The Piton Foundation

Financial Statements

December 31, 2019

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Engle, P.C.

Certified Public Accountants

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Independent Auditor's Report

Board of Directors
The Piton Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of The Piton Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, 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 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 consolidated 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 The Piton Foundation as of December 31, 2019, 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.

Kundinger, Corder & Engle, P.C.

August 11, 2020

The Piton Foundation

Statement of Financial Position

December 31, 2019

Assets		
Cash and cash equivalents	$	3,302,024
Investments (note 3)		191,064,554
Investment interest and dividends receivable		369,195
Investment distributions receivable		279,790
Notes receivable - program related investments (note 4)		5,711,987
Interest receivable on program related investments		19,241
Other assets		272,028
Total assets	$	201,018,819
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$	1,008,530
Grants payable (note 6)		7,189,034
Refundable advance (note 1(k))		1,050,000
Total liabilities		9,247,564
Net assets without donor restrictions		191,771,255
Total net assets		191,771,255
Commitments (notes 3, 6, and 8)		
Total liabilities and net assets	$	201,018,819

See the accompanying notes to the financial statements.

The Piton Foundation
Statement of Activities
Year Ended December 31, 2019

Revenue, Gains and Support	
Grant revenue	$ 35,000
Net investment return	22,803,570
Contributed office expenses (note 7)	173,480
Other revenue	130,931
Total revenue, gains and support	23,142,981
Expenses	
Program expenses	
School readiness	6,249,981
Youth success	1,510,166
Health and mental health	312,798
Family economic security	3,704,566
Community and economic development	1,039,165
Shift Research Lab	835,889
Total program expenses	13,652,565
General and administrative expenses	2,234,733
Total expenses	15,887,298
Change in net assets	7,255,683
Net assets, beginning of year	184,515,572
Net assets, end of year	$ 191,771,255

See the accompanying notes to the financial statements.

The Piton Foundation
Statement of Functional Expenses
Year Ended December 31, 2019

		School readiness	Youth success	Health and mental health	Family economic security	Community and economic development	Shift Research Lab	Total program expenses	General administrative	Total expenses
Grants	$	5,323,766	1,214,237	–	2,104,142	702,045	–	9,344,190	9,000	9,353,190
Salaries and benefits		273,137	243,878	243,878	730,871	243,878	487,731	2,223,373	1,239,006	3,462,379
Rent		40,365	37,886	37,886	148,468	37,886	103,144	405,635	132,897	538,532
Insurance		1,595	1,497	1,497	5,867	1,497	4,076	16,029	5,252	21,281
Consulting/professional services		548,505	–	9,307	374,743	15,324	135,266	1,083,145	322,188	1,405,333
Travel and meals		30,373	123	3,412	27,114	24,479	34,661	120,162	15,609	135,771
Professional devlopment		10,033	–	1,374	15,970	1,550	8,064	36,991	54,245	91,236
Office expenses		5,871	97	2,995	96,830	58	7,570	113,421	59,806	173,227
Advertising		2,032	–	–	153,320	–	1,427	156,779	741	157,520
Depreciation		245	230	230	901	230	626	2,462	806	3,268
Interest expense		–	–	–	–	–	–	–	100	100
Excise taxes		–	–	–	–	–	–	–	157,243	157,243
Sponsorships and board designated grants		–	–	–	–	–	–	–	170,150	170,150
Other expenses		14,059	12,218	12,219	46,340	12,218	53,324	150,378	67,690	218,068
Total expenses	$	6,249,981	1,510,166	312,798	3,704,566	1,039,165	835,889	13,652,565	2,234,733	15,887,298

See the accompanying notes to the financial statements.

