

**Community Foundation of
the Gunnison Valley**

Financial Statements

December 31, 2023

(With Independent Auditor's Report Thereon)



Independent Auditor's Report

Board of Directors Community Foundation of the Gunnison Valley

Opinion

We have audited the accompanying financial statements of the Community Foundation of the Gunnison Valley (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Board of Directors
Community Foundation of the Gunnison Valley**

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Kundinger, Corder & Montoya, P.C.

June 28, 2024

Community Foundation of the Gunnison Valley
Statement of Financial Position
December 31, 2023

Assets	
Cash and cash equivalents	\$ 383,245
Investments (note 3)	14,366,401
Restricted cash	28,091
Prepaid expenses	1,000
Mortgage receivable (note 5)	19,757
Real estate held for sale (note 4)	132,400
Operating lease right of use asset (note 6)	<u>73,401</u>
Total assets	<u>\$ 15,004,295</u>
 Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued liabilities	\$ 55,967
Agency obligations	1,136,078
Operating lease liability (note 6)	<u>84,651</u>
Total liabilities	<u>1,276,696</u>
 Net assets (notes 7 and 8)	
Without donor restrictions	
Undesignated	878,710
Board designated	<u>1,368,451</u>
Total without donor restrictions	2,247,161
With donor restrictions	<u>11,480,438</u>
Total net assets	13,727,599
 Commitment (note 9)	
Total liabilities and net assets	<u>\$ 15,004,295</u>

See the accompanying notes to the financial statements.

Community Foundation of the Gunnison Valley
Statement of Activities
Year Ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
Revenue and Support			
Contributions	\$ 366,998	365,465	732,463
In-kind contributions	692	1,151	1,843
Special events, net of direct expenses of \$11,678	20,119	4,043	24,162
Investment return	788,211	1,234,047	2,022,258
Other income	22,970	-	22,970
Net assets released from restrictions (note 7)	76,806	(76,806)	-
Total revenue and support	<u>1,275,796</u>	<u>1,527,900</u>	<u>2,803,696</u>
Expenses			
Program services	774,477	-	774,477
Supporting services			
Management and general	268,098	-	268,098
Fundraising	60,214	-	60,214
Total supporting services	<u>328,312</u>	<u>-</u>	<u>328,312</u>
Total expenses	<u>1,102,789</u>	<u>-</u>	<u>1,102,789</u>
Change in net assets	173,007	1,527,900	1,700,907
Net assets at beginning of year	<u>2,074,154</u>	<u>9,952,538</u>	<u>12,026,692</u>
Net assets at end of year	<u>\$ 2,247,161</u>	<u>11,480,438</u>	<u>13,727,599</u>

See the accompanying notes to the financial statements.

Community Foundation of the Gunnison Valley
Statement of Functional Expenses
Year Ended December 31, 2023

	Program services	Supporting services			Total
		Management and general	Fund raising	Total supporting services	
Grants to organizations	\$ 570,267	—	—	—	570,267
Grants to individuals	19,500	—	—	—	19,500
Salaries, payroll taxes, and benefits	89,453	168,624	30,559	199,183	288,636
Office expenses	28,480	24,663	6,619	31,282	59,762
Contract labor	50,698	6,266	—	6,266	56,964
Professional fees	—	32,049	—	32,049	32,049
Information technology	5,581	11,161	5,581	16,742	22,323
Insurance	1,844	3,688	1,844	5,532	7,376
Occupancy	8,654	17,307	8,654	25,961	34,615
Other	—	4,340	18,635	22,975	22,975
Total functional expenses	774,477	268,098	71,892	339,990	1,114,467
Less expenses included with revenue in the statement of activities	—	—	(11,678)	(11,678)	(11,678)
Total expenses	\$ 774,477	268,098	60,214	328,312	1,102,789

See the accompanying notes to the financial statements.

Community Foundation of the Gunnison Valley
Statement of Cash Flows
Year Ended December 31, 2023

Cash flows from operating activities	
Change in net assets	\$ 1,700,907
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Net realized and unrealized gain on investments	(1,823,734)
Operating lease liability noncash expense	11,250
Changes in operating assets and liabilities	
Prepaid expenses	(600)
Mortgage receivable	6,925
Accounts payable and accrued liabilities	(13,203)
Agency obligations	526,351
Net cash provided by operating activities	<u>407,896</u>
Cash flows from investing activities	
Net purchases of investments	<u>(730,933)</u>
Net cash used in investing activities	<u>(730,933)</u>
Net decrease in cash and cash equivalents	(323,037)
Cash and cash equivalents and restricted cash at beginning of year	<u>734,373</u>
Cash and cash equivalents and restricted cash at end of year	<u>\$ 411,336</u>
Supplemental disclosure of noncash investing and finance activity	
Operating lease asset and liability noncash expense	<u>\$ 11,250</u>
Reconciliation of cash and cash equivalents and restricted cash at end of year	
Cash and cash equivalents	\$ 383,245
Restricted cash	<u>28,091</u>
	<u>\$ 411,336</u>

See the accompanying notes to the financial statements.

