

**The Women's Foundation  
of Colorado, Inc.**

**Financial Statements**

**December 31, 2013 and 2012**

**(With Independent Auditor's Report Thereon)**

**Board of Trustees  
The Women's Foundation of Colorado, Inc.**

We have audited the accompanying financial statements of The Women's Foundation of Colorado, Inc., which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities 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 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 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 The Women's Foundation of Colorado, Inc. as of December 31, 2013 and 2012, 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.

*Kundinger, Corder & Engle, P.C.*

May 1, 2014

**The Women's Foundation of Colorado, Inc.**  
**Statements of Financial Position**  
**December 31, 2013 and 2012**

	2013	2012
<b>Assets:</b>		
Cash and cash equivalents	\$ 138,906	342,626
Prepaid expenses and other assets	30,975	20,455
Contributions receivable, net (note 2)	918,943	1,445,676
Investments, at fair value (notes 3 and 4)	19,737,191	18,437,537
Investment in Chambers Center (note 9)	1,500,000	1,500,000
Property and equipment, net (note 5)	91,560	86,679
Total assets	\$ 22,417,575	21,832,973
 <b>Liabilities and Net Assets:</b>		
Accounts payable and accrued expenses	\$ 58,578	69,435
Accrued payroll costs	110,580	100,560
Grants payable	2,207	185,600
Total liabilities	171,365	355,595
 Net assets:		
Unrestricted:		
Board designated for endowment (note 8)	2,648,851	2,455,366
Other	4,305,717	3,683,260
Total unrestricted	6,954,568	6,138,626
Temporarily restricted (note 7)	4,958,177	5,012,072
Permanently restricted (notes 7 and 8)	10,333,465	10,326,680
Total net assets	22,246,210	21,477,378
Commitments (notes 9, 12 and 13)		
Total liabilities and net assets	\$ 22,417,575	21,832,973

See accompanying notes to financial statements.

## The Women's Foundation of Colorado, Inc.

### Statement of Activities

Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, Gains and Support:</b>				
Contributions	\$ 246,469	810,292	6,785	1,063,546
In-kind contributions (note 11)	29,037	-	-	29,037
Special events	817,504	16,394	-	833,898
Less direct cost of special events (note 10)	(246,434)	-	-	(246,434)
Investment gain, net of investment fees (note 3)	443,552	1,159,673	-	1,603,225
Net assets released from restrictions due to satisfaction of program and time restrictions	2,040,254	(2,040,254)	-	-
<b>Total revenue, gains and support</b>	<b>3,330,382</b>	<b>(53,895)</b>	<b>6,785</b>	<b>3,283,272</b>
<b>Expenses:</b>				
Program services:				
Grants (note 6)	1,135,402	-	-	1,135,402
Research, education and advocacy	546,190	-	-	546,190
<b>Total program services</b>	<b>1,681,592</b>	<b>-</b>	<b>-</b>	<b>1,681,592</b>
Supporting services:				
Management and general	311,252	-	-	311,252
Development and fund raising (note 10)	521,596	-	-	521,596
<b>Total supporting services</b>	<b>832,848</b>	<b>-</b>	<b>-</b>	<b>832,848</b>
<b>Total expenses</b>	<b>2,514,440</b>	<b>-</b>	<b>-</b>	<b>2,514,440</b>
<b>Change in net assets</b>	<b>815,942</b>	<b>(53,895)</b>	<b>6,785</b>	<b>768,832</b>
Net assets at beginning of year	6,138,626	5,012,072	10,326,680	21,477,378
<b>Net assets, end of year</b>	<b>\$ 6,954,568</b>	<b>4,958,177</b>	<b>10,333,465</b>	<b>22,246,210</b>

See accompanying notes to financial statements.