The Piton Foundation
Statement of Cash Flows
Year Ended December 31, 2019

Cash flows from operating activities		
Change in net assets	$	7,255,683
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization		3,268
Net realized and unrealized gains on investments		(15,690,580)
Changes in operating assets and liabilities		
Investment interest and dividends receivable		45,930
Excise tax and other receivables		72,314
Program related investments, net activity		(1,945,580)
Other assets		6,993
Accounts payable and accrued expenses		199,060
Grants payable		(269,963)
Deferred revenue		1,050,000
Net cash used in operating activities		(9,272,875)
Cash flows from investing activities		
Purchase of property and equipment		(149,205)
Sales of investments, net of purchases		8,546,873
Net cash provided by investing activities		8,397,668
Net decrease in cash and cash equivalents		(875,207)
Cash and cash equivalents, beginning of year		4,177,231
Cash and cash equivalents, end of year	$	3,302,024

See the accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

The Piton Foundation (the Foundation) was established in 1976. Its mission is to improve the lives of Colorado's low-income children and their families by increasing access to quality early childhood and youth development opportunities and fostering healthy family and community environments.

The Piton Foundation is classified as a private foundation as defined in Section 509(a) of the Internal Revenue Code (the Code) and is exempt from federal income tax under section 501(c)(3) of the Code.

Contributions to the Foundation to date have been received principally from the Chairman of the Foundation's Board of Directors and from his companies. The Foundation's income consists primarily of interest, dividends and gains on its investment portfolio.

(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 report 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 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. The Foundation did not have any net assets with donor restrictions as of December 31, 2019.

(1) Summary of Significant Accounting Policies, Continued

(d) Cash and Cash Equivalents

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

(e) Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash, investments, and notes receivable – program related investments. The Foundation places its cash and temporary investments with creditworthy, high quality financial institutions. Credit risk with respect to notes receivable – program related investments is limited due to the creditworthiness of the organizations to which the Foundation provides the loans.

Investments are under the guidance of the Foundation's investment committee and an independent advisor. 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.

(f) Investments

Investments are recorded at fair value. Fair value is determined as 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 market values for alternative, private equity, private debt, and real asset investments represent the Foundation's pro-rata interest in the net assets of each investment and are based on financial information determined and reported by investment managers or on the basis of other information evaluated periodically by management. These investments are not publicly traded on national security market exchanges, are generally illiquid and may be valued differently than if readily available markets existed for such investments. Because of inherent uncertainties of valuation of these investments, the reported market values of such investments may differ significantly from realizable values. Management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable.

Investment return consists of the Foundation's distributive share of any interest, dividends, and capital gains and losses generated from the Foundation's 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.

(1) Summary of Significant Accounting Policies, Continued

(f) Investments, Continued

Investment funds in liquidation are reported as investment distributions receivable upon notification by the investment manager that a liquidation is in progress.

(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. United States Generally Accepted Accounting Principles 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. In addition, the Foundation reports certain investments using the "practical expedient" method. The practical expedient allows net asset value (NAV) per share or its equivalent to represent fair value for reporting purposes when the criteria for using this method are met. Investments valued using net asset value per share or its equivalent are not categorized within the hierarchy.

The 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.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an instrument'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 financial instruments and are not necessarily an indication of risk or liquidity.

(1) Summary of Significant Accounting Policies, Continued

(g) Fair Value Measurements, Continued

The carrying amount reported in the statement of financial position for cash and cash equivalents, receivables, accounts payable and accrued liabilities, and grants payable approximate fair value because of the immediate or short term maturities of these financial instruments. The carrying amount of program related loans receivable approximates fair value as any discount would not be significant.

(h) Notes Receivable – Program Related Investments

The Foundation makes loans as program related investments primarily for charitable purposes. The notes are made at varying interest rates and over varying terms. Loans with below market interest rates are not discounted to net present value because the discount would not be significant to the financial statements. Loans receivable are carried at the unpaid principal balances. Past due status is determined based on contractual terms. Loans are evaluated for collectability if full principal or interest payments are not anticipated in accordance with contractual terms. If a loan is deemed uncollectible, it is charged to expense in the period it is deemed uncollectible. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

(i) Property and Equipment

Property and equipment are stated at cost at the date of purchase or, if donated, at the approximate fair market value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets (three to seven years). The Foundation's policy is to capitalize all expenditures for computer hardware and software in excess of $500, office equipment in excess of $1,000, the purchase of property in excess of $25,000, and with a useful life exceeding one year, and to expense normal repairs and maintenance as incurred. Management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

(j) Limited Liability Corporation

The Foundation formed East 25th Avenue LLC to hold certain assets for the benefit of the Foundation. The Foundation is the sole member of the LLC; accordingly, all of the accounts and activity of the LLC are included in the financial statements of the Foundation. All intercompany activity has been eliminated in the accompanying financial statements. The assets of the LLC at December 31, 2019 totaled $45,735.