Community Foundation of the Gunnison Valley

Notes to Financial Statements

December 31 2023

(1) Summary of Significant Accounting Policies

(a) Organization

Gunnison Area Foundation (the Foundation) was incorporated in July 1997, as a not-for-profit corporation in the State of Colorado. In 2004, the name was changed to the Gunnison Area Community Foundation. In 2007 the Foundation changed its name to "Community Foundation of the Gunnison Valley". The Foundation was organized for the purpose of providing a permanent entity to manage resources to help build community for the benefit of all residents of the Gunnison Watershed. The Foundation combines charitable giving by individuals and groups to meet area needs that are not possible or are more difficult to achieve without united effort of many community members. The Foundation's support comes from business and individual donor contributions and investment return.

(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

The Foundation is required to present information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

(d) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid instruments with original maturities of three months or less and which are not held as part of the investment portfolio to be cash equivalents.

(e) Concentrations

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, investments, and restricted cash. The Foundation places its cash and cash equivalents and restricted cash with creditworthy, high-quality financial institutions. The funds in these bank accounts may, at times, exceed the amounts insured by the Federal Deposit Insurance Corporation (FDIC). Management does not believe that the Foundation is exposed to any significant credit risk with respect to cash. Investments are under the guidance of the Foundation's investment committee and independent advisors. Though the market value of investments is subject to fluctuations on a year-to-year basis, the Foundation believes that the investment policy is prudent for the long-term welfare of the Foundation.

Community Foundation of the Gunnison Valley
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Investments

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position. Fair value is more fully described in note 1(g).

Investments in marketable equity and fixed income securities with readily determinable market values are reported at fair value based on quoted prices in active markets. The value of bond investments and other fixed income securities fluctuate in response to changing interest rates, credit worthiness of issuers and overall economic policies that impact market conditions. Alternative investments are not publicly traded on national security market exchanges, are generally illiquid, and may be valued differently should readily available markets exist for such investments. The market values for alternative investments represents the pro-rata interest in the net assets of the investment and is based on financial information determined and reported by the investment manager. Management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable.

It is the Foundation's policy to sell contributed publicly traded securities upon receipt. In cases where the security contains restrictions, the security is liquidated as soon as possible. Occasionally, the Foundation receives noncash donations, such as real estate or equity securities of privately held companies, which do not have readily determinable market values. Donations of such investments are reported at fair value, estimated based upon evaluation of individual assets and sales of comparable assets.

Investment return consists of the Foundation's distributive share of interest, dividends, and capital gains and losses generated from investments. Realized gains and losses attributable to the Foundation's investments are reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statement of activities.

(g) Fair Value Measurements

Fair value is defined as 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. Generally accepted accounting principles (GAAP) establishes a fair value hierarchy that prioritizes investments based on the assumptions market participants would use when pricing an asset. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in three levels based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability, and;
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Community Foundation of the Gunnison Valley
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Fair Value Measurements, Continued

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

(h) Revenue Recognition

Contributions and Grants

Contributions are recognized when cash, securities, and unconditional promises to give are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions and grants receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. The Foundation uses the allowance method to determine uncollectible contributions and grants receivable. The allowance is based on past collection experience and management's analysis of specific promises made. Contributions and grants receivable are charged to the allowance in the year they are deemed uncollectible.

In-Kind Contributions

In-kind contributions are recorded as contributions and corresponding expenses at their estimated values on the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Many individuals volunteer their time and perform a variety of tasks that assist the Foundation in its programs and general operations; however, the value of this contributed time is not reflected in the accompanying financial statements as it does not meet the criteria for recognition.

Special Event Revenue

Revenue from fundraising events is recognized during the period in which the special event is held. Cash received but not yet earned is reported as a refundable advance in the statement of financial position.

(i) Agency Endowments and Other Funds Held on Behalf of Others

Agency endowments and other funds held on behalf of others represent assets held by the Foundation that are for the benefit of the transferring entity. These funds are accounted for as a liability by the Foundation and appear in the statement of financial position as "Agency Obligations". Accounting for receipts in which the donor specifies itself or an affiliate as a beneficiary conforms to the *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others* accounting standard.

Community Foundation of the Gunnison Valley
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Grants

Program grants are recorded as an expense and liability when approved by the Board of Directors and/or grant committees in accordance with the Foundation's approval process.

