Caring for Colorado Foundation

Consolidated Financial Statements and Supplementary Information

September 30, 2019 and 2018

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

Board of Directors
Caring for Colorado Foundation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Caring for Colorado Foundation (the Foundation) which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
Caring for Colorado Foundation

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1, the Foundation adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities,* as of and for the year ended September 30, 2019. The requirements of the ASU have been applied retrospectively for all years presented. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information included in pages 23-24 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Kundinger, Corder & Engle, P.C.

January 24, 2020

Caring for Colorado Foundation

Consolidated Statements of Financial Position

September 30, 2019 and 2018

		2019	2018
Assets			
Cash and cash equivalents	$	110,799	51,740
Restricted cash and investments (notes 4 and 7)		246,054	1,306,244
Accounts receivable (note 11)		50,074	50,441
Investments (note 3)		220,740,903	203,846,704
Prepaid expenses and deposits		11,806	56,366
Furniture and equipment, net (note 5)		23,580	33,401
Investments--deferred compensation (notes 3 and 9)		71,767	71,509
Total assets	$	221,254,983	205,416,405
Liabilities and Net Assets			
Grants payable (note 6)	$	1,526,973	1,082,977
Accounts payable and accrued expenses		640,629	216,485
Investments--deferred compensation (notes 3 and 9)		71,767	71,509
Funds held in trust (note 4)		221,049	217,272
Total liabilities		2,460,418	1,588,243
Net Assets (note 7)			
Without donor restrictions			
Undesignated		181,408,237	181,217,193
Board designated		15,021,997	21,521,997
Total without donor restrictions		196,430,234	202,739,190
With donor restrictions		22,364,331	1,088,972
Total net assets		218,794,565	203,828,162
Commitments and contingencies (notes 8 and 10)			
Total liabilities and net assets	$	221,254,983	205,416,405

See the accompanying notes to the consolidated financial statements.

Caring for Colorado Foundation

Consolidated Statement of Activities

Year Ended September 30, 2019

Revenue, gains and support		Without donor restrictions	With donor restrictions	Total
Grant income (note 1(a))	$	–	20,000,000	20,000,000
Interest and dividends		2,037,702	98,670	2,136,372
Realized and unrealized gains on investments, net		2,427,996	2,260,448	4,688,444
Other income (note 11)		213,406	–	213,406
Net assets released from restrictions		1,083,759	(1,083,759)	–
Total revenue, gains, and support		5,762,863	21,275,359	27,038,222
Expenses				
Program services				
Grant making expenses (note 6)		11,181,549	–	11,181,549
Total program service expenses		11,181,549	–	11,181,549
Supporting services				
Management and general expenses		890,270	–	890,270
Total expenses		12,071,819	–	12,071,819
Change in net assets		(6,308,956)	21,275,359	14,966,403
Net assets, beginning of year		202,739,190	1,088,972	203,828,162
Net assets, end of year	$	196,430,234	22,364,331	218,794,565

See the accompanying notes to the consolidated financial statements.

Caring for Colorado Foundation

Consolidated Statement of Activities

Year Ended September 30, 2018

Revenue, gains and support	Without donor restrictions	With donor restrictions	Total
Grant income	$ –	85,200	85,200
Interest and dividends	1,136,056	1,144	1,137,200
Realized and unrealized gains on investments, net	12,194,170	–	12,194,170
Other income (note 11)	196,585	–	196,585
Net assets released from restrictions	343,826	(343,826)	–
Total revenue, gains, and support	13,870,637	(257,482)	13,613,155
Expenses			
Program services			
Grant making expenses (note 6)	9,325,683	–	9,325,683
Total program service expenses	9,325,683	–	9,325,683
Supporting services			
Management and general expenses	706,965	–	706,965
Total expenses	10,032,648	–	10,032,648
Change in net assets	3,837,989	(257,482)	3,580,507
Net assets, beginning of year	198,901,201	1,346,454	200,247,655
Net assets, end of year	$ 202,739,190	1,088,972	203,828,162

See the accompanying notes to the consolidated financial statements.