(1) Summary of Significant Accounting Policies, Continued

(k) Revenue Recognition

Contributions are recognized when cash and unconditional promises to give are received. Conditional promises to give, that is, those with a measureable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. Payments received in advance of conditions being met are recorded as a refundable advance in the statement of financial position.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions 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 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.

The Foundation uses the allowance method to determine uncollectible contributions receivable. The allowance is based on past collection experience and management's analysis of specific promises made. Uncollectible amounts are charged to the allowance in the year they are deemed uncollectible.

During 2019, the Foundation received a $1,050,000 three-year grant from a partner that is conditioned upon the Foundation meeting specific deliverables. Accordingly, the amount received has been recognized as a refundable advance, and revenue will not be recognized until the conditions have been met.

(l) Grants Payable

Grants authorized but unpaid at year-end are reported as liabilities. Grants scheduled for payments more than one year in the future are discounted using a discount rate commensurate with market conditions and the grant payment schedule at the time the grant is committed when the discount is significant to the overall financial statements. There was no discount at December 31, 2019.

(1) Summary of Significant Accounting Policies, Continued

(m) Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement 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 which benefit both its program objectives as well as supporting services. 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 estimates of time and effort incurred by personnel.

(n) Estimates

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

(o) Excise and Income Taxes

The Piton Foundation has been classified as a private foundation as defined in Section 509(a) of the Internal Revenue Code (the Code), and is exempt from federal income tax under Section 501(c)(3) of the Code. Private foundations are subject to an excise tax on net investment income, which includes realized gains on the sales of assets. Excise tax incurred in 2019 was $50,288.

At times, certain of the Foundation’s investment funds report unrelated business income, which is taxable to the Foundation. The Foundation was not liable for income tax on these activities for 2019.

Management is required to evaluate tax positions taken and to recognize a tax liability (or asset) if there is an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements and determined there are none.

The Foundation is subject to routine audits by taxing jurisdictions. There are currently no audits for any tax periods in progress. Management believes the Foundation is no longer subject to income tax examinations for years prior to 2016.

(1) Summary of Significant Accounting Policies, Continued

(p) Subsequent Events

The Foundation has evaluated subsequent events through August 11, 2020, the date the financial statements were available to be issued. The outbreak of the COVID-19 virus subsequent to year-end has had significant, adverse effects on the global economy and is expected to continue to have an adverse impact. The extent and duration of the impact, however, is highly uncertain and cannot be reasonably predicted or estimated. Management and the Board of Directors continue to monitor the situation but do not anticipate that the impact will have a significant effect on the operations or activities of the Foundation.

(q) New Accounting Pronouncement

During 2019, the Foundation adopted ASU 2018-08 *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update was issued to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

(2) Availability and Liquidity

The following represents the Foundation's financial assets as of December 31, 2019:

Cash and cash equivalents	$ 3,302,024
Short-term fixed income investments	62,044,685
Investment interest, dividends and distributions receivable	648,985
Interest receivable on program related investments	19,241
Principal payments on program related investments, due in one year	306,755
Financial assets available to meet general expenditures over the next twelve months	$ 66,321,690

(2) Availability and Liquidity, Continued

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. General expenditures include grants and other program expenses, and general and administrative expenses. The Foundation's investment policy statement specifies that cash will fund unexpected expenses, and short-term fixed income investments will cover one year of projected general expenditures.

(3) Investments

The Foundation's investment assets, which include private and publicly held investments, are dedicated to providing the financial resources needed to meet the Foundation's grant making and other charitable objectives. The Foundation's investments are held in various investment structures which may include foreign domiciled funds and pooled investments.

Marketable and alternative, private equity, private debt, and real asset investments are exposed to various risks that may cause the reported value of the Foundation's 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 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.

