

JOHNSON KIGHTLINGER & COMPANY

**THE BROOMFIELD COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Broomfield Community Foundation
Broomfield, Colorado

We have audited the accompanying financial statements of The Broomfield Community Foundation which comprise the statements of financial position as of December 31, 2016 and 2015, 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 entities' 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 principles 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 Broomfield Community Foundation as of December 31, 2016 and 2015, 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.



JOHNSON KIGHTLINGER & COMPANY
April 24, 2017

**THE BROOMFIELD COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 464,276	\$ 326,835
Investments (Note 2)	2,477,622	2,363,445
Property and equipment, net (Note 3)	<u>2,683</u>	<u>2,323</u>
Total assets	<u>\$ 2,944,581</u>	<u>\$ 2,692,603</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 572	\$ 574
Funds held as agency endowments (Note 4)	<u>79,771</u>	<u>97,129</u>
Total liabilities	80,343	97,703
NET ASSETS - Unrestricted	2,864,238	2,594,900
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,944,581</u>	<u>\$ 2,692,603</u>

**THE BROOMFIELD COMMUNITY FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
REVENUE AND SUPPORT		
Contributions	\$ 500,833	\$ 301,333
Investment income (loss) (Note 2)	105,790	(860)
<u>Special events</u>		
Contributions	188,977	180,109
Direct costs of events	<u>(91,016)</u>	<u>(81,208)</u>
Special events, net	97,961	98,901
Total revenue and support	<u>704,584</u>	<u>399,374</u>
EXPENSES AND LOSSES		
<u>Expenses - program services:</u>		
Grants	281,979	244,757
Grant making	<u>46,847</u>	<u>43,775</u>
Total program services	328,826	288,532
<u>Expenses - supporting services:</u>		
General and administrative	77,022	69,946
Fundraising	<u>29,398</u>	<u>28,104</u>
Total expenses	435,246	386,582
CHANGE IN NET ASSETS	<u>269,338</u>	<u>12,792</u>
NET ASSETS - BEGINNING OF YEAR	2,594,900	2,582,108
NET ASSETS - END OF YEAR	<u>\$ 2,864,238</u>	<u>\$ 2,594,900</u>

**THE BROOMFIELD COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 269,338	\$ 12,792
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,970	4,444
Net unrealized (gain) loss on investments	(42,340)	107,695
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	(2)	-
Funds held as agency endowments	(17,358)	(5,133)
Net cash from operating activities	211,608	119,798
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of computers	(2,330)	-
Investment sales (purchases), net	(71,837)	(115,590)
Net cash from investing activities	(74,167)	(115,590)
CHANGE IN CASH AND CASH EQUIVALENTS	137,441	4,208
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	326,835	322,627
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 464,276	\$ 326,835
NONCASH TRANSACTIONS		
Donated materials and services (Note 5)	\$ 46,000	\$ 45,600

**THE BROOMFIELD COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

The Broomfield Community Foundation (“the Foundation”) was established in 1993 as a Colorado not-for-profit corporation. The Foundation receives, administers and disburses funds for public, charitable, educational, scientific, literary, environmental, health and human services, and other benevolent purposes benefitting Broomfield citizens. The Foundation finances its operations primarily through donations and investment earnings.

Basis of Accounting and Presentation

The Foundation reports information regarding its financial position and activities into three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2016, the Foundation had no permanently restricted net assets.

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

The Foundation’s cash balances include savings accounts and money market funds. The Foundation considers all highly liquid debt and equity instruments purchased with maturities of three months or less to be cash equivalents.

Investments

The Foundation’s investment portfolio consists primarily of mutual fund investments in equity and debt securities with readily determinable market values. All investments are carried at fair value, with gains and losses reported in the statement of activities.

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.

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.

Contributions

Contributions consisted of unconditional promises to give and are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted using present value of future cash flows. Amortization of discounts is recorded as additional contribution revenue. Any allowance for uncollectible contributions receivable is provided based upon management’s judgment including such factors as prior collection history.

Property and Equipment

Property and equipment is stated at cost if purchased and estimated fair value if donated. Depreciation is computed using the double declining balance method over the estimated useful lives of the assets, ranging from three to seven years. The Foundation capitalizes property and equipment additions greater than \$500.

**THE BROOMFIELD COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (continued)

The Foundation reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the statement of activities, to its current fair value. There were no such impairments at December 31, 2016.

Expense Allocation

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

Revenue Recognition – Contributions

Contributions are reported as unrestricted or temporarily restricted, depending upon the existence and nature of any donor restrictions. The Foundation's bylaws and all donor agreements grant variance power to the Foundation's Board. Variance power allows the Board to modify or vary the donor's restrictions if the restriction becomes incapable of fulfillment or is inconsistent with the charitable needs of the community. The Foundation strives to honor donors' charitable intent and accepts grant recommendations from donors. However, by virtue of its variance power the Foundation generally reports contributions as unrestricted.

