

**Community Foundation
of Northern Colorado**

Fort Collins, Colorado

Financial Statements

June 30, 2009 and 2008

Community Foundation of Northern Colorado

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Independent Auditor's Report

Board of Trustees
Community Foundation of Northern Colorado
Fort Collins, Colorado

We have audited the accompanying statements of financial position of the Community Foundation of Northern Colorado as of June 30, 2009 and 2008, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Community Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of Northern Colorado as of June 30, 2009 and 2008, and the results of its activities and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Brock and Company, CPAs, P.C.
Certified Public Accountants

Fort Collins, Colorado
February 10, 2010

Community Foundation of Northern Colorado

Statements of Financial Position

June 30	2009	2008
ASSETS		
Cash and cash equivalents	\$ 143,611	\$ 549,438
Receivables		
Pledges, net of allowance of \$9,000 at 2009 and \$10,000 at 2008	900	20,800
Notes	14,556	43,419
Prepaid expenses and other assets	15,306	22,005
Investments	35,436,724	36,191,566
Property and equipment, net	<u>899,875</u>	<u>947,473</u>
Total assets	<u>\$ 36,510,972</u>	<u>\$ 37,774,701</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 54,941	\$ 41,949
Grants payable	12,116	8,198
Liability under split-interest agreements	563,633	689,423
Assets held for agency funds	<u>6,020,014</u>	<u>6,141,326</u>
Total liabilities	<u>6,650,704</u>	<u>6,880,896</u>
Net Assets		
Unrestricted	13,209,175	29,498,027
Temporarily restricted	<u>16,651,093</u>	<u>1,395,778</u>
Total net assets	<u>29,860,268</u>	<u>30,893,805</u>
Total liabilities and net assets	<u>\$ 36,510,972</u>	<u>\$ 37,774,701</u>

The accompanying Notes are an integral
part of these financial statements

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Community Foundation of Northern Colorado

Statements of Activities

Years ended June 30

2009

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support			
Contributions	\$ 6,256,543	\$ 2,091,603	\$ 8,348,146
Less: agency funds contributed	887,215	-	887,215
Net contributions	5,369,328	2,091,603	7,460,931
Interest and dividends	202,536	510,053	712,589
Management fees	63,994	-	63,994
Leasing income	32,183	-	32,183
Other revenue	-	-	-
Net assets released from restrictions	1,519,642	(1,519,642)	-
Total revenues, gains and other support	<u>7,187,683</u>	<u>1,082,014</u>	<u>8,269,697</u>
Expenses and Losses			
Grantmaking and program expenses	3,401,926	-	3,401,926
Less: agency funds grants	57,583	-	57,583
Net grantmaking and program expenses	3,344,343	-	3,344,343
Net realized and unrealized investment losses	1,423,287	3,799,483	5,222,770
Supporting services	439,277	-	439,277
Fundraising expenses	194,676	-	194,676
Leasing activity expenses	18,083	-	18,083
Actuarial loss on life income agreements	-	84,085	84,085
Total expenses and losses	<u>5,419,666</u>	<u>3,883,568</u>	<u>9,303,234</u>
Change in Net Assets Before Effect of Change in Law	1,768,017	(2,801,554)	(1,033,537)
Net asset reclassification based on change in law	(18,056,869)	18,056,869	-
Change in Net Assets	<u>\$ (16,288,852)</u>	<u>\$ 15,255,315</u>	<u>\$ (1,033,537)</u>
Net Assets, Beginning of Year	\$ 29,498,027	\$ 1,395,778	\$ 30,893,805
Change in net assets	(16,288,852)	15,255,315	(1,033,537)
Net Assets, End of Year	<u>\$ 13,209,175</u>	<u>\$ 16,651,093</u>	<u>\$ 29,860,268</u>