Some investment managers retained by the Foundation are permitted to use various investment strategies and techniques that are designed to achieve higher investment returns with lower volatility and low correlations to major market indices and other asset classes. Strategies and techniques, such as the use of leverage, futures and forward contracts, option agreements, and other derivative instruments, create special risks and could increase the impact of adverse security price movements on the Foundation's investment portfolio.

At December 31, 2019, the Foundation has outstanding investment commitments totaling approximately $8,755,000.

Investments at market value are comprised of the following at December 31, 2019:

Public equity	$	53,747,744
Fixed income		62,044,685
Private equity		16,929,672
Real assets		28,270,247
Alternative assets		28,178,770
Private debt fund		1,893,436
Total investments	$	191,064,554

(3) Investments, Continued

The following table summarizes the valuation of the Foundation's investments by the fair value hierarchy levels as of December 31, 2019:

	Fair Value	Assets Measured at NAV (a)	Level 1	Level 2	Level 3
Public equities	$53,747,744	53,183	53,694,561	-	-
Fixed income	62,044,685	-	-	62,044,685	-
Private equity	16,929,672	16,716,220	-	213,452	-
Real assets	28,270,247	28,270,247	-	-	-
Alternative assets	28,178,770	28,178,770	-	-	-
Private debt fund	1,893,436	1,893,436	-	-	-
Total	$191,064,554	75,111,856	53,694,561	62,258,137	-

(a) Certain investments that are measured at fair value using 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 this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Level 1 assets have been valued using a market approach. Level 2 assets have been valued using models or other methodologies. All other assets have been valued at net asset value per share, or its equivalent. There were no changes in the valuation techniques during the current year.

(3) Investments, Continued

The following table summarizes the significant information required by ASU No. 2009-12 as of December 31, 2019:

Fund Description	Investment Strategy	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Public equity	Long/short hedge fund in Asia (A)	$53,183	None	Initial one-year lock-up, then can exit quarterly.	30 days
Alternative	Long-term absolute returns (B)	994	None	Initial two-year lock-up, then 25% of capital every six months.	60 days
Private equity	Invest in microfinance institutions (C)	3,460,667	255,000	Ten-year life with two one-year extensions.	N/A
Private equity	Fund of funds that invest in private equity funds (D)	2,656,577	275,000	Twelve-year life with two one-year extensions.	N/A
Alternative	Finance fund targeting short duration investments (E)	14,433,567	None	Quarterly.	90 days
Private debt fund	Mezzanine debt and structured equity financing (F)	1,893,436	386,211	Ten-year life with two one-year extensions.	N/A
Real assets	Conservation investment and sustainable forest and land management (G)	5,054,882	None	Twelve-year life with up to three one-year extensions.	N/A
Alternative	Financing to small and medium enterprises (H)	5,000,000	None	Open-ended vehicle.	30 day notice and the potential for a 30% annual gate depending on the pace of redemptions from other investors.
Private equity	Provide growth equity to high quality companies (I)	1,651,520	256,852	Ten-year fund life with two one-year extensions.	N/A
Real assets	Diversified real assets fund (J)	9,076,019	1,329,037	Ten-year fund life with two one-year extensions.	N/A

(3) Investments, Continued

Fund Description	Investment Strategy	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Real assets	Affordable housing fund (K)	12,792,080	None	Initial two year lock-up, followed by three year gate.	N/A
Private equity	An expansion-stage venture capital fund (L)	958,457	1,200,000	Ten year fund with three one-year extensions.	N/A
Private equity	An education technology sector fund (M)	4,485,333	12,631	Ten year fund life with two one-year extensions.	N/A
Real assets	Clean energy fund (N)	1,347,266	384,530	Five-year fund life with one-year extension.	N/A
Private equity	Early stage technology fund (O)	405,770	570,000	Ten-year life with two one-year extensions.	N/A
Private equity	Secondary clean tech equity fund (P)	1,878,981	460,000	Eight-year life with three one-year extensions.	N/A
Alternative	Open end impact fund focused on financial inclusion (Q)	3,263,316	None	Quarterly.	90 days
Real assets	A global fund that provides debt capital to sustainable fishing production companies (R)	189,476	2,655,378	Eight year fund with two one-year extensions.	N/A
Alternative	Global long/short (S)	374,747	None	One-year lockup, then exit quarterly.	N/A
Alternative	Acquires and operates renewable power projects and sustainable infrastructure assets (T)	5,106,146	None	One-year lockup, then exit quarterly.	5 days
Private equity	Education and learning-related fields (U)	1,029,439	970,561	Ten-year life with two one-year extensions.	N/A

