Caring for Colorado Foundation

Consolidated Financial Statements and
Supplementary Information

September 30, 2023 and 2022

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Montoya, P.C.
Certified Public Accountants

Kundinger, Corder & Montoya, P.C.
Certified Public Accountants

Independent Auditor's Report

Board of Directors
Caring for Colorado Foundation

Opinion

We have audited the accompanying consolidated financial statements of Caring for Colorado Foundation and affiliate, which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Caring for Colorado Foundation and affiliate as of September 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Caring for Colorado Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Caring for Colorado Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Caring for Colorado Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 & Montoya, P.C.

January 26, 2024

Caring for Colorado Foundation
Consolidated Statements of Financial Position
September 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 146,291	149,001
Restricted cash and investment (note 4)	1,387,064	2,688,313
Grant receivable (note 5)	–	1,000,000
Investments (note 3)	228,496,049	218,281,653
Program related investment (note 6)	228,093	206,186
Prepaid expenses and deposits	30,467	32,092
Furniture and equipment, net (note 7)	227,245	292,454
Operating lease right-of-use asset (note 8)	1,789,440	2,003,358
Total assets	$ 232,304,649	224,653,057
Liabilities and Net Assets		
Grants payable, net of discount (note 9)	$ 5,484,666	5,858,793
Accounts payable and accrued expenses	402,032	363,463
Refundable advance (note 10)	109,129	–
Operating lease liability (note 8)	1,789,440	2,003,358
Total liabilities	7,785,267	8,225,614
Net Assets (note 11)		
Without donor restrictions		
Undesignated	180,855,753	170,691,661
Board designated	19,320,590	19,948,683
Total without donor restrictions	200,176,343	190,640,344
With donor restrictions	24,343,039	25,787,099
Total net assets	224,519,382	216,427,443
Commitments (notes 12 and 14)		
Total liabilities and net assets	$ 232,304,649	224,653,057

See the accompanying notes to the consolidated financial statements.

Caring for Colorado Foundation

Consolidated Statement of Activities

Year Ended September 30, 2023

Revenue, gains and support		Without donor restrictions	With donor restrictions	Total
Grants and contributions	$	30,193	254,706	284,899
Interest and dividends, net		2,106,542	242,425	2,348,967
Realized and unrealized gains on investments, net		19,966,404	2,328,463	22,294,867
Other income		77	–	77
Net assets released from restrictions (note 11)		4,269,654	(4,269,654)	–
Total revenue, gains, and support		26,372,870	(1,444,060)	24,928,810
Expenses				
Program services				
Grant making expenses (note 9)		15,229,878	–	15,229,878
Total program service expenses		15,229,878	–	15,229,878
Supporting services				
Management and general expenses		1,594,548	–	1,594,548
Fundraising expenses		12,445	–	12,445
Total supporting services expenses		1,606,993	–	1,606,993
Total expenses		16,836,871	–	16,836,871
Change in net assets		9,535,999	(1,444,060)	8,091,939
Net assets at beginning of year		190,640,344	25,787,099	216,427,443
Net assets at end of year	$	200,176,343	24,343,039	224,519,382

See the accompanying notes to the consolidated financial statements.

Caring for Colorado Foundation
Consolidated Statement of Activities
Year Ended September 30, 2022

Revenue, gains and support		Without donor restrictions	With donor restrictions	Total
Grants and contributions	$	500	4,191,717	4,192,217
Interest and dividends, net		965,607	116,162	1,081,769
Realized and unrealized losses on investments, net		(34,603,752)	(4,099,263)	(38,703,015)
Other income		1,214	–	1,214
Net assets released from restrictions (note 11)		2,745,568	(2,745,568)	–
Total revenue, gains, and support		(30,890,863)	(2,536,952)	(33,427,815)
Expenses				
Program services				
Grant making expenses (note 9)		20,614,601	–	20,614,601
Total program service expenses		20,614,601	–	20,614,601
Supporting services				
Management and general expenses		940,978	–	940,978
Fundraising expenses		18,060		18,060
Total supporting services expenses		959,038	–	959,038
Total expenses		21,573,639	–	21,573,639
Change in net assets		(52,464,502)	(2,536,952)	(55,001,454)
Net assets at beginning of year		243,104,846	28,324,051	271,428,897
Net assets at end of year	$	190,640,344	25,787,099	216,427,443

See the accompanying notes to the consolidated financial statements.

