
Community First Foundation

Consolidated Financial Report
December 31, 2021

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Independent Auditor's Report

To the Board of Directors
Community First Foundation

Opinion

We have audited the accompanying consolidated financial statements of Community First Foundation and its subsidiary (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Community First Foundation and its subsidiary as of December 31, 2021 and 2020 and the changes in their net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 audits 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 consolidated financial statements.

To the Board of Directors
Community First Foundation

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

May 11, 2022

Community First Foundation

Consolidated Statement of Financial Position

	December 31, 2021 and 2020	
	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 17,211,003	\$ 8,346,748
Prepaid expenses and other current assets	169,881	589,522
Total current assets	17,380,884	8,936,270
Investments	542,738,313	487,202,873
Impact Investments	961,812	876,975
Property and Equipment - Net	3,226,763	3,140,810
Cash Surrender Value of Life Insurance	1,468,687	1,421,851
Total noncurrent assets	548,395,575	492,642,509
Total assets	\$ 565,776,459	\$ 501,578,779
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 320,570	\$ 434,362
Grants payable	10,775,122	6,306,822
Accrued expenses	566,584	749,916
Total current liabilities	11,662,276	7,491,100
Deferred Gift Annuity Liability	31,032	33,341
Agency Funds	46,629,642	40,752,583
Total liabilities	58,322,950	48,277,024
Net Assets		
Without donor restrictions:		
Undesignated	414,902,074	368,871,307
Donor advised	26,106,124	21,844,226
Board designated	15,335,226	14,233,710
Total net assets without donor restrictions	456,343,424	404,949,243
With donor restrictions	51,110,085	48,352,512
Total net assets	507,453,509	453,301,755
Total liabilities and net assets	\$ 565,776,459	\$ 501,578,779

Consolidated Statement of Activities and Changes in Net Assets

Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Contributions	\$ 9,557,755	\$ 136,015	\$ 9,693,770	\$ 4,205,087	\$ 627,376	\$ 4,832,463
Contributions - ColoradoGives	78,100,554	-	78,100,554	71,808,153	-	71,808,153
Less contributions received for agency funds	(82,365,228)	-	(82,365,228)	(73,687,595)	-	(73,687,595)
Other income	1,164,381	-	1,164,381	959,447	-	959,447
Investment return received from agency funds	4,211,409	-	4,211,409	4,607,389	-	4,607,389
Less investment return received from agency funds	(4,211,409)	-	(4,211,409)	(4,607,389)	-	(4,607,389)
Net assets released from restrictions	1,737,608	(1,737,608)	-	2,949,752	(2,949,752)	-
Total revenue, gains, and other support	8,195,070	(1,601,593)	6,593,477	6,234,844	(2,322,376)	3,912,468
Expenses						
Program services:						
ColoradoGives	80,617,502	-	80,617,502	73,363,711	-	73,363,711
Community impact and outreach	12,376,698	-	12,376,698	12,113,573	-	12,113,573
Management fees	992,513	-	992,513	857,404	-	857,404
Less grants and management fees made from agency funds	(80,699,578)	-	(80,699,578)	(73,093,065)	-	(73,093,065)
Total program services	13,287,135	-	13,287,135	13,241,623	-	13,241,623
Support services:						
Management and general	1,693,307	-	1,693,307	1,709,462	-	1,709,462
Fundraising	858,849	-	858,849	738,982	-	738,982
Total support services	2,552,156	-	2,552,156	2,448,444	-	2,448,444
Total expenses	15,839,291	-	15,839,291	15,690,067	-	15,690,067
Decrease in Net Assets - Before investment return - Net	(7,644,221)	(1,601,593)	(9,245,814)	(9,455,223)	(2,322,376)	(11,777,599)
Investment Return - Net	59,038,402	4,359,166	63,397,568	45,645,230	5,271,340	50,916,570
Increase in Net Assets	51,394,181	2,757,573	54,151,754	36,190,007	2,948,964	39,138,971
Net Assets - Beginning of year	404,949,243	48,352,512	453,301,755	368,759,236	45,403,548	414,162,784
Net Assets - End of year	\$ 456,343,424	\$ 51,110,085	\$ 507,453,509	\$ 404,949,243	\$ 48,352,512	\$ 453,301,755

Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services			Support Services			
	ColoradoGives	Community Impact and Outreach	Total	Management and General	Fundraising	Total	Total
Grants	\$ 79,673,780	\$ 10,877,024	\$ 90,550,804	\$ -	\$ -	\$ -	\$ 90,550,804
Salaries and benefits	521,518	954,294	1,475,812	1,222,961	649,459	1,872,420	3,348,232
Professional fees	363,405	279,745	643,150	309,305	103,972	413,277	1,056,427
Fund management fees	-	992,513	992,513	-	-	-	992,513
Occupancy	11,745	99,616	111,361	29,101	51,659	80,760	192,121
Depreciation	11,001	134,814	145,815	25,784	17,933	43,717	189,532
Insurance	974	-	974	71,216	-	71,216	72,190
Postage and printing	22,197	9,198	31,395	12,563	20,171	32,734	64,129
Travel, conferences, and education	8,681	12,713	21,394	12,828	10,699	23,527	44,921
Miscellaneous	4,201	9,294	13,495	9,549	4,956	14,505	28,000
	80,617,502	13,369,211	93,986,713	1,693,307	858,849	2,552,156	96,538,869
Less grants and management fees made from agency funds	(79,707,065)	(992,513)	(80,699,578)	-	-	-	(80,699,578)
Total functional expenses	\$ 910,437	\$ 12,376,698	\$ 13,287,135	\$ 1,693,307	\$ 858,849	\$ 2,552,156	\$ 15,839,291

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services			Support Services			
	ColoradoGives	Community Impact and Outreach	Total	Management And General	Fundraising	Total	Total
Grants	\$ 72,468,582	\$ 10,595,676	\$ 83,064,258	\$ -	\$ -	\$ -	\$ 83,064,258
Salaries and benefits	545,045	1,074,520	1,619,565	1,195,147	559,479	1,754,626	3,374,191
Fund management fees	-	857,404	857,404	-	-	-	857,404
Professional services	286,934	193,283	480,217	370,966	106,223	477,189	957,406
Depreciation	12,920	134,244	147,164	25,102	15,019	40,121	187,285
Insurance	11,579	-	11,579	61,643	-	61,643	73,222
Occupancy	13,007	85,067	98,074	28,722	38,783	67,505	165,579
Postage and printing	9,730	2,163	11,893	2,395	3,807	6,202	18,095
Travel, conferences, and education	13,425	23,158	36,583	20,236	13,313	33,549	70,132
Miscellaneous	2,489	5,462	7,951	5,251	2,358	7,609	15,560
	73,363,711	12,970,977	86,334,688	1,709,462	738,982	2,448,444	88,783,132
Less grants and management fees made from agency funds	(72,235,661)	(857,404)	(73,093,065)	-	-	-	(73,093,065)
Total functional expenses	\$ 1,128,050	\$ 12,113,573	\$ 13,241,623	\$ 1,709,462	\$ 738,982	\$ 2,448,444	\$ 15,690,067

Consolidated Statement of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 54,151,754	\$ 39,138,971
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation	189,532	187,285
Change in cash surrender value of life insurance	(46,836)	(62,518)
Change in value of deferred gift annuity	(2,309)	(29,162)
Endowment interest and dividends restricted for reinvestment	(604,456)	(511,614)
Realized gains on sale of investments	(56,726,731)	(9,747,298)
Unrealized losses (gains) on investments	1,681,877	(33,453,514)
Contributions restricted for endowment	(711,082)	(681,660)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Prepaid expenses and other assets	419,641	3,224
Accounts payable	(113,792)	397,322
Grants payable	4,468,300	1,904,369
Accrued expenses	(183,332)	360,901
Agency funds	5,877,059	5,201,919
Net cash and cash equivalents provided by operating activities	8,399,625	2,708,225
Cash Flows from Investing Activities		
Proceeds from sales of investments	237,992,058	215,296,369
Purchases of investments	(238,482,644)	(217,677,590)
Issuance of impact investments	(84,837)	(197,348)
Purchase of property and equipment	(275,485)	(265,079)
Net cash and cash equivalents used in investing activities	(850,908)	(2,843,648)
Cash Flows from Financing Activities		
Endowment interest and dividends restricted for reinvestment	604,456	511,614
Proceeds from restricted endowment contributions	711,082	681,660
Net cash and cash equivalents provided by financing activities	1,315,538	1,193,274
Net Change in Cash and Cash Equivalents	8,864,255	1,057,851
Cash and Cash Equivalents - Beginning of year	8,346,748	7,288,897
Cash and Cash Equivalents - End of year	\$ 17,211,003	\$ 8,346,748

Note 1 - Nature of Business

Community First Foundation has been connecting donors and innovative Colorado nonprofits since 1975. As the community foundation serving Jefferson County (Jeffco), Colorado, we are committed to connecting people, ideas, and nonprofits so that all of Jeffco is thriving. We help donors with philanthropic planning, support nonprofits with grants and resources, and, together, build resilient and connected communities. Our work is rooted in radical listening and a commitment to equity and inclusion.