2008

Unrestricted	Temporarily Restricted	Total
\$ 5,677,093	\$ 69,869	\$ 5,746,962
1,538,895	-	1,538,895
<u>4,138,198</u>	<u>69,869</u>	<u>4,208,067</u>
721,710	-	721,710
61,244	-	61,244
31,513	-	31,513
1,500	-	1,500
83,509	(83,509)	-
<u>5,037,674</u>	<u>(13,640)</u>	<u>5,024,034</u>
2,992,817	-	2,992,817
43,256	-	43,256
<u>2,949,561</u>	<u>-</u>	<u>2,949,561</u>
2,516,053	62,477	2,578,530
298,563	-	298,563
167,855	-	167,855
18,025	-	18,025
-	53,347	53,347
<u>5,950,057</u>	<u>115,824</u>	<u>6,065,881</u>
(912,383)	(129,464)	(1,041,847)
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (912,383)</u>	<u>\$ (129,464)</u>	<u>\$ (1,041,847)</u>
\$ 30,410,410	\$ 1,525,242	\$ 31,935,652
(912,383)	(129,464)	(1,041,847)
<u>\$ 29,498,027</u>	<u>\$ 1,395,778</u>	<u>\$ 30,893,805</u>

The accompanying Notes are an integral
part of these financial statements

Community Foundation of Northern Colorado

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2009	2008
Cash Flows From Operating Activities		
Cash received from contributors	\$ 6,689,193	\$ 5,467,603
Interest and dividends received	963,207	920,542
Other cash receipts	32,183	31,514
Cash paid to grantees, beneficiaries of split-interest agreements, employees, and suppliers	(2,666,625)	(3,634,393)
Net cash provided by operating activities	<u>5,017,958</u>	<u>2,785,266</u>
Cash Flows From Investing Activities		
Net change in investments	(5,448,973)	(2,383,568)
Payments received on notes receivable	28,863	12,069
Advances made on notes receivable	-	(23,183)
Purchases of property and equipment	(3,675)	(6,695)
Net cash used by investing activities	<u>(5,423,785)</u>	<u>(2,401,377)</u>
Increase (Decrease) in Cash and Cash Equivalents	(405,827)	383,889
Cash and Cash Equivalents, Beginning of Year	549,438	165,549
Cash and Cash Equivalents, End of Year	\$ 143,611	\$ 549,438
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in net assets	\$ (1,033,537)	\$ (1,041,847)
Adjustments		
Contribution of investments	(159,211)	(545,898)
Net realized and unrealized gain on investments	5,222,770	2,578,530
Depreciation	51,235	50,002
Actuarial loss on life income agreements	84,085	53,347
Loss on sale of property	38	1,806
Adjustment to allowance for uncollectible pledges receivable	(1,000)	(5,000)
Change in operating assets and liabilities		
Pledges receivable	20,900	57,400
Interest receivable	10,810	(19,343)
Prepaid expenses and other assets	6,699	98
Accounts payable and accrued liabilities	12,992	8,118
Grants payable	3,918	278
Deferred revenue	-	(1,500)
Liability on split-interest agreement	(128,903)	109,404
Assets held for agency funds	927,162	1,539,871
Net cash provided by operating activities	<u>\$ 5,017,958</u>	<u>\$ 2,785,266</u>

The accompanying Notes are an integral
part of these financial statements

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Community Foundation of Northern Colorado

Notes to Financial Statements

June 30, 2009

Note 1 – Summary of Significant Accounting Policies

The accounting and reporting policies of the Community Foundation of Northern Colorado ("the Foundation"), conform to accounting principles generally accepted in the United States of America. The following summary of significant accounting policies is presented to assist the reader in evaluating the financial statements of the Foundation.

Organization and Activities. The Community Foundation of Northern Colorado was established over 30 years ago to encourage and assist those who want to be a part of shaping the future of our region. We make it easy to create a charitable legacy through the creation of custom-designed endowment funds, and we connect people to the nonprofit sector in ways that inform and inspire their philanthropy and community involvement. Through hundreds of individual charitable funds, we distribute millions of dollars into our community each year. Through initiatives, forums and educational events we bring people together to create greater impact. For those who wish to give back to their community, we serve as a long-term, strategic partner to make their donations of time and money more effective and enjoyable. Our vision is to be the regional leader in building a more engaged, philanthropic and visionary community. Our mission is to provide a trusted, local platform that enables people to give more effectively and to think strategically and creatively about the future of our community.

The Foundation receives gifts from individuals, foundations, and organizations and places them into individual funds that match the giving priorities of the donors. The majority of the gifts are endowment gifts, which are preserved into perpetuity subject to the variance power discussed below. The income from endowment gifts is granted to not-for-profit organizations.

Basis of Presentation. The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when grants are approved and materials or services are received.