Caring for Colorado Foundation

Consolidated Statement of Functional Expenses

Year Ended September 30, 2019

	Program services	Supporting services	
	Grantmaking expenses	Manage-ment and general	Total expenses
Salaries	$ 1,092,200	424,744	1,516,944
Payroll taxes	68,995	26,831	95,826
Benefits	204,347	79,469	283,816
Rent	171,023	66,509	237,532
Office expenses	64,646	25,139	89,785
Depreciation	11,392	4,430	15,822
Communications	99,666	82,300	181,966
Professional fees	54,357	38,166	92,523
Program expenses	1,243,228	–	1,243,228
Travel, meetings and conferences	79,176	82,322	161,498
Grants	8,092,519	–	8,092,519
Public relations	–	60,360	60,360
Total expenses	$ 11,181,549	890,270	12,071,819

See the accompanying notes to the consolidated financial statements.

Caring for Colorado Foundation

Consolidated Statement of Functional Expenses

Year Ended September 30, 2018

	Program services	Supporting services	
	Grantmaking expenses	Manage-ment and general	Total expenses
Salaries	$ 978,909	380,687	1,359,596
Payroll taxes	61,651	23,976	85,627
Benefits	167,581	65,171	232,752
Rent	208,595	81,120	289,715
Office expenses	104,431	40,612	145,043
Depreciation	13,277	5,163	18,440
Communications	9,500	19,083	28,583
Professional fees	23,235	36,305	59,540
Program expenses	133,158	–	133,158
Special projects	95,659	–	95,659
Travel, meetings and conferences	53,360	37,671	91,031
Grants	7,476,327	–	7,476,327
Public relations	–	17,177	17,177
Total expenses	$ 9,325,683	706,965	10,032,648

See the accompanying notes to the consolidated financial statements.

Caring for Colorado Foundation

Consolidated Statements of Cash Flows

Years Ended September 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 14,966,403	3,580,507
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	15,822	18,440
Net realized and unrealized gains on investments	(4,813,444)	(12,319,170)
Change in operating assets and operating liabilities:		
Restricted cash and investments	1,063,967	257,482
Accounts receivable	367	(504)
Prepaid expenses and deposits	44,560	(37,000)
Grants payable	443,996	121,094
Accounts payable and accrued expenses	424,144	42,478
Deferred revenue	–	(6,805)
Net cash provided by (used in) operating activities	12,145,815	(8,343,478)
Cash flows from investing activities		
Purchases of investments	(72,050,517)	(31,892,256)
Sales of investments	59,969,761	40,159,030
Purchases of furniture and equipment	(6,000)	(10,992)
Net cash (used in) provided by investing activities	(12,086,756)	8,255,782
Net increase (decrease) in cash and cash equivalents	59,059	(87,696)
Cash and cash equivalents at beginning of year	51,740	139,436
Cash and cash equivalents at end of year	$ 110,799	51,740

See the accompanying notes to the consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

The Caring for Colorado Foundation (the Foundation) is a 501(c)(4) not-for-profit organization. The mission of the Foundation is to create equity in health, well-being and opportunity for Colorado's children and families utilizing funds received as a result of the conversion of Blue Cross and Blue Shield of Colorado and Blue Cross and Blue Shield of Nevada (BCBS) into a for-profit corporation. Pursuant to Colorado Revised Statute Section 10-16-324, the proceeds from the sale of BCBS to Anthem Insurance Company were transferred to the Foundation.

The Foundation is not a private foundation as defined by the IRS. However, the Foundation is required by its Articles of Incorporation to make distributions (as defined) each year in an amount equal to or greater than 5% of the aggregate fair market value of all assets. This calculated distribution can be adjusted by the board of directors if it determines that, because of the depressed condition of the market for investment securities in any one or more years, it would be ill-advised to make such distributions. The Foundation must provide written notification of changes to the Articles of Incorporation and bylaws to the Colorado Attorney General who will have 30 days from the date of such notification to object to the changes.