Contributions to be received over multiple years or at a specified date in the future are subject to time restrictions and are reported as temporarily restricted. Multi-year promises to give are recognized in the year the written promise is received from the donor. When the funds are collected in subsequent years, the time restriction is lifted and the Foundation recognizes an offsetting increase in unrestricted net assets and reduction of temporarily restricted net assets. The change is reported in the statement of activities as net assets released from restrictions.

The Foundation records donor-restricted contributions as unrestricted if the restrictions are met in the same reporting period.

Grants

Grants are expensed when approved for payment by the Foundation's Board of Trustees.

Advertising

Advertising costs are expensed as incurred and totaled \$4,530 and \$1,895 in 2016 and 2015, respectively.

Donated Services

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they require specialized skills and are provided by individuals possessing those skills. Donated materials, if significant, are reported as contributions at fair market value. Donated services consist primarily of printing, advertising, and professional services.

A number of volunteers have donated significant amounts of time to the Foundation's programs; however, these donated services do not meet the above criteria for recognition and are therefore not reflected in the financial statements.

**THE BROOMFIELD COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Risk and Concentrations

Financial instruments which present credit risk consist of cash. Cash balances are insured, in part, by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. Although certain cash balances exceed insured limits, the Foundation maintains its cash balances at high-quality financial institutions and does not expect any losses from this exposure.

Most of the Foundation's donors are located in the Colorado Front Range area.

Fair Value Measurements

Fair value measurements of assets and liabilities may be carried out using:

- Quoted prices in active markets for identical assets (Level 1),
- Significant other observable inputs (Level 2), or
- Significant unobservable inputs (Level 3).

Assets and liabilities measured at fair value included the following assets measured on a recurring basis at December 31, 2016 and 2015:

<u>Assets measured with Level 1 inputs</u>	<u>2016</u>	<u>2015</u>
Cash equivalents - money market funds	\$ 212,739	\$ 252,680
Publicly traded securities	2,477,622	2,346,357
<u>Assets measured with Level 2 inputs</u>		
Certificates of deposit	-	17,088
	<u>\$ 2,690,361</u>	<u>\$ 2,616,125</u>

Changes in unrealized gains or losses relating to publicly traded securities are included in net gain on investments in the accompanying statements of activities and more fully described in Note 3.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has no unrelated business income. The Foundation has taken no tax positions it believes are unlikely to be upheld, or that might jeopardize the Foundation's tax-exempt status, if examined by taxing authorities with full knowledge of all relevant information.

Accordingly, no provision for income taxes is included in the accompanying financial statements. Should the Foundation's tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS. The Foundation's federal information returns (Forms 990) for 2013, 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Subsequent Events Evaluation

Management has evaluated subsequent events through April 24, 2017, the date the financial statements were available to be issued.

**THE BROOMFIELD COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – INVESTMENTS

The Foundation's investments consisted of the following publicly traded securities at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Equity securities	\$ 2,109,360	\$ 1,995,524
Debt securities	334,043	317,521
Certificates of deposit	-	17,088
Other	34,219	33,312
	<u>\$ 2,477,622</u>	<u>\$ 2,363,445</u>

The Foundation's investment income and losses consisted of the following for the year ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Dividends and interest	\$ 56,348	\$ 74,530
Realized gains (losses)	18,052	43,573
Unrealized gains (losses)	42,340	(107,695)
Investment fees	(10,950)	(11,268)
	<u>\$ 105,790</u>	<u>\$ (860)</u>

NOTE 3 – PROPERTY AND EQUIPMENT

The Foundation's property and equipment consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Office equipment and furniture	\$ 36,394	\$ 34,064
Accumulated depreciation	(33,711)	(31,741)
Property and equipment, net	<u>\$ 2,683</u>	<u>\$ 2,323</u>

NOTE 4 – AGENCY ENDOWMENT FUND

The Foundation has an arrangement with a non-profit organization (NPO) whereby the NPO transferred assets to the Foundation and specified itself as beneficiary. In such cases, the Foundation does not report receipt of these assets as contributions. Even though the NPO has granted the Foundation variance power and the Foundation has legal title to the assets, under U.S. generally accepted accounting principles, such transfers are reported by the Foundation as increases in liabilities. Likewise, grant distributions and investment income and expense (including unrealized gains and losses) relating to this fund are reported as changes to the liability. The liability totaled \$79,771 and \$97,129 at December 31, 2016 and 2015, respectively.

NOTE 5 – IN-KIND CONTRIBUTIONS

Donated services and office space totaling \$11,500 and \$11,100 are included in general and administrative expenses in 2016 and 2015, respectively. Special events donated items totaled \$34,500 in 2016 and 2015, and included event space, printing, food and beverages served at fundraising events.

**THE BROOMFIELD COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – IN-KIND CONTRIBUTIONS (Continued)

Volunteers have donated significant amounts of time to the Foundation in various capacities. However, these services have not been reflected in the financial statements since they neither require specialized skills nor would they have typically been purchased had they not been donated. The value of these services is not readily determinable.