**The Women's Foundation of Colorado, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2012**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, Gains and Support:</b>				
Contributions	\$ 83,420	970,998	230,273	1,284,691
In-kind contributions (note 11)	190,275	-	-	190,275
Special events	831,837	-	-	831,837
Less direct cost of special events (note 10)	(256,823)	-	-	(256,823)
Investment loss, net of investment fees (note 3)	563,161	1,443,233	-	2,006,394
Net assets released from restrictions due to satisfaction of program and time restrictions	1,908,961	(1,908,961)	-	-
<b>Total revenue, gains and support</b>	<b>3,320,831</b>	<b>505,270</b>	<b>230,273</b>	<b>4,056,374</b>
<b>Expenses:</b>				
Program services:				
Grants (note 6)	1,227,629	-	-	1,227,629
Research, education and advocacy	590,505	-	-	590,505
<b>Total program services</b>	<b>1,818,134</b>	<b>-</b>	<b>-</b>	<b>1,818,134</b>
Supporting services:				
Management and general	269,420	-	-	269,420
Development and fund raising (note 10)	579,852	-	-	579,852
<b>Total supporting services</b>	<b>849,272</b>	<b>-</b>	<b>-</b>	<b>849,272</b>
<b>Total expenses</b>	<b>2,667,406</b>	<b>-</b>	<b>-</b>	<b>2,667,406</b>
<b>Change in net assets</b>	<b>653,425</b>	<b>505,270</b>	<b>230,273</b>	<b>1,388,968</b>
Net assets at beginning of year	5,485,201	4,506,802	10,096,407	20,088,410
<b>Net assets, end of year</b>	<b>\$ 6,138,626</b>	<b>5,012,072</b>	<b>10,326,680</b>	<b>21,477,378</b>

See accompanying notes to financial statements.

**The Women's Foundation of Colorado, Inc.**  
**Statements of Cash Flows**  
**Year Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Reconciliation of change in net assets to net cash used in operating activities:</b>		
Change in net assets	\$ 768,832	1,388,968
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	32,661	7,580
Amortization of discount on contributions receivable	(32,275)	(27,516)
Provision for uncollectible contributions receivable	(7,425)	(12,185)
Realized and unrealized gain on investments	(1,118,310)	(1,588,020)
(Increase) decrease in operating assets:		
General contributions receivable	475,687	85,443
Prepaid expenses and other assets	(10,520)	(20)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(10,857)	(4,493)
Accrued payroll costs	10,020	14,755
Grants payable	(183,393)	(105,380)
Net cash used in operating activities	<u>(75,580)</u>	<u>(240,868)</u>
<b>Cash flows from investing activities:</b>		
Net change in investments	(181,344)	273,893
Purchases of property and equipment	(37,542)	(62,189)
Net cash provided by (used in) investing activities	<u>(218,886)</u>	<u>211,704</u>
<b>Cash flows from financing activities:</b>		
Cash contributions for endowment	90,746	202,964
Net increase (decrease) in cash and cash equivalents	(203,720)	173,800
Cash and cash equivalents at beginning of year	<u>342,626</u>	<u>168,826</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 138,906</u>	<u>342,626</u>

See accompanying notes to financial statements.

# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements

December 31, 2013 and 2012

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### (1) Summary of Significant Accounting Policies

#### (a) General

The Women's Foundation of Colorado, Inc. (the "Foundation") was founded in 1986. The mission of the Foundation is to build resources and lead change so that every woman and girl in Colorado achieves her full potential.

#### (b) Basis of Accounting

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

#### (c) Financial Statement Presentation

Information regarding the financial position and activities of the Foundation is reported according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

#### (d) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and /or nature of any donor restrictions.

All donor-restricted support, including pledges, is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Conditional promises are recognized as receivables and revenue when the conditions on which they depend are substantially met.

The Foundation uses the allowance method to determine uncollectible contributions receivable. The allowance is calculated using the delinquent pledge policy adopted by the Foundation in 2010.

#### (e) Cash and Cash Equivalents

The Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less and that are not part of an investment portfolio to be cash equivalents.

# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (f) Investments

Investments are reported at fair value. Fair value is determined as more fully described under the fair value measurements footnote (note 4). Investments in marketable equity and fixed income securities with readily determinable market values are reported at fair value based upon quoted prices in active markets. Management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable.

Investment return consists of the Foundation's distributive share of any interest, dividends, capital gains and losses generated from investments, as well as the change in fair value of the investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statements of activities.

#### (g) Concentrations of Credit Risk

The Foundation places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. Funds in excess of the federally insured limit set by the Federal Deposit Insurance Corporation (FDIC) are transferred into a sweep instrument on a daily basis. The Foundation has significant investments in equity and fixed income securities and is therefore subject to concentrations of credit risk. Investments are made by investment managers engaged by the Foundation and the investments are monitored by the management of the Foundation. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Foundation.

