

PRESBYTERIAN FOUNDATION OF BOULDER
dba FaithBridge Foundation
FINANCIAL STATEMENTS
DECEMBER 31, 2017

PRESBYTERIAN FOUNDATION OF BOULDER
dba FaithBridge Foundation

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December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Presbyterian Foundation of Boulder
Boulder, Colorado

We have audited the accompanying financial statements of Presbyterian Foundation of Boulder, dba FaithBridge Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Presbyterian Foundation of Boulder, dba FaithBridge Foundation, as of December 31, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2016 financial statements, and we expressed an unmodified audit opinion on those audited statements in our report dated April 21, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

MIDDLEMIST, CROUCH & CO., CPA's, P.C.

Middlemist Crouch & Company, CPA's PC

Boulder, Colorado
May 3, 2018

FINANCIAL STATEMENTS

PRESBYTERIAN FOUNDATION OF BOULDER
 dba FaithBridge Foundation
 Statement of Financial Position
 December 31, 2017

(with summarized financial information for the year ended December 31, 2016)

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 67,608	\$ 47,514
Investments	195,034	191,639
Prepaid expenses	1,406	1,286
Total current assets	\$ 264,048	\$ 240,439
NON-CURRENT ASSETS		
Restricted investments - endowment	207,897	196,500
Restricted cash - board restricted	985	989
Donor advised funds	317,548	316,531
Total non-current assets	526,430	514,020
TOTAL ASSETS	\$ 790,478	\$ 754,459
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 124	\$ 608
Total current liabilities	124	608
NET ASSETS		
Unrestricted net assets		
Board designated	985	989
Undesignated	428,878	410,632
Total unrestricted net assets	429,863	411,621
Temporarily restricted net assets	360,491	342,230
Total net assets	790,354	753,851
TOTAL LIABILITIES AND NET ASSETS	\$ 790,478	\$ 754,459

See accompanying notes to financial statements.

PRESBYTERIAN FOUNDATION OF BOULDER
 dba FaithBridge Foundation
 Statement of Activities
 For the year ended December 31, 2017
 (with summarized financial information for the year ended December 31, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Revenue and support				
Contributions	\$ 8,304	\$ 600	\$ 8,904	\$ 18,270
Management fee income	7,471	-	7,471	7,511
Investment income	11,351	40,357	51,708	25,891
Total support and revenue	<u>27,126</u>	<u>40,957</u>	<u>68,083</u>	<u>51,672</u>
Net assets released from donor restriction	22,696	(22,696)	-	-
Expenses				
Program services -				
Grants	11,000	-	11,000	40,158
Supporting services -				
General and administrative	20,580	-	20,580	21,618
Total expenses	<u>31,580</u>	<u>-</u>	<u>31,580</u>	<u>61,776</u>
Changes in net assets	18,242	18,261	36,503	(10,104)
NET ASSETS--BEGINNING OF YEAR	<u>411,621</u>	<u>342,230</u>	<u>753,851</u>	<u>763,955</u>
NET ASSETS--END OF YEAR	<u>\$ 429,863</u>	<u>\$ 360,491</u>	<u>\$ 790,354</u>	<u>\$ 753,851</u>

See accompanying notes to financial statements.

PRESBYTERIAN FOUNDATION OF BOULDER
 dba FaithBridge Foundation
 Statement of Cash Flows
 For the year ended December 31, 2017
 (with summarized financial information for the year ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 36,503	\$ (10,104)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized/Unrealized Loss (Gain)	(37,888)	(15,685)
Changes in operating assets and liabilities -		
(Increase) decrease in prepaid expenses	(120)	(45)
Increase (decrease) in payables and accrued liabilities	(484)	293
Net cash provided by (used) by operating activities	<u>(1,989)</u>	<u>(25,541)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in restricted cash	(1,013)	4,694
Sale and purchase of investments, net	23,096	12,582
Net cash provided (used) by investing activities	<u>22,083</u>	<u>17,276</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	20,094	(8,265)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>47,514</u>	<u>55,779</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 67,608</u>	<u>\$ 47,514</u>

See accompanying notes to financial statements.

PRESBYTERIAN FOUNDATION OF BOULDER
dba FaithBridge Foundation
Notes to Financial Statements
December 31, 2017

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Presbyterian Foundation of Boulder (the "Foundation") was established in late 2008 and adopted the Standards of the Evangelical Council for Financial Accountability. Its mission is to encourage, accept, monitor and administer gifts given joyfully for the glory of God. The Foundation's purpose is threefold: to encourage and promote stewardship and charitable giving; to provide a vehicle for planned charitable giving; and to provide funds for Christian ministries and the dissemination of the Christian Gospel.

On October 1, 2013, the Organization changed its name to Presbyterian Foundation of Boulder, dba FaithBridge Foundation.

Basis of Accounting

The financial statements are prepared in accordance with the recommendations of the American Institute of Certified Public Accountants in its industry audit guide, Audits of Not-for-Profit Organizations. Accordingly, the financial statements are prepared on an accrual basis of accounting. The significant accounting policies followed are described below.

The financial statements presentation follows the recommendations of the Financial Accounting Standards Board in its statement FASB Accounting Standards Codification No. 958-205-45-5, "Presentation of Financial Statements." Under FASB ASC No. 958-205-45-5, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted or permanently restricted net assets.

Allowance for Bad Debts

No provision has been made for uncollectible accounts, as management considers all accounts to be currently collectible. Uncollectible accounts are expensed on an individual basis when they are deemed to no longer be collectible.

Property and Equipment

All property and equipment is stated at cost, or if donated, at the fair value at the date of transfer. Depreciation is computed using the straight-line method over the estimated useful life. Additions and improvements over \$500 and with a useful life greater than one year are capitalized. Ordinary maintenance and repair expenses are expensed as incurred.