Caring for Colorado Foundation

Consolidated Statements of Functional Expenses

Years Ended September 30, 2023 and 2022

	Program Services		Supporting Services					
	Grantmaking expenses		Management and general		Fundraising		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Grants	$ 12,234,108	17,407,013	–	–	–	–	12,234,108	17,407,013
Salaries	1,156,622	1,348,534	747,713	448,107	9,519	11,508	1,913,854	1,808,149
Program expenses	938,153	759,218	29,250	119,757	–	–	967,403	878,975
Benefits	242,310	275,434	194,004	100,947	1,290	2,124	437,604	378,505
Professional Fees	61,812	91,845	65,269	18,477	–	644	127,081	110,966
Information technology	87,421	98,056	65,519	34,170	–	–	152,940	132,226
Rent	216,139	248,169	169,686	90,926	1,214	1,915	387,039	341,010
Payroll taxes	83,458	93,661	66,439	34,285	–	–	149,897	127,946
Office expenses	62,987	82,068	27,359	27,924	255	715	90,601	110,707
Travel, meetings and conferences	55,999	73,499	51,841	23,503	167	716	108,007	97,718
Depreciation	28,566	46,010	36,643	17,398	–	438	65,209	63,846
Communications	51,958	77,738	46,111	21,221	–	–	98,069	98,959
Other	10,345	13,356	94,714	4,263	–	–	105,059	17,619
Total expenses	$ 15,229,878	20,614,601	1,594,548	940,978	12,445	18,060	16,836,871	21,573,639

See the accompanying notes to the consolidated financial statements.

Caring for Colorado Foundation
Consolidated Statements of Cash Flows
Years Ended September 30, 2023 and 2022

		2023	2022
Cash flows from operating activities			
Change in net assets	$	8,091,939	(55,001,454)
Adjustments to reconcile change in net assets			
to cash used in operating activities:			
Depreciation		65,209	63,846
Amortization of discount on long-term grants		426,163	(814,100)
Net realized and unrealized (gains) losses on investments		(22,294,867)	38,703,015
Change in operating assets and liabilities:			
Grant receivable		1,000,000	(1,000,000)
Program related investment		(21,907)	(206,186)
Prepaid expenses and deposits		1,625	(1,625)
Grants payable		(800,290)	6,034,793
Accounts payable and accrued expenses		38,569	(362,738)
Refundable advance		109,129	–
Funds held in trust		–	(48,029)
Net cash used in operating activities		(13,384,430)	(12,632,478)
Cash flows from investing activities			
Purchases of investments		(41,707,242)	(36,691,533)
Sales of investments		53,787,713	51,509,629
Purchases of furniture and equipment		–	(39,354)
Net cash provided by investing activities		12,080,471	14,778,742
Net change in cash, cash equivalents, and restricted cash		(1,303,959)	2,146,264
Cash, cash equivalents, and restricted cash, beginning of year		2,837,314	691,050
Cash, cash equivalents, and restricted cash, end of year	$	1,533,355	2,837,314
Reconciliation of cash, cash equivalents, and restricted cash at end of year			
Cash and cash equivalents	$	146,291	149,001
Restricted cash and investments		1,387,064	2,688,313
Total cash, cash equivalents, and restricted cash	$	1,533,355	2,837,314

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.

(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) Program Related Investment

The Foundation uses program related investments primarily for charitable purposes as a strategic tool to provide organizations access to capital to advance the Foundation's programmatic mission. Program related investments include a loan made at a .5% per annum interest rate over four years. Loans are carried at the unpaid principal balance. Past due status is determined based on contractual terms. Loans are evaluated for collectibility 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.

(1) Summary of Significant Accounting Policies, Continued

(i) 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 3-10 years.

