Respite Care, Inc.

Financial Statements and
Independent Auditor's Report

June 30, 2019 and 2018

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Independent Auditor's Report

To the Board of Directors
Respite Care, Inc.
Fort Collins, Colorado

We have audited the accompanying financial statements of Respite Care, Inc. (a 501(c)(3) nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Respite Care, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Soukup Bush + Associates P.C.

Fort Collins, Colorado
January 15, 2020

Respite Care, Inc.
Statements of Financial Position
June 30, 2019 and 2018

Assets	2019	2018
Cash	$ 478,079	$ 654,578
Certificates of deposit	544,116	439,724
Unconditional promises to give:		
With donor restrictions - net allowances of $58,094 and 84,756 for 2019 and 2018, respectively	573,272	553,183
Prepaid assets	10,293	6,711
Accounts receivable	52,627	60,502
Investments	2,484,353	2,274,780
Property and equipment - net of accumulated depreciation of $1,089,335 and $995,840 for 2019 and 2018, respectively	1,792,449	1,866,744
Total assets	$ 5,935,189	$ 5,856,222
Liabilities and Net Assets		
Liabilities		
Accrued wages and payroll taxes	$ 63,312	$ 56,332
Accounts payable	17,172	42,794
Accrued paid time off	29,943	22,698
Deferred income	17,029	10,500
Total liabilities	127,456	132,324
Net Assets		
Without donor restrictions	3,250,108	3,290,767
With donor restrictions	2,557,625	2,433,131
Total net assets	5,807,733	5,723,898
Total liabilities and net assets	$ 5,935,189	$ 5,856,222

See Accompanying Notes to the Financial Statements.

Respite Care, Inc.
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Program revenue	$ 208,504	$ -	$ 208,504
Grants and allocations	138,788	-	138,788
Individual and business contributions	414,719	160,144	574,863
Fund-raising income	1,051,578	-	1,051,578
Costs of direct benefits to donors	(82,981)	-	(82,981)
Interest and dividend income, net of administrative fees of $16,474	6,118	45,098	51,216
Net realized and unrealized gains	-	64,475	64,475
Net assets released from restrictions	145,223	(145,223)	-
Total revenue and support	1,881,949	124,494	2,006,443
Expenses			
Program services	1,398,126	-	1,398,126
Management and general	49,074	-	49,074
Fundraising	475,408	-	475,408
Total expenses	1,922,608	-	1,922,608
Changes in net assets:	(40,659)	124,494	83,835
Net assets, beginning of year	3,290,767	2,433,131	5,723,898
Net assets, end of year	$ 3,250,108	$ 2,557,625	$ 5,807,733

See Accompanying Notes to the Financial Statements.

Respite Care, Inc.
Statement of Activities
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Program revenue	$ 212,654	$ -	$ 212,654
Grants and allocations	67,486	5,165	72,651
Individual and business contributions	343,825	236,938	580,763
Fund-raising income	1,039,115	-	1,039,115
Costs of direct benefits to donors	(84,501)	-	(84,501)
Interest and dividend income, net of administrative fees of $16,132	5,578	33,706	39,284
Net realized and unrealized gains	-	114,092	114,092
Net assets released from restrictions	268,411	(268,411)	-
Total revenue and support	1,852,568	121,490	1,974,058
Expenses			
Program services	1,268,347	-	1,268,347
Management and general	45,073	-	45,073
Fundraising	449,169	-	449,169
Total expenses	1,762,589	-	1,762,589
Changes in net assets:	89,979	121,490	211,469
Net assets, beginning of year	3,200,788	2,311,641	5,512,429
Net assets, end of year	$ 3,290,767	$ 2,433,131	$ 5,723,898

See Accompanying Notes to the Financial Statements.

Respite Care, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

Supporting Services	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 941,775	$ 36,792	$ 130,824	$ 1,109,391
Fundraising	-	-	240,401	240,401
Uncollectible pledges	-	-	80,792	80,792
Depreciation	89,976	3,519	-	93,495
Payroll taxes	71,285	2,709	9,701	83,695
Contributed childcare	46,087	-	-	46,087
Professional fees	38,351	1,500	-	39,851
Insurance	32,664	1,277	4,536	38,477
Supplies	35,851	1,402	-	37,253
Food and project	36,079	-	-	36,079
Repairs	33,430	-	-	33,430
Training, staff and board	18,507	-	-	18,507
Utilities	14,987	586	-	15,573
Computer expense	13,489	528	-	14,017
Contract services	2,135	-	7,004	9,139
Employee benefits	6,918	271	961	8,150
Marketing	4,313	169	599	5,081
Miscellaneous	4,066	-	-	4,066
Travel expenses	3,144	123	437	3,704
Telephone	2,511	98	-	2,609
Dues and subscriptions	1,453	57	-	1,510
Postage	1,105	43	153	1,301
Total functional expenses	$ 1,398,126	$ 49,074	$ 475,408	$ 1,922,608

See Accompanying Notes to the Financial Statements.