Purpose: To make good happen

Vision: All of Jeffco is thriving

Mission: Connect people, ideas, and nonprofits

We believe it is hard to thrive when you cannot meet your most essential needs and that when our neighbors are economically secure, everyone benefits. We believe that resilient and connected neighborhoods are the backbone of a strong community and that civil discourse and social justice are key to strengthening this place we call home. We are also the creators of and continue to operate the ColoradoGives.org online giving platform that connects donors to the nonprofits they want to support.

CFF Arvada, LLC (CFF Arvada) was formed in 2014 as a single-member limited liability company, of which Community First Foundation is the sole member. CFF Arvada owns the land and building that is used as the headquarters of Community First Foundation.

Note 2 - Significant Accounting Policies

Reporting Entity

The accompanying consolidated financial statements include the accounts of Community First Foundation and CFF Arvada. All intercompany transactions have been eliminated upon consolidation. The consolidated entity herein is collectively referred to as the "Foundation."

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without restrictions are those currently available at the discretion of the board for use in the Foundation's operations. Board-designated funds are net assets that the board has set aside for specific purposes. Donor-advised funds are net assets where the Foundation has been granted variance power in connection with contributions received under donor-advised agreements.

Net assets with donor restrictions are moneys restricted by donors specifically for certain projects, programs, and time limitations or assets that must be maintained permanently by the Foundation, as required by the donor, but the Foundation is permitted to use or expend part or all of any income derived from those assets in accordance with donor specifications.

Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Foundation considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash unless held for reinvestment as part of the investment portfolio.

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments are composed of equities, debt securities, money market funds, commodities, hedge funds, real estate, private equity, and private debt. Investments in marketable equity and fixed-fund securities with readily determinable market values are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in alternative investments are reported at fair value when statements are received, which may have a lag of one to three months, and recorded net of capital contributions and distributions through December 31, due to the timing of when valuation information is available. The Foundation believes that there is no significant impact to the consolidated financial statements due to this method of reporting and provides timely reporting to fund holders. Unrealized gains and losses are included in investment return in the accompanying consolidated statement of activities and changes in net assets.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that change in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

Impact Investments

The Foundation makes impact investments that specifically support its mission and vision, in addition to generating some financial return.

These impact investments include loans receivable made to various organizations. The loans range from \$74,500 to \$160,000, with interest at 2 percent per annum and payments due through June 2029. No discount on loans receivable has been recorded, as the amount is considered insignificant.

During the year ended December 31, 2020, the Foundation created the Metro Denver COVID Nonprofit Loan Fund (MDCNLF), an impact investment, with a commitment of \$1,000,000. As of December 31, 2020, the Foundation had not provided any funds under this agreement. As of December 31, 2021, the Foundation funded \$750,000 under this agreement. Loans receivable also include a net investment in the MDCNLF in the amount of \$696,592.

The Foundation also considers a reserve for uncollectible loans receivable. The total reserve as of December 31, 2021 and 2020 was \$401,492 and \$0, respectively.

Property and Equipment

Property and equipment are reported at cost or estimated fair value for donated assets, net of accumulated depreciation. The Foundation follows the practice of capitalizing all expenditures for property and equipment over \$5,000. Expenditures for maintenance, repairs, and minor replacements are charged to operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 3 to 30 years.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated assets for a specific purpose.

Deferred Gift Annuity Liability

Split-interest agreements are recorded as an asset, revenue, and a liability at the time of the gift. The liability amount is based upon the fair value of the underlying gift, the actuarial facts of the annuitant, and a present value discount rate for the expected life of the annuitant. The difference between this present value and the fair value of the gift is recorded as revenue at the time of the gift. Subsequent changes in the present value due to life expectancy or other actuarial facts are recognized as an increase or decrease of net assets in the year the change is detected.