(A) A long/short hedge fund which primarily invests in the equity securities of companies located in developed and emerging Asia with the exception of Japan. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(3) Investments, Continued

(B) A hedge fund focused on generating long term absolute returns through a portfolio of absolute value and relative value investments. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(C) Invests in microfinance institutions and companies serving the needs of the underserved population in emerging markets. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(D) This is a fund of funds which invest in locally based private equity funds anchored in countries with more than 4.0% annual Gross Domestic Product growth, and which target small, medium enterprises that benefit from an expanding middle class. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(E) A finance fund targeting short duration investments with high certainty of cash flows that are uncorrelated to the public markets and overall economy. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(F) The fund provides mezzanine debt and structured equity financing to small companies in low, middle income zones to catalyze job and wealth creation in these communities. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(G) The fund invests in properties with high conservation value, often in partnership with non-profit conservation organizations or government agencies. By working to identify and realize value from conservation opportunities, usually by selling conservation easements of fee interests to public agencies the fund achieves attractive returns while protecting ecological and social value of undeveloped lands. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(H) This fund provides financing to small medium enterprises, many of whom have been shut out of the bank financing market, by partnering with peer to peer lending platforms that leverage technology to increase efficiencies in the lending process. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(I) The fund provides growth equity to high quality companies whose business models are delivering solutions to social and environmental challenges faced by low income populations. The companies typically have scalable business models. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(3) Investments, Continued

(J) The fund is a diversified real assets fund seeking to invest in sustainable opportunities where the managers perceive mispriced risk, and where the investments alleviate stress on resources or solve environmental problems. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(K) The fund acquires and manages a mix of affordable housing types, including self-regulated market rate, low income housing tax credit, manufactured housing, and age 55+ communities. The fund uses an evergreen structure and eventually the fund intends to convert into a publicly traded affordable housing REIT (3-5 years). The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(L) The fund invests in high-growth companies creating a healthier, smarter and cleaner future. The fund invests primarily in expansion-stage businesses, characterized by strong customer validation, proven business models and robust forward business momentum. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(M) This fund is an early-stage impact investing fund focused solely in the education technology sector. This fund is projected to invest in approximately 25 companies with a primary focus on stage A & B. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(N) This clean energy fund focuses on making debt investments in renewable energy or energy efficient infrastructure projects including solar, wind, geothermal, biofuel, natural gas, and water projects utilizing commercially proven technologies. Debt instruments may include senior, subordinated, and mezzanine debt as well as warrants and preferred equity. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(O) This fund invests in early-stage technology companies based primarily in Colorado. Two thirds of the fund is invested in Series A and the rest is in Series B. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(P) This fund is a secondary equity fund focused on the untapped market of clean tech funds at significant market discounts. The objective of the fund is to capitalize on the investment opportunity in 300 plus venture capital and infrastructure funds in clean tech that were launched from 2005-2010. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(3) Investments, Continued

(Q) This fund is an open-end impact fund focused on financial inclusion in both emerging markets and under-served markets in developed countries. The fund's objective is to increase access to finance for small and medium sized enterprises. The fund aims to invest (directly or indirectly) on supplier invoices through factoring, invoice discounting or supply chain finance instruments. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(R) This fund is an impact investment vehicle aimed at structuring and providing debt capital to sustainable fishing production companies (wild-caught and aquaculture), responsible supply chains, and marine coastal development projects globally. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in partners' capital.