Respite Care, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

Supporting Services	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 823,750	$ 33,319	$ 132,856	$ 989,925
Fundraising	-	-	229,362	229,362
Depreciation	86,640	3,505	-	90,145
Payroll taxes	62,410	2,437	9,943	74,790
Uncollectible pledges	-	-	64,616	64,616
Contributed childcare	60,397	-	-	60,397
Professional fees	35,853	1,450	-	37,303
Food and project	35,100	-	-	35,100
Insurance	32,257	1,305	315	33,877
Supplies	29,648	1,199	-	30,847
Repairs	28,200	-	-	28,200
Training, staff and board	23,269	-	-	23,269
Employee benefits	13,417	543	2,164	16,124
Utilities	15,467	626	-	16,093
Contract services	450	-	9,048	9,498
Computer expense	8,050	326	-	8,376
Miscellaneous	4,432	-	-	4,432
Travel expenses	2,828	114	452	3,394
Telephone	2,452	99	-	2,551
Marketing	1,612	65	260	1,937
Dues and subscriptions	1,165	47	-	1,212
Postage	950	38	153	1,141
Total functional expenses	$ 1,268,347	$ 45,073	$ 449,169	$ 1,762,589

See Accompanying Notes to the Financial Statements.

Respite Care, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

		2019		2018
Cash flow from operating activities:				
Change in net assets	$	83,835	$	211,469
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Uncollectible pledges		80,792		64,616
Depreciation		93,495		90,145
Interest income included in certificates of deposit		(6,239)		(3,926)
Earnings on Community Foundation agency fund		(109,572)		(147,798)
Changes in working capital items:				
(Increase) in promises to give, net		(100,881)		(48,432)
Decrease in accounts receivable		7,875		9,315
(Increase) decrease in prepaid assets		(3,582)		1,215
(Decrease) increase in accounts payable		(25,625)		33,905
Increase in accrued paid time off		7,245		3,691
(Decrease) in United Way payroll deduction		-		(1,487)
Increase (decrease) in accrued wages and payroll taxes		6,981		(4,754)
Increase (decrease) in deferred income		6,529		(9,000)
Net cash provided by operating activities		40,853		198,959
Cash flows from investing activities:				
Purchase of property and equipment		(19,200)		(55,219)
(Increase) in certificates of deposit		(98,153)		-
Investments into endowment fund		(100,000)		(50,000)
Net cash (used in) investing activities		(217,353)		(105,219)
(Decrease) increase in cash during the year		(176,500)		93,740
Cash, beginning of year		654,578		560,838
Cash, end of year	$	478,078	$	654,578

See Accompanying Notes to the Financial Statements.

Note 1 - Nature of Activities and Significant Accounting Policies

NATURE OF ACTIVITIES
Respite Care, Inc. (the "Organization") is a 501(c)(3) non-profit organization in Larimer County, Colorado whose sole function is to provide short-term quality care for developmentally disabled children and respite to their families enabling them to enhance their quality of life. All expenses which are not specifically designated as administrative or fund raising are dedicated to fulfilling this function.

BASIS OF PRESENTATION
The Organization reports the excess or deficiency of assets over liabilities of a not-for-profit entity, which is divided into two mutually exclusive classes according to the existence or absence of donor-imposed restrictions in accordance with accounting principles generally accepted in the United States of America. The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants ("AICPA") "*Audit and Accounting Guide for Not-for-Profit Organizations*" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Net assets of the Organization and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions - The class of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants) is classified as net assets with donor restrictions.

Net Assets without Donor Restrictions - The class of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants) is classified as net assets without donor restrictions.