Net Asset Classification and Change in Law. The Foundation reports information regarding its financial position and activities in three classes of net assets - unrestricted, temporarily restricted, and permanently restricted - based upon existence or absence of donor-imposed restrictions.

Unrestricted Net Assets. Net assets not subject to donor-imposed restrictions, including donor-imposed endowment funds appropriated by the Board of Trustees for expenditure.

Temporarily Restricted Net Assets. Net assets subject to donor-imposed restrictions that may or will be met by the passage of time, including endowments funds subject to variance power.

Permanently Restricted Net Assets. Net assets subject to donor-imposed restrictions that will be maintained in perpetuity and not subject to variance power.

Community Foundation of Northern Colorado

Notes to Financial Statements

June 30, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

In August 2008, the Financial Accounting Standards Board issued Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FAS 117-1). FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FAS 117-1 also improves disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Colorado adopted UPMIFA effective September 1, 2008. The Foundation has adopted FAS 117-1 for the year beginning July 1, 2008, and the adoption did not have an impact on the Foundation's change in financial position. The Board of Trustees has determined that the majority of the Foundation's net assets meet the definition of endowment funds under UPMIFA. The Foundation is governed subject to the Articles of Incorporation and Bylaws for the Foundation and most contributions are received subject to the terms of the governing documents.

Under the terms of the Articles of Incorporation and Bylaws the Board of Trustees have a variance power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment, of the Board such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served. In addition, pursuant to the terms of endowment fund agreements, the Foundation retains ultimate authority and control over the investment, expenditure, distribution and grants of principal and income from endowment funds. It is the expressed intention of the Foundation to honor the designations of donors; however, the Foundation reserves the right to exercise final control over such funds.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment fund, (2) the purposes of the institution and the endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

As a result of the ability to distribute principal, the Board of Trustees has determined that all contributions received subject to the Articles of Incorporation, Bylaws, terms of endowment fund agreements, and subject to UPMIFA, are classified as temporarily restricted until appropriated, at which time the appropriation is reclassified to unrestricted net assets. Contributions that are subject to other gift instruments may be recorded as permanently restricted, temporarily restricted or unrestricted, depending on the specific terms of the agreement. In addition, contributions that are promised to be given in a future period are presented as temporarily restricted until the payments are due.

Community Foundation of Northern Colorado

Notes to Financial Statements

June 30, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

As of July 1, 2008, the Foundation has reviewed all endowment funds and has transferred net assets totaling \$18,056,869 that are subject to UPMIFA and were previously classified as unrestricted to temporarily restricted net assets.

Endowment Investment and Spending Policies. The Foundation has adopted investment and spending policies to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy attempts to establish an achievable return objective through diversification of asset classes. The current long-term return objective varies by investment pool.

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

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grantmaking and administration. The current spending policy is to distribute an amount equal to 5% of the fund's total market value based on sixteen trailing quarters. Accordingly, over the long term, the Foundation expects current spending policy to allow its endowment assets to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

Use of Estimates in the Preparation of Financial Statements. 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 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.

Cash and Cash Equivalents. For purpose of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments. Investments in debt and equity securities with readily determinable market values are reported at fair values as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price. Gains and losses are reported in the statement of activities. Investments in water rights are presented at the lower of cost or market.

Community Foundation of Northern Colorado

Notes to Financial Statements

June 30, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

The Foundation maintains investment pool accounts for its funds. Realized and unrealized gains and losses from securities in the investment pool accounts are allocated monthly to the individual funds based on the relationship of the market value of each fund to the total market value of the investment pool accounts, as adjusted for additions to or deductions from those accounts.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Property, Equipment, and Depreciation. Property and equipment is recorded at cost for purchased assets and at estimated fair value at the date of acquisition for donated assets. Depreciation is computed using the straight-line method over the estimated useful life of the assets which are forty years for buildings and improvements and three to ten years for furnishings and equipment.