(S) A global long/short credit and event-driven strategy. The firm seeks to produce attractive risk-adjusted returns in all types of market environments by capitalizing on mis-priced situations, typically when there is complexity or an event or series of events impacting current or expected future valuation. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(T) A real assets focused management company that acquires and operates renewable power projects and sustainable infrastructure assets across North America all sourced from natural resources (wind, solar, moving water, and geothermal heat). The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(U) This fund is a seed-stage venture capital fund that invests in start-up and emerging companies in the education, learning, and talent sector, in addition to other early-stage Edtech companies. The fair value of investments in this category have been calculated using the NAV of the Foundation's ownership in the partners' capital.

(4) Program Related Investments

Program related investments are comprised of the following at December 31, 2019:

Note receivable from Wyatt Academy, interest at 1.0% with quarterly interest and principal payments, with a final payment of all outstanding principal and interest due in full July 2020.	$ 306,755
Note receivable from Urban Land Conservancy, interest at 2.0% with quarterly interest-only payments with the principal of $600,000 due in full March 2021, and principal of $2,000,000 due in full July 2026.	2,600,000

(4) Program Related Investments, Continued

Note receivable from DreamSpring, interest at 2.0% with principal and accrued interest due in full December 2029.	500,000
Note receivable from Calvert Social Investment Foundation, interest at 2.5% with annual interest-only payments with the principal due in full April 2021.	577,125
Note receivable from Enterprise Community Partners Regional TOD Fund, interest at 2.0% with quarterly interest-only payments with principal due in full December 2024. The Foundation has approved a maximum loan of up to $875,000 with capital called as needed.	126,473
Note receivable from Mpowered, interest at 2.00% with annual interest-only payments with principal due in full May 2024. This was paid in full in March 2020.	175,000
Note receivable from Rocky Mountain MicroFinance, interest at 1.00% with annual interest-only payments with the principal due in full June 2026.	150,000
Note receivable from The Wildflower Foundation, no interest, with principal being paid in three installments in February 2026, 2027, and 2028.	320,000
Note receivable from Charter Facility Solutions, interest at 2% with accrued interest and principal due in full June 2028. The Foundation has approved a maximum loan of up to $1,000,000 with capital called as needed.	218,750
Note receivable from Colorado Housing & Finance Authority Fresh Food Finance Fund, interest at 2.0% with semi-annual interest-only payments with the principal due in full July 2023. The Foundation has approved a maximum loan of up to $1,000,000 with capital called as needed.	737,884
Total program related investments	$ 5,711,987

(4) Program Related Investments, Continued

The notes receivable are scheduled to mature as follows for years ending December 31:

2020	$ 306,755
2021	1,177,125
2022	–
2023	737,884
2024	301,473
Thereafter	3,188,750
	$ 5,711,987

(5) Retirement Plan

The Foundation provides a retirement plan (the Plan) for all employees. Employees are eligible to participate in the Plan upon date of hire. The Plan allows employees to contribute a discretionary amount of their salaries, not to exceed a defined limit. The Foundation will make a discretionary matching contribution of 75% of elective deferrals up to 10% of compensation per pay period. The Foundation contributed $154,432, net of Plan forfeitures, to the Plan for the year ended December 31, 2019.

(6) Grants Payable

Grants which have been approved but not paid are due in the following years ended December 31:

2020	$ 4,440,069
2021	1,901,812
2022	847,153
Total grants payable	$ 7,189,034

At December 31, 2019, the Foundation has approved, for future payment, grants totaling $2,406,794, payment of which is contingent upon satisfaction by the intended recipients of prior conditions.

(7) Related Parties

Gary Community Investment Company provides office expenses to the Foundation without charge. During the year ended December 31, 2019, the Foundation recognized revenue and related expense of $173,480 for contributed office expenses received from Gary Community Investment Company.

(8) Lease Commitment

Effective January 1, 2018, the Foundation entered into a non-cancellable operating lease for office space through February 29, 2024. Future minimum lease payments are as follows for years ended December 31:

2020	$ 287,793
2021	292,198
2022	296,603
2023	301,008
2024	50,290
Total future minimum lease payments	$ 1,227,892

Total rent expense for operating leases totaled $538,530 in 2019, which includes common area maintenance (CAM) expenses of $265,356.