On December 6, 2018, the Foundation formed the Caring for Colorado Centennial Fund, dba CO Centennial Fund (the Fund), a subordinate 501(c)(3) tax exempt, charitable organization of which the Foundation is the sole corporate member and has the ability to appoint all board members. The Fund was formed for the purpose of accepting a $20,000,000 grant that is donor restricted for The Sperry S. and Ella Graber Packard Fund for Pueblo; and for conducting other charitable activities that advance the health and well-being of Colorado residents. The Foundation is the sole corporate member of the Fund.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and the Fund, collectively referred to as the Foundation. All intercompany balances and transactions have been eliminated in consolidation.

(c) Basis of Accounting

The accompanying consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

(1) Summary of Significant Accounting Policies, Continued

(d) Financial Statement Presentation

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

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

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

(e) Cash and Cash Equivalents

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

(f) Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of investment securities and cash and cash equivalents. At times, a significant portion of the cash and cash equivalents may exceed the amount insured by the FDIC or related institutions. The Foundation's investments are monitored by investment advisors who are engaged by the board of directors and are subject to the Foundation's investment policy. These investments are subject to the risk of fluctuations in market value but, in the opinion of management, the risk is appropriate in view of the amount and term of the investment funds.

(g) Investments and Fair Value Measurements

All investments are recorded at fair value in the statements of financial position. The Foundation's 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 realized and unrealized gains or losses, generated from investments. Gains and losses attributed to the Foundation's investments are realized and 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 as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

(1) Summary of Significant Accounting Policies, Continued

(g) Investments and Fair Value Measurements, Continued

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles in the U.S. 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). Assets are grouped at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

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

Level 2 Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.

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 investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

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. In addition, certain investments are reported using the "practical expedient" method. The practical expedient method allows net asset value 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 carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

(h) Furniture and Equipment

Purchases of furniture, equipment and leasehold improvements in excess of $5,000 are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which are generally 3-7 years.

(1) Summary of Significant Accounting Policies, Continued

(i) Grants Payable and Expense

Grant awards are recorded as expense by the Foundation when the awards are approved by the board of directors and the grant recipients have met the conditions of the grant award. Grants payable are reported at net realizable value if, at the time the promise is made, the Foundation expects to make payment in one year or less.

(j) Grant and Contribution Income

Contributions are recognized when cash, securities, or an unconditional promise to give is received.

All donor restricted support, including pledges, is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor 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.

(k) Estimates

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

(l) 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 (i.e. management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

(1) Summary of Significant Accounting Policies, Continued

(m) Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. The Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Fund qualify for the charitable contribution deduction. However, income from activities not directly related to the Foundation's or Fund's tax-exempt purpose is subject to taxation as unrelated business income. During 2019, the Foundation incurred a net operating loss of approximately $160,000 consisting of unrelated business activities arising from investment funds.

Management is required to evaluate tax positions taken by the Foundation and the Fund and to recognize a tax liability (or asset) if the Foundation or the Fund have taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. The Foundation and the Fund believe that they have appropriate support for any tax positions taken and that none would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation and the Fund are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Tax returns for the years ended September 30, 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

(n) Subsequent Events

The Foundation has evaluated subsequent events through January 24, 2020, the date the financial statements were available to be issued.

(o) Not-for-Profit Financial Statement Presentation

During 2019, the Foundation adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets previously presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions.

(2) Liquidity and Availability of Financial Assets

General expenditures include administrative and general expenses, fundraising expenses and grant and private equity capital commitments expected to be paid in the subsequent year. The Foundation is committed to an annual spending policy of between 4.75% and 4.5%. Sufficient liquidity is maintained within the investment program to provide for annual spending on grant making and the costs of operations. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The table below presents financial assets available for general expenditures within one year at September 30, 2019:

Financial assets:	
Cash and cash equivalents	$ 110,799
Accounts receivable	50,074
Investments	220,740,903
Total financial assets	220,901,776
Less amounts unavailable within one year due to:	
Donor-imposed purpose restrictions	(22,364,331)
Investments not convertible to cash within twelve months	(54,377,596)
Amounts unavailable without Board's approval:	
Board designated Opportunity Fund	(15,021,997)
Total amounts unavailable within one year	(91,763,924)
Total financial assets available for general expenditure within one year	$ 129,137,852

Amounts not available include certain alternative investments with redemption limitations as more fully described in note 3 and a board designated fund that is intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the funds could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions. See also note 7.