Credit risk with respect to pledges receivable is considered low due to the large number of contributors comprising the Foundation's contributor base.

#### (h) Property and Equipment

Furniture and equipment is recorded at cost or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years. The Foundation capitalizes all fixed asset purchases over \$1,000 with an estimated useful life of three years or more.



# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (i) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

#### (j) Donated Goods and Services

Donated goods and services are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation.

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation with its education and outreach programs and fund-raising events. These services were not recognized in the financial statements because they did not meet the criteria for recognition.

#### (k) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### (l) Income Tax Status

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and contributions received qualify for the charitable contribution deduction. However, income from activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation incurred no unrelated business income tax during 2013 and 2012.

The Foundation is required to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The Foundation believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are significant to the financial statements. If incurred, interest and penalties associated with uncertain tax positions would be recorded in the period assessed. The Foundation's *Return of Organization Exempt from Income Tax* (Form 990) for 2010 through 2012 are subject to examination by the IRS, generally for three years after they were filed.

# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

### (1) Summary of Significant Accounting Policies, Continued

#### (m) Subsequent Events

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Foundation's financial statements were available to be issued on May 1, 2014 and this is the date through which subsequent events were evaluated. The Foundation did not identify any subsequent events requiring disclosure.

### (2) Contributions Receivable

Pledges made by foundations, corporations, and individuals, are recorded on the Statement of Financial Position as temporarily restricted assets or permanently restricted assets, depending upon the donor's restrictions. Pledges due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.5% to 5%.

The following is a summary of all unconditional pledges receivable at December 31:

	<u>2013</u>	<u>2012</u>
Receivable in less than one year	\$ 420,404	525,572
Receivable in one to five years	<u>560,200</u>	<u>1,021,466</u>
Total unconditional pledges receivable	980,604	1,547,038
Less discount to net present value	(33,876)	(66,152)
Less allowance for uncollectible pledges	<u>(27,785)</u>	<u>(35,210)</u>
	\$ <u>918,943</u>	<u>1,445,676</u>

Contributions receivable are recorded in the following accounts at December 31:

	<u>2013</u>	<u>2012</u>
Permanently restricted net assets (note 8)	\$ 30,833	111,066
Temporarily restricted net assets (note 7)	<u>888,110</u>	<u>1,334,610</u>
	\$ <u>918,943</u>	<u>1,445,676</u>

### (3) Investments

Investments are recorded in the following accounts at December 31:

	<u>2013</u>	<u>2012</u>
Permanently restricted net assets	\$ 10,302,632	10,215,614
Temporarily restricted net assets	4,070,067	3,677,463
Unrestricted restricted net assets	<u>5,364,492</u>	<u>4,544,460</u>
	\$ <u>19,737,191</u>	<u>18,437,537</u>

# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

### (3) Investments, Continued

Investments are comprised of the following at December 31:

	<u>2013</u>	<u>2012</u>
Publicly traded mutual funds invested in:		
Bond funds:		
Short-term fixed income	\$ 916,226	-
Global fixed income	<u>3,686,953</u>	<u>4,400,259</u>
	<u>4,603,179</u>	<u>4,400,259</u>
Equity funds:		
U.S. equities	2,471,927	-
Non U.S. equities	3,650,186	3,481,295
Commodities	771,441	331,516
Alternative strategies	<u>2,822,382</u>	<u>1,866,203</u>
	<u>9,715,936</u>	<u>5,679,014</u>
Real estate fund	<u>1,353, 200</u>	<u>1,354, 275</u>
Total publicly traded mutual funds	<u>15,672,315</u>	<u>11,433,548</u>
Publicly traded equity securities:		
U.S. Large Cap	-	902,297
U.S. Mid Cap	-	119,600
U.S. Small Cap	978,737	896,877
Non U.S. Large Cap Growth	<u>1,239,542</u>	<u>997,461</u>
Total publicly traded equity securities	<u>2,218,279</u>	<u>2,916,235</u>
Other publicly traded investments:		
Exchange traded funds invested in:		
U.S. Large Cap Equities	-	1,068,269
Commodities	-	1,045,924
Alternative strategies	<u>925,997</u>	<u>829,210</u>
	<u>925,997</u>	<u>2,943,403</u>
Real estate investment trust	<u>7,892</u>	<u>11,488</u>
Total other publicly traded investments	<u>933,889</u>	<u>2,954,891</u>
Invested cash equivalents	508,773	726,453
Certificates of deposit	<u>403,935</u>	<u>406,410</u>
	<u>\$ 19,737,191</u>	<u>18,437,537</u>

# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

### (3) Investments, Continued

Investment return is summarized as follows:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 529,351	460,796
Net realized and unrealized gains	1,118,310	1,588,020
Less investment expenses	<u>(44,617)</u>	<u>(42,673)</u>
Earnings on investments	1,603,044	2,006,143
Earnings on cash and cash equivalents	<u>181</u>	<u>251</u>
Total investment return	<u>\$ 1,603,225</u>	<u>2,006,394</u>

### (4) Fair Value Measurements

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts payable and accrued liabilities, approximate fair value because of the immediate or short-term maturities of these financial instruments.

The Foundation reports required types of financial instruments in accordance with fair value accounting standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. In addition, the Foundation reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value measurement standards also require the Foundation to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 reporting depending on lock up and notice periods associated with the underlying funds. Instruments 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 type of investments included in Level 1 include mutual funds, listed equities, listed derivatives, cash, and cash equivalents.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate and government bonds, less liquid and restricted equity securities and certain over-the-counter derivatives. Level 2 also includes practical expedient investments with notice periods for redemption of 90 days or less.

# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

### (4) Fair Value Measurements, Continued

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. Investments that are included in this category generally include limited partnership interests in corporate, private equity, and real estate funds, funds of hedge funds, and distressed debt. Level 3 also includes practical expedient investments with notice periods for redemption of more than 90 days.

In some instances, 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. These classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest and credit risk. Instruments 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. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the Foundation's financial statements.

The following table summarizes the Foundation's investments by the above fair value hierarchy levels as of December 31, 2013:

<u>Description</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Publicly traded mutual funds	\$ 15,672,315	15,672,315	—	—
Publicly traded equity securities	2,218,279	2,218,279	—	—
Other publicly traded investments	933,889	933,889	—	—
Invested cash equivalents	508,773	508,773	—	—
Certificates of deposit	403,935	403,935	—	—
Total	\$ <u>19,737,191</u>	<u>19,737,191</u>	<u>—</u>	<u>—</u>

# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

### (4) Fair Value Measurements, Continued

The following table summarizes the Foundation's investments by the above fair value hierarchy levels as of December 31, 2012:

<u>Description</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Publicly traded mutual funds	\$ 11,433,548	11,433,548	-	-
Publicly traded equity securities	2,916,235	2,916,235	-	-
Other publicly traded investments	2,954,891	2,954,891	-	-
Invested cash equivalents	726,453	726,453	-	-
Certificates of deposit	<u>406,410</u>	<u>406,410</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 18,437,537</u>	<u>18,437,537</u>	<u>-</u>	<u>-</u>

At December 31, 2013 and December 31, 2012, all assets have been valued using a market approach.

### (5) Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Furniture and equipment	\$ 71,715	65,523
Software	<u>189,685</u>	<u>158,335</u>
	261,400	223,858
Less accumulated depreciation	<u>(169,840)</u>	<u>(137,179)</u>
	<u>\$ 91,560</u>	<u>86,679</u>

### (6) Grants

The Foundation awards grants to other not-for-profit organizations that support women and girls' programs. For the years ended December 31, 2013 and 2012, the Foundation awarded grants totaling \$1,135,402 and \$1,227,629, respectively. Grant expense is recorded at the time the grants are approved by the Board of Trustees.

### (7) Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Contributions receivable	\$ 888,110	1,334,610
Contributions restricted by donors, not yet expended	458,791	704,379
Endowment fund earnings, not yet expended	<u>3,611,276</u>	<u>2,973,083</u>
	<u>\$ 4,958,177</u>	<u>5,012,072</u>

# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

### (7) Restricted Net Assets, Continued

Permanently restricted net assets consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
General Program Endowment	\$ 4,093,740	4,093,740
Operating Endowment Fund	854,026	850,211
Advised Funds	5,104,877	5,104,877
The Beyond Our Borders Fund	<u>280,822</u>	<u>277,852</u>
	<u>\$ 10,333,465</u>	<u>10,326,680</u>

The following is a summary of the individual funds:

#### General Program Endowment

Gifts to this fund support the grants and programs of the Foundation. The earnings are subject to the spending policies adopted by the Board of Trustees.