(k) Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. The Foundation incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Foundation also conducts a number of activities that benefit both its program objectives as well as supporting services (i.e., fundraising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as program or functions total salary cost percentage or estimates of time and effort incurred by personnel.

(l) Estimates

The preparation of financial statements in conformity GAAP 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(m) Income Taxes

The Foundation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable deduction. However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business taxable income. There was no unrelated business taxable income during the year ended December 31, 2023.

The Foundation follows *Accounting for Uncertainty in Income Taxes* accounting standard which requires the Foundation 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. The Foundation's tax returns for the previous three years are subject to examination by the IRS.

(n) Stewardship Agreements

The Foundation has entered into stewardship agreements for which the Foundation charges a fee ranging from 0.5% to 3.0% to collect and disburse money in relation to these agreements. The Foundation carries amounts not spent at year-end as net assets with donor restrictions.

(o) Subsequent Events

The Foundation has evaluated subsequent events through June 28, 2024, the date the financial statements were available to be issued.

Community Foundation of the Gunnison Valley
Notes to Financial Statements, Continued

(2) Availability and Liquidity of Financial Assets

The following represent the Foundation's financial assets as of December 31, 2023:

Financial assets at year-end	
Cash and cash equivalents	\$ 383,245
Investments	<u>14,366,401</u>
Total financial assets	14,749,646
Less amounts unavailable for general expenditures within one year due to contractual restrictions	
Agency obligations	1,136,078
Board designated net assets	1,368,451
Donor restricted endowments	<u>7,802,954</u>
	<u>10,307,483</u>
Financial assets available to for general expenditures within one year	\$ <u>4,442,163</u>

The Foundation considers net assets with donor restrictions that will be met within one year to be available for general expenditure; therefore, only the donor-restricted investments held in perpetuity are excluded from amounts available for general use. The Foundation's goal is generally to maintain financial assets sufficient to meet 180 days of operating expenses.

(3) Investments

The Foundation's investment assets are dedicated to providing the financial resources needed to meet the Foundation's charitable objectives.

Marketable securities are exposed to various risks that may cause the reported value of the investment assets to fluctuate from period to period and result in a material change to the net assets of the Foundation. Investments in equity securities fluctuate in value in response to many factors such as the activities and financial condition of individual companies, business and industry market conditions, and the general economic environment. The value of certificates of deposit and other fixed income investments fluctuate in response to changing interest rates, credit worthiness of issuers, and overall economic policies that impact market conditions.

Investments are stated at their fair values and consist of the following at December 31, 2023:

	Fair Value	Assets Measured at			
		NAV (a)	Level 1	Level 2	Level 3
Cash & money market	\$ 538,230	-	538,230	-	-
Mutual funds					
Stock funds	9,956,445	-	9,956,445	-	-
Bonds funds	3,003,367	-	3,003,367	-	-
Exchange Traded Funds (ETF)	278,103	-	278,103	-	-
Certificate of deposit	499,615	-	499,615	-	-
Alternative investment	90,641	90,641	-	-	-
	<u>\$ 14,366,401</u>	<u>90,641</u>	<u>14,275,760</u>	<u>-</u>	<u>-</u>

Community Foundation of the Gunnison Valley
Notes to Financial Statements, Continued

(3) Investments, Continued

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient, which is a reasonable estimate of fair value, have not been classified in the fair value hierarchy. The fair value amounts presented in the above table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Level 1 investments have been valued using a market approach. Alternative investments are valued at net asset value per share (or its equivalent) as permitted under the practical expedient rule. There were no changes to valuation techniques during the current year.

The following table summarizes the significant information related to investments valued at net asset value per share (or its equivalent) as of December 31, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Alternative investment (a)	\$ 90,641	n/a	n/a	n/a

(a) On August 1, 2013, the Foundation originally invested \$40,000 in Gunnison River Partnership, LLC (“GRP”), a Colorado limited liability company formed in April 2012. GRP’s business purpose is to make debt and/or equity investments in privately held enterprises in the greater Gunnison Valley of Colorado. In 2017, 2019 and 2020, additional GRP shares were donated to the Foundation. The fair value of this investment has been estimated using the net asset value as reported by the partnership.

(4) Real Estate

During the year-ended December 31, 2008, the Foundation received assets, including real estate, from the William B. Endner Trust. The assets were transferred to the Foundation with the understanding that the Foundation would establish the William B. Endner Fund, a donor advised endowment fund. During the years ended December 31, 2008 and 2009, four parcels of real estate were sold, and in 2016, additional parcels were sold, leaving a balance of \$132,400 as real estate held for sale in the statement of financial position. Real estate held for sale is carried at donated cost which the Foundation believes is approximately fair value.