(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 managed by independent professional investment management firms and are held in various investment structures such as commingled mutual funds and trusts, foreign domiciled hedge funds and limited partnerships.

Marketable and private alternative 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 values 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.

Certain 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 September 30, 2019, the Foundation had total unexpended commitments of approximately $29 million for investments in the alternative investment class. The Foundation's commitments involve partnership investment structures which have limited liquidity features, fixed terms and commitment periods ranging from 1 to 5 years.

Investments are stated at fair value and consist of the following at September 30:

	2019	2018
Domestic equity funds	$ 77,360,823	77,176,659
International equity funds	34,649,412	38,654,386
Absolute return funds	29,738,483	29,518,046
Fixed income funds	25,998,998	17,628,741
Hedged equity funds	29,552,307	22,032,530
Private equity funds	18,124,722	14,062,664
Real asset funds	2,061,987	3,258,909
Money market funds	3,254,171	1,514,769
	$ 220,740,903	203,846,704

(3) Investments, Continued

The following table summarizes the Foundation's investments by the fair value hierarchy levels as of September 30, 2019:

	Fair Value	Assets Measured at NAV (a)	Level 1
Domestic equity funds	$ 77,360,823	40,775,803	36,585,020
International equity funds	34,649,412	19,704,173	14,945,239
Absolute return funds	29,738,483	29,738,483	–
Fixed income funds	25,998,998	10,557,239	15,441,759
Hedged equity funds	29,552,307	29,552,307	–
Private equity funds	18,124,722	18,124,722	–
Real asset funds	2,061,987	2,061,987	–
Money market funds	3,254,171	–	3,254,171
	$ 220,740,903	150,514,714	70,226,189
Deferred compensation plan	$ 71,767	–	71,767

The following table summarizes the Foundation's investments by the fair value hierarchy levels as of September 30, 2018:

	Fair Value	Assets Measured at NAV (a)	Level 1
Domestic equity funds	$ 77,176,659	38,705,511	38,471,148
International equity funds	38,654,386	19,054,546	19,599,840
Absolute return funds	29,518,046	29,518,046	–
Fixed income funds	17,628,741	7,050,956	10,577,785
Hedged equity funds	22,032,530	22,032,530	–
Private equity funds	14,062,664	14,062,664	–
Real asset funds	3,258,909	3,258,909	–
Money market funds	1,514,769	–	1,514,769
	$ 203,846,704	133,683,162	70,163,542
Deferred compensation plan	$ 71,509	–	71,509

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

Level 1 assets have been valued using a market approach. All other investments 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 related to investments measured at NAV, or its equivalent, as of September 30, 2019:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Absolute Return (a), (h)	$29,738,483	N/A	Monthly to annual	45 – 65 days for those funds with liquidity
Domestic Equity (b)	40,775,803	N/A	Monthly to quarterly	8 – 60 days
Hedged Equity (c), (h)	29,552,307	N/A	Monthly to every three years	30 – 60 days
Private Equity (d)	18,124,722	28,510,779	N/A	N/A
International Funds (e)	19,704,173	N/A	Monthly to Quarterly	10 – 30 days
Real Assets (f), (h)	2,061,987	1,212,306	N/A	N/A
Fixed Income (g)	10,557,239	N/A	Any business day	2 days

(a) Approximately 60% of this portfolio is invested in two partnerships in which the Foundation is a limited partner. These partnerships invest in and sell short securities and instruments including investments in restructuring companies that are undergoing significant corporate events such as spin-offs, recapitalizations, and strategic realignments; credit investments such as bank debt and corporate bonds; merger arbitrage involving corporate takeovers; real estate investments, and other investments in securities or instruments that the General Managers believe are under- or overvalued or are likely to appreciate or depreciate. These partnership investments are subject to quarterly, annual, or biennial redemption frequencies upon 45 to 90 day notice.