Contributions

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

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial investments.

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the FASB Accounting Standards Codification. All interest, dividends and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

PRESBYTERIAN FOUNDATION OF BOULDER
dba FaithBridge Foundation
Notes to Financial Statements
December 31, 2017

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES-continued

Fair Value Measurements

The fair value of financial assets and liabilities is measured according to the Fair Value Measurements and disclosures topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3 – Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

Income Taxes

The Foundation is exempt from income tax under Section 501(C)(3) of the Internal Revenue Code and has been classified as an organization other than a private foundation under Section 509(a). As such, donors are entitled to a charitable deduction for their contributions to the Foundation.

The Foundation files Form 990 in the U.S. federal jurisdiction. The Foundation is generally no longer subject to examination by the Internal Revenue Service for years before 2014.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - PROPERTY AND EQUIPMENT

Website	\$ 773
Accumulated depreciation	(773)
Net property and equipment	<u>\$ -</u>

NOTE 3 - CONTRIBUTIONS RECEIVABLE

The Organization did not have any contributions receivable at December 31, 2017.

PRESBYTERIAN FOUNDATION OF BOULDER
 dba FaithBridge Foundation
 Notes to Financial Statements
 December 31, 2017

NOTE 4 – INVESTMENTS

Investments at December 31, 2017, were measured using Level 1 inputs and consisted of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain (Loss)</u>
Short-term investments	\$ 342,063	\$ 342,063	\$ -
Equity funds	218,713	256,152	37,439
Fixed income fund	123,494	123,871	377
Mutual funds	22,836	22,908	72
	<u>\$ 707,106</u>	<u>\$ 744,994</u>	<u>\$ 37,888</u>

Investment income for the year ended December 31, 2017, consisted of the following:

Interest and Dividends	\$ 7,937
Capital Gain Distributions	5,883
Realized Gain(Loss)	-
Unrealized Gain(Loss)	37,888
Net Investment Income	<u>\$ 51,708</u>

NOTE 5 - NET ASSETS

The Foundation's temporarily restricted net assets at December 31, 2017 represent donor restricted contributions that are available for the following purposes:

	<u>Beginning Balance at 12/31/16</u>	<u>Additions</u>	<u>Investment Income (Loss)</u>	<u>Expenditures</u>	<u>Ending Balance at 12/31/17</u>
University Ministries	\$ 22,237	\$ -	\$ 1,320	\$ (330)	\$ 23,227
Missions	35,596	-	4,085	(6,578)	33,103
Capital Projects	87,897	600	9,351	(1,584)	96,264
Endowment	196,500	-	25,601	(14,204)	207,897
	<u>\$ 342,230</u>	<u>\$ 600</u>	<u>\$ 40,357</u>	<u>\$ (22,696)</u>	<u>\$ 360,491</u>

NOTE 6 - CONCENTRATION OF CREDIT RISK

The Foundation had cash of approximately \$136,140 in excess of FDIC limits. The Board has reviewed this situation and decided to take the risk and rely on the strength of the Bank.

PRESBYTERIAN FOUNDATION OF BOULDER
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December 31, 2017

NOTE 7- ENDOWMENTS

The Foundation follows the State of Colorado's Uniform Prudent Management of Institutional Funds Act (UPMIFA).

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (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 and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization 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 purposes of the organization 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 organization
7. The investment policies of the organization

Return Objectives and Risk Parameters

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. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that meet the expected return of at least 5 percent greater than the rate of inflation as measured by the Consumer Price Index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately the Consumer Price Index plus 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objective, 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.

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NOTE 7 - ENDOWMENTS-continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year, starting July 1, 2012, 5 percent of the fair value of a fund's net assets on June 30. In establishing this 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 at an average of 3 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment Net Assets

The Foundation holds a donor restricted endowment fund. The fund is reported on the statement of financial position as temporarily restricted net assets.

The Foundation had the following changes in endowment assets for the year ended December 31, 2017:

	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 196,500	\$ 196,500
Investment return:		
Investment income	3,735	3,735
Realized/unrealized gain (loss)	<u>21,866</u>	<u>21,866</u>
Total Investment return	25,601	25,601
Appropriations for expenditure	(10,351)	(10,351)
Management fees	<u>(3,853)</u>	<u>(3,853)</u>
Endowment net assets, end of year	<u>\$ 207,897</u>	<u>\$ 207,897</u>

NOTE 8 - DONOR ADVISED FUNDS

In 2010, a donor advised fund was established in the Foundation for the purpose of the maintenance, repair and construction of facilities to be used by First Presbyterian Church or for any other uses which furthers the promulgation and effectuation of the Gospel of Jesus Christ. The balance of the fund at December 31, 2017, was \$316,054.

In 2011, a second donor advised fund was established for the purpose of providing funds for Christian purposes. The balance of the fund at December 31, 2017, was \$1,463.

In 2014, a third donor advised fund was established for the purpose of providing funds for Christian purposes. As of December 31, 2017, the balance in this fund was \$31.

PRESBYTERIAN FOUNDATION OF BOULDER
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NOTE 9- FIRST PRESBYTERIAN CHURCH

The Presbyterian Foundation of Boulder was established in 2008 and is a 501c(3) charitable organization. The Board of Directors is independent from the Church, although church members may serve on the board. Board members are elected by the existing Board. Additionally, the Church and its Trustees exercise no control over the Foundation's operations. During the year ended December 31, 2017, the Church made donations to the Foundation in the amount of \$3,804. The Church received grants of \$2,000 from the Foundation in 2017.

NOTE 10- SUBSEQUENT EVENTS

The Foundation did not have any other subsequent events through May 3, 2018, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2017.