DONOR-IMPOSED RESTRICTION
A donor-imposed restriction is a donor stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the following:

a. The nature of the Organization
b. The environment in which it operates
c. The purposes specified in its articles of incorporation or bylaws or comparable documents
d. Timing of pledges promised

RECOGNITION OF DONOR RESTRICTIONS
Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

Note 1 - Nature of Activities and Significant Accounting Policies (continued)

RECLASSIFICATION OF NET ASSETS

Reclassification of net assets is a simultaneous increase in one class of net assets and decrease of another. A reclassification of net assets usually results from a donor-imposed restriction (donors include other types of contributors, including makers of certain grants) being satisfied or otherwise lapsing.

FUND ACCOUNTING

To ensure observance of limitations and restrictions placed on the use of the resources available to the Organization, the accounts are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, funds with donor restrictions by outside sources are so indicated and are distinguished from funds without donor restrictions designated for specific purposes by action of the Board of Directors. Externally restricted funds may only be utilized in accordance with the purposes established by the sources of such and are in contrast with unrestricted funds over which the Board retains full control to use in achieving any of its purposes.

CASH AND CASH EQUIVALENTS

Respite Care, Inc. maintains its cash in bank deposit accounts at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization had cash balances of $0 and $141,033 in excess of the insured limit as of June 30, 2019 and 2018, respectively. The Organization considers all unrestricted and highly liquid investments to be cash equivalents that have an initial maturity of three months or less.

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance unconditional. Contributions that are not restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Note 1 - Nature of Activities and Significant Accounting Policies (continued)

PROMISES TO GIVE (continued)
The Organization uses the allowance method to determine uncollectible unconditional promises receivable. This allowance is based on management analysis of specific promises and any communication received from donors over the course of the year. As of the year ended June 30, 2019, the allowance for uncollectible pledges totaled $58,094 with corresponding uncollectible pledges of $80,792. As of the year ended June 30, 2018, the allowance for uncollectible pledges totaled $84,756 with corresponding uncollectible pledges of $64,616. The unconditional promises are recorded after being discounted to the anticipated net present value of future cash flows. The Organization determined the discounted net present value of future cash flows was immaterial to these financial statements, and as such, no discounts were recorded for the years ended June 30, 2019 and 2018.

PROPERTY AND EQUIPMENT
The Organization capitalizes property and equipment over $3,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. Estimated useful lives of property and equipment are 5-7 years for autos and furniture and fixtures, 7-39 years for improvements, and 39 years for buildings.

RECOGNITION OF PROGRAM SERVICE FEES
Revenue from program services is recognized as it is earned based upon hours of childcare provided to developmentally disabled children. Such fees are invoiced on a monthly basis. Management performs an analysis to determine if any program services fees are uncollectible and reserves for such amount. For the years ended June 30, 2019 and 2018, there was no allowance or corresponding bad debt expense necessary for program services.

INVESTMENTS
Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

<u>Note 1 - Nature of Activities and Significant Accounting Policies</u> (continued)

<u>DONATIONS AND GRANTS WITH DONOR RESTRICTIONS</u>
As of June 30, 2019 and 2018, the Organization had no new additions of assets that had been restricted by donors for future use. Pledges receivable are held in net assets with donor restrictions until the pledge has been received by Respite Care. The endowment (Note 6) is also included within restricted net assets.

As of June 30, 2019, the Organization had no grants that have been restricted for future uses. For the year ended June 30, 2019, $5,165 from grants were released from restriction.

As of June 30, 2018, the Organization had $5,165 of grants that were restricted for future uses. For the year ended June 30, 2018, $15,289 from grants were released from restriction.

<u>USE OF ESTIMATES</u>
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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

<u>INCOME TAXES</u>
The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and a similar provision of state law and has been classified as a public charity (not a private foundation) under Section 509(a)(2) of the IRC. However, the Organization is subject to federal income tax on any unrelated business taxable income. During the years ended June 30, 2019 and 2018, the Organization did not incur any significant unrelated business income tax.

<u>COST ALLOCATION</u>
The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Organization's expenses are allocated on the basis of time and effort in management and general. The Organization allocates grant writing expense to either fundraising, or program depending on the nature of the expense. Expenses such as, utilities, supplies, telephone, training, and food is for the purpose of childcare that the Organization provides and is allocated to program services.

Note 1 - Nature of Activities and Significant Accounting Policies (continued)

NEW ACCOUNTING PRONOUNCEMENT
During 2019, the Organization adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

CLASSIFICATION OF ASSETS AND LIABILITIES
The assets and liabilities have not been classified as current or noncurrent based upon the related party nature of the majority of the respective assets and liabilities presented in the statement of financial position.