Another 25% of this portfolio consists of an investment in a passive foreign investment corporation whose investment strategy is broadly defined as global long/short credit and event-driven by investing in instruments that include bank debt, corporate bonds, trade claims, convertible securities, equities, credit default swaps, options and other derivatives across a broad spectrum of companies, industries, and asset classes. Quarterly redemptions may be made upon 65 days' notice if withdrawing less than 25% of the Foundation's shares or within 180 days' notice for full account redemptions.

(3) Investments, Continued

The remaining 14% of this portfolio consists of an investment in one Delaware LLC. The LLC employs a quantitative global investment strategy. The company actively trades its portfolio of equity instruments on a daily basis utilizing predictive signals that are long term in nature. Monthly redemptions may be made upon 45 days' notice in $100,000 increments.

Less than 1% of this portfolio is currently in the liquidation process.

(b) This category consists of investments in one domestic and one foreign partnership in which the Foundation is a limited partner. The domestic partnership holds long and short positions primarily in equity securities of companies within and outside of the S&P 500 Index. Derivative instruments, such as forward contracts, futures, options and swaps may be used to attempt to hedge existing long and short positions in order to maximize returns and reduce risks. This fund has a quarterly redemption frequency upon 60 days' notice. The foreign partnership, which has an investment balance of $7,540,576 at September 31, 2019, is organized as a feeder fund in which substantially all of its assets are invested in a master fund. The master fund's investment objective is to achieve to tier absolute returns and outperform the S&P 500 Health Care Total Return Index by generating capital appreciation primarily through investments in securities of publicly listed healthcare companies. Quarterly redemptions are allowed upon at least 45 days' prior written notice and are limited to 25% of the net asset value of the partnership at the withdrawal date. This portfolio also includes a collective trust fund with a fair value of $8,497,540 at September 31, 2019. The collective trust fund seeks to generate long-term compounded returns with less volatility and risk of loss than the overall market by owning a concentrated portfolio of U.S. mid-cap equities. The fund generally offers monthly liquidity provided notification of withdrawal is received by the 22nd day of the preceding month.

(c) The overall objective of this portfolio is to achieve maximum capital appreciation commensurate with reasonable risk. The portfolio is invested in hedge funds that pursue multiple strategies to diversify risk and reduce volatility by investing across all sectors and market capitalizations globally, including investments in equities and equity related instruments. The goal is to maintain a low net exposure and a low long/short ratio within every region and industry sector. Redemption frequency restrictions vary from quarterly to every three years upon 30 to 60 days' notice.

(d) This category includes investments in limited domestic and foreign partnerships. Generally, these funds allocate capital across a variety of industries including illiquid special situation investments, diversified portfolios of venture capital partnerships, distressed and undervalued middle market companies, less liquid and/or longer-duration securities, equity-related securities and obligations of entities (i) formed to effect or that are the subject of leveraged buy-out transactions, (ii) that are being capitalized, or (iii) that require capital for operations or business expansion, and acquisition, holding, and distribution or other disposition of portfolio securities in companies that have primary business activities in the Asia Pacific Region. This category also includes a passive foreign investment corporation that seeks opportunities that have emerged as a result of dislocations and illiquidity in global capital markets with a specific focus on credit-related strategies.

(3) Investments, Continued

In addition, this category includes a Delaware limited partnership that was formed to acquire a diversified portfolio of interests in established small and middle market U.S. buyout funds that are less than 50% invested through secondary market purchases. The funds in this category are subject to lockup periods that expire over the next 1 to 12 years. Certain of these lockup periods are subject to multiple one to three-year extensions.

(e) This category includes one domestic partnership, one foreign private company and one Delaware Statutory Trust. The principal objective of the portfolio is investing in equity securities of non-U.S. domiciled issuers to take opportunistic advantage of market inefficiencies by trading securities with a shorter time horizon, investing in a diversified portfolio of small and mid-capitalization equity securities and companies located outside the United States and Canada, and to invest in the securities of companies located in the Asia-Pacific region, including Japan, Hong Kong/China, Singapore, South Korea, Taiwan, Malaysia, Thailand, Indonesia, the Philippines, Australia and New Zealand. Investments in securities of foreign companies involve special risks and considerations not typically associated with investing in U.S. companies. These funds have monthly or quarterly redemption frequencies upon 10 to 30 days' notice.