Note 2 - Significant Accounting Policies (Continued)

Agency Endowments and Designations

The Foundation follows accounting standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investments of those assets, or both, back to the donor nonprofit organization as a reciprocal transfer between the organization and the Foundation. Accordingly, the Foundation must account for the transfer of such assets as a liability. The Foundation has two types of such funds that are treated as liabilities: (a) agency endowments and (b) agency designations, including ColoradoGives.org. The Foundation has elected to present the agency transactions on a grossed-up basis in the consolidated statement of activities and changes in net assets. See Notes 6 and 7 for activity of agency funds.

Contributions

All contributions are considered available for general use unless specifically restricted by the donor. The Foundation reports gifts of cash and other assets as donor-restricted if they are received with donor stipulations that limit the use or timing of the donated assets. When the donor restriction expires, that is, when a stipulated time restriction ends and/or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Revenue Recognition

Other income includes management fees that are recognized by the Foundation over time as the service is provided.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses incurred directly for a service are charged to such service. Salaries and related fringe benefits are allocated to all services based on time and effort. Occupancy costs and depreciation are allocated on square footage. IT costs are allocated based on equipment counts. Costs have been allocated between the various program and support services based on estimates determined by management.

Grants

Unconditional grants are recorded as expenses and liabilities when they are approved. Most grants are expected to be paid within one year. Conditional grants that are expected to be paid in future years are expensed when such conditions are substantially met.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Foundation is not a private foundation within the meaning of Section 509(a) of the Code. Income from activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. Any tax expense incurred is estimated and recognized as management and general expense in the period the income tax return is filed.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 2 - Significant Accounting Policies (Continued)

Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. The Foundation has not experienced a significant change in operations or activities due to the pandemic. While the Foundation's results of operations, cash flows, and financial condition were not significantly impacted, the extent of any future impact cannot be reasonably estimated at this time.

Subsequent Events

The Foundation has evaluated all subsequent events through May 11, 2022, which is the date the consolidated financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The following reflects the Foundation's financial assets as of December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2021	2020
Cash and cash equivalents	\$ 17,211,003	\$ 8,346,748
Investments (Note 4)	542,738,313	487,202,873
Total financial assets	559,949,316	495,549,621
Less those unavailable for general expenditures within one year due to:		
Donor-restricted funds	51,110,085	48,352,512
Agency funds	46,629,642	40,752,583
Donor-advised funds	26,106,124	21,844,226
Board-designated funds	15,335,226	14,233,710
Total contractual or donor-imposed restrictions	139,181,077	125,183,031
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 420,768,239</u>	<u>\$ 370,366,590</u>

The Foundation's endowments consist of donor-restricted funds and funds without donor restrictions. Distributions from donor-restricted endowments are restricted for specific purposes and, therefore, are not available for general expenditure. The endowment without donor restrictions consists of funds that are not subject to any existing donor-imposed restrictions or board-imposed designations and, therefore, are available to support the operations and grant making of the Foundation.

The Foundation maintains liquidity based on projected short-term cash requirements. The Foundation maintains a cash balance in its endowment without donor restrictions.

Note 3 - Liquidity and Availability of Resources (Continued)

Annually, a budget is approved that authorizes transfers of no less than 3 percent and no more than 5 percent from endowments without donor restrictions to operating and nonoperating funds to support operations and grantmaking.

Note 4 - Investments and Fair Value Measurements

Fair Value Measurements

The Foundation has adopted accounting standards that establish a framework for measuring fair value and require enhanced disclosures about fair value measurements. The guidance establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring financial assets at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

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 (Levels 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.

As required by accounting principles generally accepted in the United States of America, the Foundation uses net asset value per share or its equivalent (the "practical expedient"), such as member units or an ownership interest in partners' capital, to estimate the fair value of an alternative investment and requires additional fair value disclosures of the Foundation's alternative investments.

The following is a description of the valuation methodologies used for assets measured at fair value:

Equities and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded

Debt securities: Valued based on prices currently available on comparable securities

Absolute return, real estate, hedged equity, private equity, and private debt funds: Value is based on net asset value per share of the investments

There were no changes in valuation methodology during the years ended December 31, 2021 and 2020.