CONCENTRATIONS
The Organizations's operations are concentrated in the area of child care in Larimer County, Colorado. As such, the Organization's accounts receivable and revenues are concentrated wholly in this industry and area.

RECLASSIFICATION
Certain 2018 amounts have been reclassified to conform with the 2019 presentation.

Note 2 - Promises to Give

Promises to give are expected to be received as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Promises with donor restrictions	$ 631,366	$ 637,939
Less: allowance for doubtful accounts	(58,094)	(84,756)
Net unconditional promises to give	$ 573,272	$ 553,183
Due in less than one year	$ 292,333	$ 306,641
Due in one to five years	328,949	323,881
Due in less than ten years	10,084	7,417
Less: allowance for uncollectible contributions	(58,094)	(84,756)
	$ 573,272	$ 553,183

Note 3 - Future Promises to Give

The City of Loveland, United Way, and the City of Fort Collins have agreed to terms with Respite Care Inc. for reimbursement of program expenses for the July 1, 2019 to June 30, 2020 fiscal year. To receive these funds, the Organization must incur program expense and perform its service requirement to receive such funds. Revenue will be recognized as the expenses are incurred. The City of Loveland, United Way, and the City of Fort Collins have made available $9,453, $40,500 and $26,759, respectively, from which the Organization can invoice for services provided in the July 1, 2019 to June 30, 2020 time period.

Note 4 - Property and Equipment

Property and equipment consist of the following as of June 30:

	2019	2018
Buildings	$ 1,744,921	$ 1,744,921
Land	300,000	300,000
Capital improvements	178,356	178,356
Operating equipment	151,457	151,457
Improvements	139,115	119,915
Parking lot	125,957	125,957
Lift	110,183	110,183
Vehicles	85,015	85,015
Office equipment	38,900	38,900
Website	7,880	7,880
	2,881,784	2,862,584
Less accumulated depreciation	(1,089,335)	(995,840)
	$ 1,792,449	$ 1,866,744

Note 5 - In Kind and Non Cash Contributions

Respite Care, Inc., receives time, service, and items contributed by individuals, groups and organizations and have been recorded as follows for the years ended June 30:

	2019	2018
Services:		
Wages - volunteer	$ 46,087	$ 60,397
Repairs and maintenance	8,960	10,119
Fundraising events	51,900	46,100
Other	51,675	53,050
Computer expense	700	700
Food	238	837
	$ 159,560	$ 171,203

Certain in-kind donations have been received but not recognized as revenue as they do not meet the requirements of the FASB ASC 958, *Not For Profit Entities*. Such donations for volunteer non-essential wages and board of directors services totaled $6,627 and $22,140 for the year ended June 30, 2019, respectively, and $4,093 and $21,680 for the year ended June 30, 2018, respectively.

Note 6 - Endowments

The Organization has two agreements with the Community Foundation of Northern Colorado (the Foundation). The first agreement is the Agency Fund (the "Agency Fund"), in which the Organization donated cash to the Foundation. The primary purpose of the Agency Fund is to provide future annual endowment income to the Organization. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The second agreement sets up the Designated Fund (the "Designated Fund"). The agreement gives the Foundation the unilateral power to redirect the use of the assets away from the Organization (variance power).

Note 6 - Endowments (continued)

INTERPRETATION OF RELEVANT LAW

The Organization is subject to Colorado Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and, thus, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions because those net assets are time restricted until the Organization appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor-restrictions. The Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers the fund to be "underwater" if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gift amounts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the funds,
2. The purposes of the Organization and the donor-restricted 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 Organization, and
7. The investment policies of the Organization.

INVESTMENT AND SPENDING POLICIES

The Board of Directors has adopted an investment policy to provide current income and preservation of the principal portion of the endowment. The Board selected the Community Foundation's Balanced Investment Pool, which has an asset mix of 40% fixed income and 60% equities.

Note 6 - Endowments (continued)

The assets, earnings, and expenses of the Agency Fund are recognized on the Organization's financial statements at fair market value (as discussed in Note 7) because the fund names Respite Care, Inc. as the beneficiary. The Organization has elected the Foundation's balance pool fund which provides long-term growth of capital and generation of income by investing in a diversified mix of domestic and foreign equities and fixed income securities. This pool is appropriate for donors who seek moderate growth paired with stability. This pool is managed by First National Wealth Management ("FNWM"), and Dimensional Fund Advisors ("DFA"). The overall allocation of the balanced pool is 60% equities and 40% fixed income, plus or minus 10%. Assets held in the Agency Fund totaled $2,484,353 and $2,274,780 in 2019 and 2018, respectively.