(f) This category includes limited interests in five partnership funds. The principal objective of the portfolio is appreciation of capital primarily through investment in equity and equity-related securities of worldwide energy sector companies and investment vehicles that generally focus on investments in real estate assets or natural resources, and sometimes also hold publicly traded securities. All of the partnership investment funds are subject to lockup periods that expire over the next 1 to 5 years. The lockup periods are subject to 3 or 7 one-year extensions.

(g) This category includes investment in one Delaware LLC whose investment objective is to outperform the Barclays Aggregate Bond Index by utilizing a disciplined, bottom-up investment approach to seek inefficiently priced securities with strong fundamentals. This fund offers redemption on any business day with 2 days' notice.

(h) Investment in several funds are currently in the liquidation process. Liquidity of these funds is available only as the underlying investments are liquidated and the funds expenses are paid. These liquidating funds are included in the following investment categories:

Absolute Return	$ 146,937
Hedged Equity	35,874
Real Assets	16,460
Total funds in liquidation	$ 199,271

(4) Restricted Cash and Investments

Beginning June 1, 2011, the Foundation entered into a memorandum of understanding with certain other local foundations to develop and undertake a statewide oral disease prevention project called "Colorado Partnership for Children's Oral Health" ("COPCOH"). Pursuant to the memorandum of understanding, the Foundation agreed to serve as the fiscal agent for the project and to establish a restricted fund for the project exclusively for the purposes of receiving funding for COPCOH from each of the funding foundations, and for making payments on behalf of COPCOH. As of September 30, 2019 and 2018, the amount of unspent cash and investments restricted for COPCOH totaled $221,049 and $217,272, respectively. This amount is reported as restricted cash and investments and funds held in trust on the statements of financial position. The Colorado Department of Public Health and Environment (CDPHE) is to assume full administration of the COPCOH project in the future.

During the year ended September 30, 2015, the Foundation was notified that it was awarded a $1,200,000 grant to support the planning and implementation activities associated with the Foundation's SMILES Dental Home initiative. The grant period is from October 1, 2015 through September 30, 2019. The amount of unspent cash and investments restricted for the SMILES initiative totaled $0 and $151,510 as of September 30, 2019 and 2018, respectively.

During the year ended September 30, 2017, the Foundation received a $1,000,000 grant for the Colorado Collaborative to Reduce Unintended Pregnancies initiative. The initiative will begin in August 2017 and run through December 2020. The Foundation is charged with exercising expenditure responsibility on any sub-grants awarded to ensure the grant funds are used strictly for charitable purposes. Unspent cash and investments restricted for this initiative totaled $25,005 and $937,462 at September 30, 2019 and 2018, respectively.

(5) Furniture and Equipment

Furniture and equipment consisted of the following at September 30:

		2019	2018
Office furniture	$	129,149	129,149
Equipment		102,289	96,289
Leasehold improvements		37,254	37,254
Software		34,029	34,029
		302,721	296,721
Less accumulated depreciation		(279,141)	(263,320)
	$	23,580	33,401

(6) Grants

Grants awarded by the Foundation fall into two categories: *unconditional* grants, which are recorded as expense when approved by the board of directors; and *conditional* grants, which are not recorded as expense until the grantee fulfills the conditions associated with the grant award. Grant expense of $8,092,519 and $7,476,327 for the years ended September 30, 2019 and 2018, respectively, consists of unconditional grants awarded during the year plus conditional grants for which the grantee fulfilled all conditions.

(6) Grants, Continued

Grants payable at September 30, 2019 and 2018 were $1,526,973 and $1,082,977, respectively, and consist of the unpaid portion of unconditional grants awarded by the Foundation. At September 30, 2019, all grants payable are scheduled for payment in fiscal 2020.