In accordance with accounting principles generally accepted in the United States of America, certain investments that are measured at fair value using the net asset value practical expedient are not classified in the fair value hierarchy. The fair value amounts presented in the following table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 4 - Investments and Fair Value Measurements (Continued)

The following tables set forth by level within the fair value hierarchy the Foundation's investment assets measured on a recurring basis at fair value:

Assets Measured at Fair Value on a Recurring Basis at December 31, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
Equities:				
Large-cap equity	\$ 145,852,390	\$ -	\$ -	\$ 145,852,390
Mid-cap equity	12,944,476	-	-	12,944,476
Small-cap equity	553,323	-	-	553,323
International equity	111,496,767	-	-	111,496,767
Total equities	270,846,956	-	-	270,846,956
Fixed income:				
Mutual funds	69,364,546	-	-	69,364,546
Debt securities	22,822,473	52,214,348	-	75,036,821
Total fixed income	92,187,019	52,214,348	-	144,401,367
Money market mutual funds	4,715,025	-	-	4,715,025
Total	\$ 367,749,000	\$ 52,214,348	\$ -	419,963,348
Investments measured at NAV				122,774,965
Total assets				\$ 542,738,313

Assets Measured at Fair Value on a Recurring Basis at December 31, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
Equities:				
Large-cap equity	\$ 134,907,919	\$ -	\$ -	\$ 134,907,919
Mid-cap equity	3,826,034	-	-	3,826,034
Small-cap equity	12,840,288	-	-	12,840,288
International equity	104,008,475	-	-	104,008,475
Total equities	255,582,716	-	-	255,582,716
Fixed income:				
Mutual funds	55,231,883	-	-	55,231,883
Debt securities	39,997,062	36,084,889	-	76,081,951
Total fixed income	95,228,945	36,084,889	-	131,313,834
Money market mutual funds	4,271,558	-	-	4,271,558
Total	\$ 355,083,219	\$ 36,084,889	\$ -	391,168,108
Investments measured at NAV				96,034,765
Total assets				\$ 487,202,873

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 4 - Investments and Fair Value Measurements (Continued)

Investments in Entities that Calculate Net Asset Value per Share

At year end, the fair value, unfunded commitments, and redemption rules of those investments valued at net asset value are as follows:

	2021	2020	2021		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Absolute return (a)	\$ 28,200,708	\$ 25,157,749	\$ -	Semiannual	90-95 days
Real estate (b)	27,822,872	23,222,829	-	Quarterly	30-90 days
Hedged equity (c)	14,168,020	14,491,041	-	Monthly	90 days
Private equity (d)	30,386,229	18,471,597	15,818,397	N/A	N/A
Private debt (e)	22,197,136	14,691,549	1,931,221	Quarterly, none	90 days
Total	<u>\$ 122,774,965</u>	<u>\$ 96,034,765</u>	<u>\$ 17,749,618</u>		

(a) This category includes investments in absolute return funds that pursue multiple strategies to diversify risk and reduce volatility. The absolute return funds' composite portfolio for this category includes investments in public equities, private equities, public equity derivatives, treasuries, and fixed-income derivatives. Investments representing an insignificant amount cannot be redeemed at net asset value because the investments include holdings that are part of an illiquid market.

(b) This category includes investments in private real estate assets. Included are holdings in real assets; mortgages may also be included.

(c) This category includes investments in hedge funds that invest both long and short, primarily in common stocks, both domestic and international. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small- to large-capitalization stocks, and from a net long to a net short position.

(d) This category includes investments in private companies, both domestic and international. Certain investments can be liquidated in secondary markets within one year at a discount.

(e) This category includes investments in the debt of private companies.

Investment Return

The following schedules summarize the net investment return and its classification in the consolidated statement of activities and changes in net assets:

	2021			
	Without Donor Restrictions	With Donor Restrictions	Agency	Total
Investment income, less portfolio management fees of \$318,898	\$ 10,586,793	\$ 1,032,549	\$ 944,781	\$ 12,564,123
Realized gains on sale of investments	45,920,069	5,461,959	5,344,703	56,726,731
Unrealized gains (losses) on investments	2,531,540	(2,135,342)	(2,078,075)	(1,681,877)
Total investment return	<u>\$ 59,038,402</u>	<u>\$ 4,359,166</u>	<u>\$ 4,211,409</u>	<u>\$ 67,608,977</u>

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 4 - Investments and Fair Value Measurements (Continued)