#### Operating Endowment Fund

Gifts to this fund support general operating expenses of the Foundation. The earnings are subject to the spending policies adopted by the Board of Trustees.

#### Permanently Restricted Advised Funds

Currently the Foundation has three permanently restricted advised funds. At the end of the life of the advised fund, the fund will become part of the general endowment. The donor may advise, recommend or request that the earnings on such funds be used for certain purposes, and the Foundation will distribute the funds accordingly, if consistent with the mission of the Foundation and sound grant-making practices and with the Foundation Board of Trustees' approval.

#### The Beyond Our Borders Fund

The fund will be used for grants awarded to programs that benefit women and girls nationally and/or outside the United States. Under the fund agreement, the fund will be administered by an advisory committee. Contributions to the fund shall be directed by the donor as restricted for granting within the calendar year of the gift or by December 31<sup>st</sup> of the following year at 25%, 50%, 75%, or 100% of the gift, while the remaining percentage of funds will be either unrestricted or permanently restricted for endowment, as determined by the donor. Any funds not granted will be transferred to the permanently restricted portion of the fund. If the fair value of the fund is less than \$100,000 and either the advisory committee is dissolved or the advisory committee fails to make written recommendations within a 36 month period, the fund will become part of the Foundation's general endowment.

# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

### (8) Endowment Funds

The Foundation's endowments consist of both donor-restricted and board designated endowment funds. As required by generally accepted accounting principles, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's endowment assets and net assets consisted of the following as of December 31:

	<u>2013</u>	<u>2012</u>
Board designated endowment investments	\$ 2,648,851	2,455,366
Donor designated endowment investments	13,913,908	13,188,697
Contributions receivable for endowment	<u>30,833</u>	<u>111,066</u>
Total endowment assets	<u>\$ 16,593,592</u>	<u>15,755,129</u>
Unrestricted net assets	\$ 2,648,851	2,455,366
Temporarily restricted net assets	3,611,276	2,973,083
Permanently restricted net assets	<u>10,333,465</u>	<u>10,326,680</u>
Total endowment net assets	<u>\$ 16,593,592</u>	<u>15,755,129</u>

The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 1, 2008. The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- (1) The duration and preservation of the fund
- (2) The purpose of the Foundation and the donor-restricted endowment fund
- (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 Foundation resources
- (7) The investment policies of the Foundation



# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

### (8) Endowment Funds, Continued

Following are the changes in the endowment net assets for the years ended December 31, 2012 and 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at January 1, 2012	\$ 2,476,545	2,224,430	10,096,407	14,797,382
Investment return:				
Investment income	53,418	301,096	-	354,514
Net realized and unrealized gains	<u>211,991</u>	<u>1,148,997</u>	<u>-</u>	<u>1,360,988</u>
Total investment return	<u>265,409</u>	<u>1,450,093</u>	<u>-</u>	<u>1,715,502</u>
Contributions	985,369	-	230,273	1,215,642
Reclassifications	37,866	(37,866)	-	-
Appropriated for expenditure	<u>(1,309,823)</u>	<u>(663,574)</u>	<u>-</u>	<u>(1,973,397)</u>
Endowment net assets at December 31, 2012	2,455,366	2,973,083	10,326,680	15,755,129
Investment return:				
Investment income	68,602	376,043	-	444,645
Net realized and unrealized gains	<u>139,358</u>	<u>772,016</u>	<u>-</u>	<u>911,374</u>
Total investment return	<u>207,960</u>	<u>1,148,059</u>	<u>-</u>	<u>1,356,019</u>
Contributions	933,006	-	6,785	939,791
Appropriated for expenditure	<u>(947,481)</u>	<u>(509,866)</u>	<u>-</u>	<u>(1,457,347)</u>
Endowment net assets at December 31, 2013	\$ <u>2,648,851</u>	<u>3,611,276</u>	<u>10,333,465</u>	<u>16,593,592</u>

#### *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the amount of the original donation. In accordance with generally accepted accounting principles, any deficiencies would be reported in unrestricted net assets. At December 31, 2012 and 2013, there were no such deficiencies.

# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

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### (8) Endowment Funds, Continued

#### *Return Objectives and Risk Parameters*

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a reasonable, predictable, stable and sustainable level of distribution that supports current needs while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to maximize utilization of investments which preserve principal, maximize income commensurate with risk, provide liquidity to help ensure adequate reserves, and fit within the Foundation's preference of acceptable principal and interest risk.

#### *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### *Spending Policy and How the Investment Objectives Relate to Distribution Policy*

The Foundation's spending policy allows for appropriating the investment earnings for distribution based upon a four-quarter trailing average of the fair market value of endowment investments. In establishing the distribution policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow, net of spending, at the rate of inflation or greater over the investment horizon thus maintaining the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

### (9) Investment in Chambers Center

The Foundation entered into an agreement with the University of Denver (the University) to raise funds to construct, furnish, and equip a building that houses the University's Women's College and the Foundation's operations. The building is known as the Merle Catherine Chambers Center for the Advancement of Women. The University owns the building, including the initial furniture and equipment, and also retains all liabilities with respect to its ownership. Total project costs, including fundraising costs, were approximately \$8.6 million. The University provided the site for the building and \$2.36 million of the project costs. The Foundation and the University collectively raised the remaining \$6.24 million needed to complete the project.

# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

### (9) Investment in Chambers Center, Continued

The Foundation and the University entered into an agreement that allows the Foundation to lease office space within the building for 99 years with an unlimited option to renew for successive 99-year periods. The lease rate is based upon actual operating and maintenance costs allocated to the Foundation's space plus 10% to fund a maintenance and capital reserve. The agreement allows the Foundation to withdraw from its lease and relinquish its economic interest in the building upon six months notice. If the Foundation makes this election, the University agrees to purchase the Foundation's interest in the use of the building at a price based upon fair market value for comparable space as calculated per the agreement, with a specified minimum purchase price of \$2.0 million (up from \$1.5 million in 2003) if the withdrawal occurs within the first ten years (by July 2014).

The Foundation substantially completed its capital campaign for the project by December 31, 2003 and raised \$4,329,250 in cash and pledges to be used for the Chambers Center project. Amounts raised in excess of the Foundation's \$1.5 million asset value described above were considered to be contributions raised on behalf of the University for the Chambers Center project and were reflected as such in the Statement of Activities. The \$1.5 million asset value was not increased to the \$2.0 million buyout amount discussed in the preceding paragraph because the \$2.0 million is only guaranteed for ten years. At December 31, 2013 and 2012, cash received of \$1,500,000 for the project is reflected as an asset on the Statement of Financial Position.

### (10) Fundraising Activities

Total fundraising costs consist of the following for the years ended December 31:

	<u>2013</u>	<u>2012</u>
Special events, indirect expenses	\$ 131,044	274,382
Other development and fundraising	<u>390,552</u>	<u>305,470</u>
Total development and fund raising	521,596	579,852
Special events, direct expenses	<u>246,434</u>	<u>256,823</u>
	<u>\$ 768,030</u>	<u>836,675</u>

### (11) Donated Goods and Services

Donated goods and services consist primarily of media services and donated goods for special events. The Foundation recorded donated goods and services of \$29,037 and \$190,275 in 2013 and 2012, respectively.

# The Women's Foundation of Colorado, Inc.

## Notes to Financial Statements, Continued

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### **(12) Employee Benefit Plan**

As part of its agreement with the University of Denver, the University processes the Foundation's payroll and is reimbursed for actual payroll costs plus 15%. The additional 15% covers the Foundation's share of employer taxes and benefits, including a tax-sheltered retirement plan sponsored by the University. All Foundation employees are eligible for participation in this plan, which includes a matching contribution of up to 8% of an employee's salary. This contribution is funded by the Foundation and is part of the 15% additional reimbursement described above.

### **(13) Office Lease**

The Foundation is billed monthly by the University for its share of operating costs at the Merle Catherine Chambers Center. The current rate is \$4,675 per month and will be adjusted annually to reflect actual costs incurred. In addition, the Foundation is required to fund its share of an operating reserve account for the building on a monthly basis at a rate equal to 10% of its share of operating costs. The current rate is \$467 per month. Operating costs billed by the University totaled \$62,290 for 2013 and \$59,918 for 2012.