The assets, earnings, and expenses of the Designated Fund have not been recognized on the Organization's financial statements. Assets held in the Designated Fund totaled $395,881, and $317,141 in 2019 and 2018, respectively. The assets in the Designated Fund were donated directly to the Foundation on the Organization's behalf. The Organization received no funds from either the Agency or Designated Fund for the years ended June 30, 2019 or 2018.

Community Foundation of Northern Colorado	2019	2018
Beginning Fund Balance	$ 2,274,780	$ 2,076,982
Gifts received	100,000	50,000
Investment activity		
Interest and dividends	61,572	49,838
Realized gain	378,368	35,207
Unrealized (loss)/gain	(313,893)	78,885
Administrative fees	(16,474)	(16,132)
Ending Fund Balance	$ 2,484,353	$ 2,274,780

Note 7 - Fair Value Measurements

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under Topic 820 are described as follows:

Note 7 - Fair Value Measurements (continued)

Level 1 Fair Value Measurements - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market which the Organization has the ability to access at the measurement date.

Level 2 Fair Value Measurements - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in an active market;
- Quoted prices for identical or similar assets or liabilities in an inactive market;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The asset 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 measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019, and 2018.

Pooled separate accounts: Valued at net asset value as determined by observable quoted pricing inputs or by quoted prices for similar assets in active or non-active markets. While some pooled separate accounts may have publicly quoted pricing inputs, the account values of separate accounts are not publicly quoted.

Note 7 - Fair Value Measurements (continued)

Financial assets and liabilities carried at fair value as of June 30, 2019 and 2018 are classified in the tables below in one of three categories:

	Assets at Fair Value as of June 30, 2019			
	(Level 1)	(Level 2)	(Level 3)	Total
Total assets in the fair value hierarchy	$ -	$ -	$ -	$ -
Investments measured at net asset value	-	-	-	2,484,353
Investments at fair value	$ -	$ -	$ -	$ 2,484,353

	Assets at Fair Value as of June 30, 2018			
	(Level 1)	(Level 2)	(Level 3)	Total
Total assets in the fair value hierarchy	$ -	$ -	$ -	$ -
Investments measured at net asset value	-	-	-	2,274,780
Investments at fair value	$ -	$ -	$ -	$ 2,274,780

Transfers between Levels

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

For years ended June 30, 2019, and 2018, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

Note 7 - Fair Value Measurements (continued)

Fair Value of Investments that Calculate Net Asset Value

The following table summarizes investments for which fair value is measured using the net asset value (NAV) per share practical expedient as of June 30, 2019 and 2018, respectively. There are no redemption restrictions for these investments.

June 30, 2019	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Investment In Pooled Separate Accounts	$ 2,484,353	n/a	Daily	n/a
Total	$ 2,484,353			

June 30, 2018	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Investment In Pooled Separate Accounts	$ 2,274,780	n/a	Daily	n/a
Total	$ 2,274,780			

Note 8 - Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of the contractual or donor-imposed restrictions within one year of the statement of financial position date. However, amounts already appropriated from the donor-restricted endowment for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

	2019	2018
Financial assets at year-end	$ 3,802,456	$ 3,658,181
Less those unavailable for general expenditures within one year, due to:		
Donor restricted to maintain as endowments	1,984,353	1,874,780
Donor restricted promises to give	573,272	558,348
Assets for prepaid expenses	10,293	6,711
Financial assets available to meet cash needs for general expenditures within one year	$ 1,234,538	$ 1,218,342

The Organization's financial assets available within one year of the financial statement position date for general expenditures are as follows:

	2019	2018
Cash and cash equivalents	$ 478,079	$ 654,578
Certificates of deposit	$ 544,116	$ 439,724
Short-term unconditional promises to give-net of allowance	$ 232,989	$ 221,885
Accounts receivable	$ 52,627	$ 60,502

Note 9 - Net Assets

Net assets with donor-restrictions represent the net proceeds of donations that have been restricted by the donors to be used only for the donors' intended purpose. Net assets with donor-restrictions consist of the following as of June 30, 2019 and 2018:

	2019	2018
Restricted endowment funds	$ 1,984,353	$ 1,874,780
Pledge accounts receivable	573,272	553,183
	$ 2,557,625	$ 2,427,963

Note 10 - Subsequent Events

The Organization has evaluated all subsequent events through January 15, 2020, the date the financial statements were available to be issued.