	2020			
	Without Donor Restrictions	With Donor Restrictions	Agency	Total
Investment income, less portfolio management fees of \$268,290	\$ 10,649,941	\$ 936,804	\$ 736,402	\$ 12,323,147
Realized gains (losses) on sale of investments	9,872,663	64,790	(190,155)	9,747,298
Unrealized gains on investments	25,122,626	4,269,746	4,061,142	33,453,514
Total investment return	<u>\$ 45,645,230</u>	<u>\$ 5,271,340</u>	<u>\$ 4,607,389</u>	<u>\$ 55,523,959</u>

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2021	2020
Land	\$ 423,060	\$ 423,060
Land improvements	513,099	247,481
Building and building improvements	3,086,039	3,076,172
Furniture and fixtures	518,868	518,868
Total cost	4,541,066	4,265,581
Accumulated depreciation	1,314,303	1,124,771
Net property and equipment	<u>\$ 3,226,763</u>	<u>\$ 3,140,810</u>

Note 6 - ColoradoGives

ColoradoGives is a year-round, online giving platform featuring approximately 3,200 Colorado nonprofit organizations. Made possible by Community First Foundation since 2007, ColoradoGives encourages charitable giving by providing comprehensive, objective, and up-to-date information about Colorado nonprofits and an easy way to support them online. Since inception, the platform has raised approximately \$498 million for Colorado nonprofits, which includes dollars raised from Colorado Gives Day.

Colorado Gives Day is an annual statewide celebration to increase online giving. Donations are accepted at ColoradoGives.org. Colorado Gives Day is one of the most successful events of its kind in the nation. Since its inception in 2010, the event has raised approximately \$362 million for Colorado nonprofits.

In 2021, the Foundation raised approximately \$55 million through Colorado Gives Day for nonprofits, including incentive contributions of \$1.1 million. In addition, the Foundation contributed \$500,000 of its unrestricted funds to be used for incentive contributions.

In 2020, the Foundation raised approximately \$50 million through Colorado Gives Day for nonprofits, including incentive contributions of \$687,000. In addition, the Foundation contributed \$500,000 of its unrestricted funds to be used for incentive contributions.

For the years ended December 31, 2021 and 2020, the Foundation raised and distributed approximately \$78 million and \$71 million, respectively, through the ColoradoGives program.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 7 - Funds Held as Agency Endowments and Designations

The following summarizes the Foundation's agency fund activity during the years ended December 31, 2021 and 2020. The funds are included in investments in the consolidated statement of financial position. Due to the fact that they are agency transactions, all activity is recorded in liability accounts rather than in the consolidated statement of activities and changes in net assets:

	Agency Endowments	Agency Designations	Total
Balance - December 31, 2019	\$ 35,275,330	\$ 275,334	\$ 35,550,664
Contributions	2,440,521	71,242,074	73,682,595
Matching contributions	5,000	-	5,000
Investment return	4,582,812	24,577	4,607,389
Grant distributions	(1,561,961)	(71,211,941)	(72,773,902)
Management fees	(315,887)	(3,276)	(319,163)
	<hr/>	<hr/>	<hr/>
Balance - December 31, 2020	40,425,815	326,768	40,752,583
Contributions	3,548,218	78,732,010	82,280,228
Matching contributions	85,000	-	85,000
Investment return	4,199,537	11,872	4,211,409
Grant distributions	(1,809,481)	(78,501,159)	(80,310,640)
Management fees	(385,432)	(3,506)	(388,938)
	<hr/>	<hr/>	<hr/>
Balance - December 31, 2021	<u>\$ 46,063,657</u>	<u>\$ 565,985</u>	<u>\$ 46,629,642</u>

Note 8 - Cash Surrender Value of Life Insurance

The Foundation is the owner and beneficiary of certain life insurance contracts. Upon a donor's death, the life insurance proceeds will be paid to the Foundation. At December 31, 2021 and 2020, these contracts had total face values of \$4,900,000, with related cash surrender values of \$1,468,687 and \$1,421,851, respectively.

Note 9 - Deferred Gift Annuity Liability

The Foundation has charitable gift annuity assets of \$158,000 as of December 31, 2021 and 2020. Present values of discounted actuarially based liabilities are \$31,032 and \$33,341 as of December 31, 2021 and 2020, respectively, using discount rates ranging from 6 percent to 9 percent and actuarial life expectancy tables and are included in deferred gift annuity liability in the accompanying consolidated statement of financial position.