(j) Leases

The Foundation follows the provisions of ASU No. 2016-02, *Leases (Topic 842).* In accordance with the standard, the Foundation has elected not to record on the statements of financial position a lease whose term is twelve months or less and does not include a purchase option that the Foundation is reasonably certain to exercise. The Foundation has elected to use the risk-free rate to determine the present value of the lease payments for purposes of calculating the right-of-use asset and lease liability. The lease requires the payment of CAM expenses which the Foundation has elected to expense. CAM expensed in the year ended September 30, 2023 totaled $129,438 and the estimated remaining obligation is $1,058,291.

(k) 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. Grants payable in more than one year are discounted to net present value.

(l) Revenue Recognition

<u>Grants and Contributions</u>
Contributions are recognized when cash, securities, and unconditional promises to give are received. Conditional promises to give, that is, those with a measurable 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.

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 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 statements of activities as net assets released from restrictions.

(1) Summary of Significant Accounting Policies, Continued

(l) Revenue Recognition, Continued

Contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year.

(m) Estimates

The preparation of financial statements in conformity with GAAP 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.

(n) 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.

(o) 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.

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, 2022, 2021, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

(p) Reclassifications

Certain amounts previously reported have been reclassified to conform to current year's presentation. The reclassifications had no impact to previously reported net assets.

(1) Summary of Significant Accounting Policies, Continued

(q) Subsequent Events

The Foundation has evaluated subsequent events through January 26, 2024, the date the financial statements were available to be issued.

(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 4.75%. 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:

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 146,291	149,001
Grants receivable	-	1,000,000
Investments	228,496,049	218,281,653
Total financial assets	228,642,340	219,430,654
Less amounts unavailable within one year due to:		
Donor-imposed purpose restrictions	(24,343,039)	(25,787,099)
Investments not convertible to cash within twelve months	(80,798,728)	(81,166,303)
Amounts unavailable without Board's approval:		
Board designated Opportunity Fund	(19,320,590)	(19,948,683)
Total amounts unavailable within one year	(124,462,357)	(126,902,085)
Total financial assets available for general expenditure within one year	$ 104,179,983	92,528,569

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 10.

(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.

(3) Investments, Continued

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, 2023, the Foundation had total unexpended commitments of approximately $25 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 6 years.

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

	2023	2022
Domestic equity funds	$ 63,445,046	58,444,159
International equity funds	23,132,900	28,286,067
Absolute return funds	32,621,250	33,344,998
Fixed income funds	11,912,528	12,076,036
Hedged equity funds	32,405,872	32,296,588
Private equity funds	50,532,206	49,350,691
Real asset funds	1,845,527	1,801,784
Certificates of deposit	3,018,921	-
Money market funds	9,581,799	2,681,330
	$ 228,496,049	218,281,653

(3) Investments, Continued

The following table summarizes the Foundation's investments by the fair value hierarchy levels as of September 30, 2023:

	Fair Value	Assets Measured at NAV (a)	Level 1
Domestic equity funds	$ 63,445,046	38,131,964	25,313,082
International equity funds	23,132,900	14,077,888	9,055,012
Absolute return funds	32,621,250	32,621,250	–
Fixed income funds	11,912,528	5,199,473	6,713,055
Hedged equity funds	32,405,872	32,405,872	–
Private equity funds	50,532,206	50,532,206	–
Real asset funds	1,845,527	1,845,527	–
Certificates of deposit	3,018,921	–	3,018,921
Money market funds	9,581,799	–	9,581,799
	$ 228,496,049	174,814,180	53,681,869

The following table summarizes the Foundation's investments by the fair value hierarchy levels as of September 30, 2022:

	Fair Value	Assets Measured at NAV (a)	Level 1
Domestic equity funds	$ 58,444,159	34,469,336	23,974,823
International equity funds	28,286,067	15,692,834	12,593,233
Absolute return funds	33,344,998	33,344,998	–
Fixed income funds	12,076,036	5,102,574	6,973,462
Hedged equity funds	32,296,588	32,296,588	–
Private equity funds	49,350,691	49,350,691	–
Real asset funds	1,801,784	1,801,784	–
Money market funds	2,681,330	–	2,681,330
	$ 218,281,653	172,058,805	46,222,848

(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, 2023:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Absolute Return (a)	$32,621,250	N/A	Monthly to annual	45 – 75 days for those funds with liquidity
Domestic Equity (b)	38,131,964	N/A	Monthly to quarterly	1 – 60 days
Hedged Equity (c)	32,405,872	N/A	Monthly to every three years	30 – 60 days
Private Equity (d)	50,532,206	22,160,615	N/A	N/A
International Funds (e)	14,077,888	N/A	Monthly to Quarterly	10 – 30 days
Real Assets (f)	1,845,527	2,893,652	N/A	N/A
Fixed Income (g)	5,199,473	N/A	Any business day	2 days

(a) Approximately 65% 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 or annual redemption frequencies upon 45 to 65 day notice.