(5) Mortgage Receivable

The Foundation holds a note receivable for a seller-financed mortgage loan made August 1, 2016 for \$64,000 at 4.5% annual interest, due in monthly payments of \$665 with a final payment due August 1, 2026. At December 31, 2023, the remaining receivable balance totaled \$19,757. Interest received during 2023 totaled \$1,059.

Community Foundation of the Gunnison Valley

Notes to Financial Statements, Continued

(6) Operating Lease Right-of-Use Asset and Operating Lease Liability

The Foundation has an operating lease agreement for office facilities in Gunnison, Colorado (the Lease). The lease has a 12-month term but is renewable on substantially similar terms for three additional 12-month periods. The Foundation currently anticipates utilizing all available renewals. The Foundation includes in the determination of right-of-use asset and lease liability the value of renewable options.

The weighted-average term and discount rate for the operating lease outstanding as of December 31, 2023 are as follows:

Weighted-average term (months)	36
Weighted-average discount rate	3.5%

Future payments due under the operating lease are as follows for the years ending December 31:

Undiscounted cash flows due in:	
2024	\$ 30,000
2025	30,000
2026	<u>30,000</u>
Total undiscounted cash flows	90,000
Impact of present value discount	<u>(5,349)</u>
Operating lease liability	<u>\$ 84,651</u>

(7) Net Assets

Net assets without donor restrictions

Board designated net assets are reported as net assets without donor restrictions in the accompanying financial statements. Board designated net assets consist of the following at December 31, 2023:

Grantmaking endowment fund	\$ 1,164,265
Nonprofit leadership endowment fund	62,004
Grants fund	99,012
Creative Community fund	17,674
Emergency fund	16,429
Future designations fund	<u>9,067</u>
Total board designated net assets	<u>\$ 1,368,451</u>

The board designated endowments funds are subject to the endowment spending policy as described in note 8.

Net assets with donor restrictions

Donor-restricted net assets consisted of the following at December 31, 2023:

Purpose restricted gifts	\$ 3,677,484
Donor restricted endowments	<u>7,802,954</u>
Total net assets with donor restrictions	<u>\$ 11,480,438</u>

Net assets released from donor restrictions totaled \$76,806 during 2023 as a result of satisfying the related restrictions.

Community Foundation of the Gunnison Valley
Notes to Financial Statements, Continued

(8) Endowments

The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation's board of directors 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 net assets with donor restrictions: (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the donor gift instrument. 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 resources of the Foundation
- (7) The investment policies of the Foundation

The Foundation's endowment funds consist of the following at December 31, 2023:

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	Total <u>endowments</u>
Board-designated endowments	\$ 1,226,269	-	1,226,269
Donor-restricted endowments	<u>-</u>	<u>7,802,954</u>	<u>7,802,954</u>
Total endowment net assets	<u>\$ 1,226,269</u>	<u>7,802,954</u>	<u>9,029,223</u>

Following are the changes in the endowment net assets for the year ended December 31, 2023:

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	Total <u>endowments</u>
Endowment net assets, December 31, 2022	\$ 1,090,821	6,798,862	7,889,683
Contributions	4,003	116,881	120,884
Investment return	194,601	1,234,047	1,428,648
Appropriations	<u>(63,156)</u>	<u>(346,836)</u>	<u>(409,992)</u>
Endowment net assets, December 31, 2023	<u>\$ 1,226,269</u>	<u>7,802,954</u>	<u>9,029,223</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 gift. As of December 31, 2023, none of the Foundation's endowment funds were deficient.

Community Foundation of the Gunnison Valley
Notes to Financial Statements, Continued

(8) Endowments, Continued

Return Objectives and Strategies for Achieving Objectives

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, endowment assets are invested in a manner that is intended to maximize return, minimize risk, and minimize expenses.

To satisfy its long-term objectives, the Foundation relies on 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 objectives within prudent risk constraints.

Spending Policy

Under the total return method, distributions consist of net investment income and may include a portion of the cumulative realized gains and unrealized gains. The spending rate will be determined annually by the Investment Committee and ratified by the Board based on the trailing 12 quarters of investment results for permanent funds and may vary between 0-5% annually of total permanent fund assets net of investment costs and management fees, provided that permanent funds principal, as adjusted for inflation, is not invaded.

Annual Review and Policy Changes

The Investment Committee shall review the provisions of the policy on an annual basis and report to the Board any recommended changes for the Board's consideration.

(9) Retirement Plan

The Foundation offers a SIMPLE IRA to eligible full-time employees. Participants may contribute any amount up to the maximum allowable amount. The Foundation makes discretionary matching contributions. Matching contributions totaled \$5,317 for the year ended December 31, 2023.