Conditional grants awarded by the Foundation generally fall into two categories: conditions requiring the grantee to obtain matching funds, and conditions requiring the grantee to submit performance reports to the Foundation for review before funding is approved for the subsequent installments of the grant. At September 30, 2019 and 2018, conditional grants outstanding totaled $0 and $116,819, respectively.

(7) Net Assets

Designated Net Assets without Donor Restrictions

The Caring for Colorado Opportunity Fund (Opportunity Fund) is a board designated fund established as a result of a $20 million payment from Anthem, Inc. in 2016. The Board has set aside these funds plus accumulated investment earnings as of September 30, 2018 and designated them for rapid response to urgent needs or high impact funding opportunities for Colorado communities. These funds are included in the Foundation's distributable assets at the point in time when the Board identifies a specific funding opportunity. During 2019, the Board approved the use of $6 million of the Opportunity Fund for the area of adolescent behavioral health over the next three year period, and $500,000 to support up to three years of operations of the Colorado Centennial Fund. At September 30, 2019 and 2018, board designated net assets total $15,021,997 and $21,521,997, respectively.

Net Assets with Donor Restrictions

Restricted net assets consist of the following at September 30:

	2019	2018
The Sperry S. and Ella Graber Packard Fund for Pueblo	$ 22,339,326	–
Colorado Collaborative to Reduce Unintended Pregnancies initiative	25,005	937,462
SMILES Dental Home initiative	–	151,510
Total net assets with donor restrictions	$ 22,364,331	1,088,972

Net assets were released from restriction due to the satisfaction of the following purpose restrictions during the years ended September 30:

	2019	2018
Colorado Collaborative to Reduce Unintended Pregnancies initiative	$ 913,062	63,626
SMILES Dental Home initiative	151,546	195,000
Packard Foundation Leadership Forum grant	–	85,200
CO Centennial Fund	19,151	–
Total net assets released from restrictions	$ 1,083,759	343,826

(8) Employee Retirement Plan

The Foundation provides a 401(k) plan for all eligible employees. Participants are eligible to contribute a fixed percentage of their earnings, not to exceed the annual limit set by the Internal Revenue Service. The Foundation matches 100% of the employee's contribution after six months of employment, up to 6% of the employee's compensation. Employer contributions vest immediately. During the years ended September 30, 2019 and 2018, Foundation contributions totaled $69,531 and $53,510, respectively.

(9) Deferred Compensation Plan

The Foundation provides a non-qualified deferred compensation plan under Section 457(f) of the Internal Revenue Code to the Foundation's president. Contributions to the plan consist of Foundation contributions up to $12,500 per year or such other amount determined by the Foundation, and employee contributions in the amount elected annually by the Foundation's president. The Foundation made no contributions to the plan during either fiscal year 2019 or 2018. At September 30, 2019 and 2018, the assets and liabilities of the plan were recorded at the fair values of $71,767 and $71,509, respectively.

(10) Lease Commitment

The Foundation is obligated under operating leases for rental of office space through April 30, 2021. Rent expense was $154,948 and $152,854 for the years ended September 30, 2019 and 2018, respectively. Future minimum lease payments required under this operating lease are as follows at September 30:

2020	$ 134,581
2021	11,992
	$ 146,573

(11) Packard Foundation Fund for Pueblo

On January 20, 2016 the Foundation entered into a services agreement with the David and Lucile Packard Foundation ("Packard Foundation") whereby the Foundation operates and manages an office in Pueblo, Colorado for the purpose of administering Packard Foundation grants in that city. The name assigned to this office is the "Packard Foundation Fund for Pueblo". The Foundation is reimbursed for its costs associated with executing this services agreement. During the years ended September 30, 2019 and 2018, the Foundation earned $213,406 and $196,585, respectively, in cost reimbursements under the agreement, of which $50,074 and $50,441 is recorded as a receivable at September 30, 2019 and 2018, respectively. All activities under this service agreement ended on December 31, 2019. Beginning in 2020, the Fund will fully manage the grant making process and award funding directly from The Sperry S. and Ella Graber Packard Fund for Pueblo.

(12) Related Party Transactions

It is not uncommon for members of the Foundation's board of directors to be associated with grantees either as board members or paid staff of these organizations. In these instances, the impacted board member discloses the conflict of interest and recuses him/herself from grant award deliberations.