Note 10 - Net Assets

Net Assets without Donor Restrictions

Donor-advised Net Assets

The Foundation has entered into donor-advised fund agreements where the Foundation received contributions from other entities and individuals. The Foundation was granted variance power to manage, invest, and ultimately to decide how these funds are contributed to other organizations. These net assets are classified as donor-advised net assets without donor restrictions on the consolidated statement of financial position as of December 31, 2021 and 2020.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 10 - Net Assets (Continued)

Board-designated Net Assets

Board-designated net assets are funds set aside by the Foundation's board and are released through policy or specific board action.

Board-designated net assets consist of the following:

	2021	2020
Field of interest	\$ 4,381,471	\$ 3,948,848
Community impact	7,324,887	6,235,098
Social impact	2,582,439	2,978,331
Other	1,046,429	1,071,433
Total	<u>\$ 15,335,226</u>	<u>\$ 14,233,710</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31 are available for the following purposes:

	2021	2020
Subject to expenditures for a specified purpose	\$ 19,103,579	\$ 18,210,870
Endowment earnings subject to the Foundation's spending policy and appropriation	3,116,630	2,972,176
Funds held in perpetuity	28,889,876	27,169,466
Total	<u>\$ 51,110,085</u>	<u>\$ 48,352,512</u>

Note 11 - Donor-restricted and Board-designated Endowments

The Foundation's endowments consist of various individual funds established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. 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 Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

	Endowment Net Asset Composition by Type of Fund as of December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 32,006,506	\$ 32,006,506
Board-designated endowment funds	9,469,925	-	9,469,925
Total funds	<u>\$ 9,469,925</u>	<u>\$ 32,006,506</u>	<u>\$ 41,476,431</u>

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 11 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 8,577,852	\$ 30,141,642	\$ 38,719,494
Investment return:			
Investment income	31,187	335,304	366,491
Net gain	533,092	2,244,457	2,777,549
Total investment return	564,279	2,579,761	3,144,040
Additions/transfers	327,794	711,082	1,038,876
Appropriation of endowment assets for expenditure	-	(1,425,979)	(1,425,979)
Endowment net assets - End of year	<u>\$ 9,469,925</u>	<u>\$ 32,006,506</u>	<u>\$ 41,476,431</u>

	Endowment Net Asset Composition by Type of Fund as of December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 30,141,642	\$ 30,141,642
Board-designated endowment funds	8,577,852	-	8,577,852
Total funds	<u>\$ 8,577,852</u>	<u>\$ 30,141,642</u>	<u>\$ 38,719,494</u>

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 8,469,496	\$ 28,378,309	\$ 36,847,805
Investment return:			
Investment income	22,619	291,860	314,479
Net gain	393,382	2,870,535	3,263,917
Total investment return	416,001	3,162,395	3,578,396
Additions/transfers	(307,645)	681,660	374,015
Appropriation of endowment assets for expenditure	-	(2,080,722)	(2,080,722)
Endowment net assets - End of year	<u>\$ 8,577,852</u>	<u>\$ 30,141,642</u>	<u>\$ 38,719,494</u>

Underwater Endowment Funds

As of December 31, 2021 and 2020, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The board is responsible for defining the investment goals and objectives and for establishing asset allocation parameters, downside risk limitations, growth expectations, and liquidity guidelines. The board works with an outsourced chief investment officer who is responsible for managing the endowment portfolios within those board-developed investment goals and objectives. The Foundation has multiple investment portfolios, each with unique strategies, in which funds can be invested. Funds are invested in the appropriate portfolio based on purpose and time horizon.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 11 - Donor-restricted and Board-designated Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The board approves distributions from the funds designated by the board to function as endowments through the annual budget process. Expenditures from the donor-restricted endowment funds are controlled by the Foundation's board in concert with the donors' intent.

Note 12 - Employee Benefit Plan

The Foundation sponsors a 401(k) safe harbor plan (the "401(k) Plan") effective April 19, 2019, which covers all employees. The 401(k) Plan allows employees to make pretax contributions. The Foundation matches employees' deferrals at a rate of 120 percent up to 5 percent of employee income, which amounted to \$142,304 and \$133,973 for the years ended December 31, 2021 and 2020, respectively.