a company owned by the Executive Director for office space, and contributions from members of the Board of Directors totaled \$6,780.

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

NOTE 16 - CONCENTRATION OF RISK

Investment Accounts

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

NOTE 17 - 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.