The Fund's investments are pooled with the Foundation's and the books and records of the Fund are kept by Foundation staff. The Fund may determine its own spending policy, separate from the Foundation. For the year ended September 30, 2019, the Fund did not pay the Foundation for grant and operational administrative expenses incurred by the Foundation on behalf of the Fund as these amounts were immaterial.

Caring for Colorado Foundation
Consolidating Statement of Financial Position
September 30, 2019

		Foundation	Centennial Fund	Eliminating	Total
Assets					
Cash and cash equivalents	$	109,489	1,310	–	110,799
Restricted cash and investments (notes 4 and 7)		246,054	–	–	246,054
Accounts receivable (note 11)		62,434	–	(12,360)	50,074
Investments (note 3)		220,740,903	22,369,259	(22,369,259)	220,740,903
Prepaid expenses and deposits		11,806	–	–	11,806
Furniture and equipment, net (note 5)		23,580	–	–	23,580
Investments-deferred compensation (notes 3 and 9)		71,767	–	–	71,767
Total assets	$	221,266,033	22,370,569	(22,381,619)	221,254,983
Liabilities and Net Assets					
Grants payable (note 6)	$	1,526,973	–	–	1,526,973
Accounts payable and accrued expenses		640,629	12,360	(12,360)	640,629
Investments-deferred compensation (notes 3 and 9)		71,767	–	–	71,767
Funds held in trust (note 4)		22,590,308	–	(22,369,259)	221,049
Total liabilities		24,829,677	12,360	(22,381,619)	2,460,418
Net Assets (note 7)					
Without donor restrictions					
Undesignated		181,389,354	18,883	–	181,408,237
Board designated		15,021,997	–	–	15,021,997
Total without donor restrictions		196,411,351	18,883	–	196,430,234
With donor restrictions		25,005	22,339,326	–	22,364,331
Total net assets		196,436,356	22,358,209	–	218,794,565
Commitments and contingencies (notes 8 and 10)					
Total liabilities and net assets	$	221,266,033	22,370,569	(22,381,619)	221,254,983

Caring for Colorado Foundation

Consolidating Statement of Activities

Year Ended September 30, 2019

	Without donor restrictions				With donor restrictions				
Revenue, gains and support	Foundation	Centennial Fund	Eliminating	Total	Foundation	Centennial Fund	Eliminating	Total	Total
Grant income	$ –	–	–	–	–	20,000,000	–	20,000,000	20,000,000
In-kind services	–	18,883	(18,883)	–	–	–	–	–	–
Interest and dividends	2,037,702	–	–	2,037,702	641	98,029	–	98,670	2,136,372
Net realized and unrealized gains on investments	2,427,996	–	–	2,427,996	–	2,260,448	–	2,260,448	4,688,444
Other income (note 11)	213,406	–	–	213,406	–		–	–	213,406
Net assets released from restrictions	1,064,608	19,151	–	1,083,759	(1,064,608)	(19,151)	–	(1,083,759)	–
Total revenue, gains, and support	5,743,712	38,034	(18,883)	5,762,863	(1,063,967)	22,339,326	–	21,275,359	27,038,222
Expenses									
Program services									
Grant making expenses (note 6)	11,181,549	–	–	11,181,549	–	–	–	–	11,181,549
Total program service expenses	11,181,549	–	–	11,181,549	–	–	–	–	11,181,549
Supporting services									
General and administrative expenses	890,002	19,151	(18,883)	890,270	–	–	–	–	890,270
Total expenses	12,071,551	19,151	(18,883)	12,071,819	–	–	–	–	12,071,819
Change in net assets	(6,327,839)	18,883	–	(6,308,956)	(1,063,967)	22,339,326	–	21,275,359	14,966,403
Net assets, beginning of year	202,739,190	–	–	202,739,190	1,088,972	–	–	1,088,972	203,828,162
Net assets, end of year	$ 196,411,351	18,883	–	196,430,234	25,005	22,339,326	–	22,364,331	218,794,565