Charitable Gift Annuities. The Foundation has received annuity gifts and charitable remainder trust gifts that require it to pay amounts periodically to the designated beneficiaries. The income is derived from resources the donor contributes under the annuity gift and charitable remainder trust arrangement. The present value of the actuarially determined liability for the future annuity payments is recorded at the date of the gift. The excess of the amount of the annuity gift over the liability for annuity payments is recorded as support in the year of the gift. Revaluation of the present value, using an effective discount rate of 3.4%, resulting from changes in actuarial assumptions is reported as changes in split-interest agreements in the statement of activities. Assets held in annuity gifts and charitable remainder trust gifts totaled \$1,676,468 and \$2,044,504 at June 30, 2009 and 2008, respectively, and are reported at fair market value in the Foundation's Statement of Financial Position. Annuity obligation assumptions are reviewed periodically by management and estimates may be subject to change in the near term.

Assets Held for Agency Funds. A fund established with a contribution from an organization for the benefit of the contributing organization is classified as an agency fund. The activity in agency funds is reported as a change in the liability "Assets Held for Agency Funds".

Contributions. Contributions, including unconditional promises to give (pledges) are recorded as received. Pledges receivable are recorded at the amount the Foundation expects to receive, allowing for estimated uncollectible pledges. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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

Community Foundation of Northern Colorado

Notes to Financial Statements

June 30, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes. The Foundation is a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been found not to be a private foundation under Internal Revenue Code.

The Financial Accounting Standards Board has clarified generally accepted accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions through an interpretation. As permitted by the new interpretation, the Foundation has elected to defer the application of the interpretation until issuance of its June 30, 2010 financial statements. For financial statements covering periods prior to 2010, the Foundation evaluates uncertain tax positions in accordance with existing generally accepted accounting principles, and makes such accruals and disclosures as are required under existing effective pronouncements.

Note 2 – Notes Receivable

Notes receivable consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
<u>External Notes Receivable</u>		
Loveland Methodist Foundation, noninterest-bearing note with quarterly payments of \$2,000 with final payment due April 2011.	\$ 14,556	\$ 23,372
Patricia McLean Memorial Fund, interest at 6.125%, paid in full in May 2009.	-	20,047
	<u>\$ 14,556</u>	<u>\$ 43,419</u>
<u>Internal Notes Receivable</u>		
(eliminated from financial statements)		
Mortgage receivable, interest at 6%, monthly principal and interest payments of \$4,334 with final payment due June 2036.	\$ 694,596	\$ 704,602

During 2006, the Foundation acquired real property used for its administrative offices and for commercial rental purposes. The Foundation acquired this property with fixed income funds and created an internal mortgage. For the years ended June 30, 2009 and 2008, the related interest was \$42,506 and \$42,585, respectively. This interest income and expense is eliminated in preparation of the accompanying financial statements.

Community Foundation of Northern Colorado

Notes to Financial Statements

June 30, 2009

Note 3 – Investments

Long-term investments consisted of the following at June 30, 2009:

	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 5,143,808	\$ 5,143,808
Beneficial interests in trustee assets	812,529	812,529
Mutual funds	27,363,274	22,974,726
U.S. Government obligations	2,607,396	2,765,192
Corporate debt securities	3,482,486	3,503,469
Water rights	237,000	237,000
	<u>\$ 39,646,493</u>	<u>\$ 35,436,724</u>

Long-term investments consisted of the following at June 30, 2008:

	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 1,194,822	\$ 1,194,822
Beneficial interests in trustee assets	791,749	791,749
Mutual funds	28,394,602	27,983,873
U.S. Government obligations	3,976,665	4,089,091
Corporate debt securities	1,934,678	1,895,031
Water rights	237,000	237,000
	<u>\$ 36,529,516</u>	<u>\$ 36,191,566</u>

The Foundation has been designated as a 50% remainder beneficiary in certain charitable trusts held by a bank. The beneficial interests in trustee assets are included above in total investments.

Market value was determined in accordance with Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, using Level 1 inputs, which are quoted prices in active markets for identical securities as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

Investment earnings consisted of the following for the years ended June 30:

	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 913,280	\$ 898,268
Net realized and unrealized gains (losses)	(6,271,244)	(3,017,611)
	(5,357,964)	(2,119,343)
Investment fees	(39,117)	(41,617)
Investment earnings (loss) of agency funds	886,900	304,140
Net investment losses	<u>\$ (4,510,181)</u>	<u>\$ (1,856,820)</u>

Community Foundation of Northern Colorado

Notes to Financial Statements

June 30, 2009

Note 4 – Property and Equipment

Property and equipment consisted of the following at June 30:

	2009	2008
Land	\$ 225,000	\$ 225,000
Buildings and improvements	728,707	727,262
Furnishings and equipment	132,453	160,724
	<u>1,086,160</u>	<u>1,112,986</u>
Less accumulated depreciation	186,285	165,513
Net property and equipment	<u>\$ 899,875</u>	<u>\$ 947,473</u>

Note 5 – Endowment Funds and Net Assets

Endowment net assets consisted of the following fund types at June 30, 2009:

	Unrestricted	Temporarily Restricted	Total
Donor designated			
Donor advised	\$ 1,238,126	\$ 5,280,268	\$ 6,518,394
Designated	165,314	5,584,307	5,749,621
Undesignated	103,511	2,856,674	2,960,185
Scholarship	62,884	1,288,471	1,351,355
Field of interest	10,814	527,638	538,452
	<u>1,580,649</u>	<u>15,537,358</u>	<u>17,118,007</u>
Board designated	186,701	-	186,701
Endowment net assets	<u>\$ 1,767,350</u>	<u>\$ 15,537,358</u>	<u>\$ 17,304,708</u>

In addition to endowment net assets, the Foundation also manages other non-endowed funds. The following summarizes all Foundation net assets as of June 30, 2009:

	Unrestricted	Temporarily Restricted	Total
Endowment funds	\$ 1,767,350	\$ 15,537,358	\$ 17,304,708
Non-endowment funds	11,441,825	-	11,441,825
Split-interest agreements	-	1,112,835	1,112,835
Pledges receivable	-	900	900
Total net assets	<u>\$ 13,209,175</u>	<u>\$ 16,651,093</u>	<u>\$ 29,860,268</u>

Community Foundation of Northern Colorado

Notes to Financial Statements

June 30, 2009

Note 5 – Endowment Funds and Net Assets (continued)

The following summarizes the changes in endowment net assets for the year ended June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2008	\$ 19,824,771	\$ -	\$ 19,824,771
Net asset reclassification based on change in law	<u>(18,056,869)</u>	<u>18,056,869</u>	<u>-</u>
Endowment net assets, July 1, 2008, after reclassification	<u>1,767,902</u>	<u>18,056,869</u>	<u>19,824,771</u>
Interest and dividends	5,743	483,412	489,155
Net realized and unrealized gains (losses)	10,271	(3,524,329)	(3,514,058)
Contributions	-	1,989,854	1,989,854
Amounts appropriated for expenditure	<u>(16,566)</u>	<u>(1,468,448)</u>	<u>(1,485,014)</u>
Change in endowment net assets	<u>(552)</u>	<u>(2,519,511)</u>	<u>(2,520,063)</u>
Endowment net assets, June 30, 2009	<u>\$ 1,767,350</u>	<u>\$ 15,537,358</u>	<u>\$ 17,304,708</u>

Note 6 – Operating Leases

The Foundation purchased an office building in south Fort Collins, to be used for its administrative offices and for commercial rental purposes. The Foundation has a lease agreement with a tenant for office space that extends through September 2010.

Future minimum lease payments to be received are as follows for the years ending:

<u>Year</u>	
2010	\$ 25,455
2011	4,261
	<u>\$ 29,716</u>

Community Foundation of Northern Colorado

Notes to Financial Statements

June 30, 2009

Note 7 – Retirement Plan

The Foundation has a SIMPLE IRA retirement plan. The plan allows for eligible employees to make contributions up to the annual IRS contribution limit. The plan requires matching contributions equal to 100% of employee salary deferrals up to 3% of employee compensation.

Note 8 – Related Parties and Concentrations

Related Party Transactions. The Foundation retains investment services with the First National Bank in Fort Collins, Colorado. Certain members of the Board of Trustees are also members of the Board of Directors of the bank. The Foundation paid investment fees to the bank totaling \$32,498 and \$29,505 for the years ended June 30, 2009 and 2008, respectively.

Concentrations. The Foundation enjoys broad-based support from the communities served. In any year, it may receive large gifts from a limited number of donors who may vary from year to year.

The Foundation routinely maintains cash balances in excess of federally insured limits.

The Foundation's investments subject to credit risk consist primarily of equity investments and debt securities. The credit risk is reduced by maintaining the investments in a variety of funds.