Another 33% of this portfolio consists of an investment in a passive foreign investment corporation whose investment strategy is to generate attractive risk-adjusted returns primarily by investing in stressed corporate debt, distressed corporate debt, deep value and special situation equities, and low loan-to-value middle market leveraged loans and high yield bonds. Redemptions may be made upon 75 days' notice.

About 2% of this portfolio is currently in the liquidation process. Liquidity of these funds is available only as the underlying investments are liquidated and the funds expenses are paid.

(3) Investments, Continued

(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 $6,407,592 at September 30, 2023, is organized as a feeder fund in which substantially all of its assets are invested in a master fund. The master fund has been established to pursue an investment strategy that focuses primarily on companies in the healthcare industry, including medical technologies, pharmaceuticals, biotechnology, life sciences, healthcare services and related industries. 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.

About 18% of the portfolio is invested in a passive investment corporation with an investment balance of $6,996,876 at September 30, 2023. It manages a concentrated portfolio comprised of small cap growth companies, targeting investments in "compounders", which are defined as stocks with the potential to appreciate at a +20% CAGR over a 10-year period. Redemptions of all or a portion of the value are allowed upon 150 day notice, after the 36 month anniversary of issuance.

This portfolio also includes a collective trust fund with a fair value of $7,486,809 at September 30, 2023. 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

(d) This category also includes a fund established primarily to make investments in structured residential asset-backed loans, specialty asset loans, corporate loans and other asset-backed loans in both the primary and secondary markets; and a secondaries fund that invests in operating companies and private funds via secondary and primary transactions.

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 11 years. Certain of these lockup periods are subject to multiple one to three-year extensions.

Also in this category is an investment that, in addition to generating favorable risk-adjusted returns, aims to promote public welfare and community development in underserved communities by deploying at least 51% of its invested capital to borrowers located in and/or with a majority of operations in low- and moderate-income areas.

Unfunded capital commitments to the private equity portfolio total $24,085,977 and expire over the next one to ten years.

(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 4 years. The lockup periods are subject to 3 or 7 one-year extensions.

Unfunded capital commitments to the real assets portfolio total $2,893,652 and expire over the next one to five years.

(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.

(4) Restricted Cash and Investments

At September 30, 2023 and 2022, amounts totaling $1,387,064 and $2,688,313, respectively, are donor-restricted for Centennial Fund projects.

(5) Grant Receivable

There were no grants receivable as of September 30, 2023. As of September 30, 2022, unconditional grants receivable consisted of $1,000,000 which was collected in 2023.

(6) Program Related Investment

In December 2021, the Foundation entered into a loan agreement with Rural Homes, LLC in the amount of $250,000 and an interest rate of .5% per annum. Interest is payable on December 30th of each year through the maturity date of December 30, 2025. The full principal amount plus accrued interest on the outstanding balance is due on the maturity date. The purpose of the loan is to provide funding to support the construction of affordable housing sold to those living in the San Miguel, West Montrose, and Ouray counties, in particular households earning 60-120 percent of area median income. Interest received on the loan totaled $1,250 and $0 for the years ended September 30, 2023 and 2022, respectively.

(7) Furniture and Equipment

Furniture and equipment consisted of the following at September 30:

	2023	2022
Office furniture	$ 202,385	202,385
Equipment	140,426	140,426
Leasehold improvements	73,251	73,251
	416,062	416,062
Less accumulated depreciation	(188,817)	(123,608)
	$ 227,245	292,454

(8) Operating Lease Right-of-use Asset and Operating Lease Liability

The Foundation is obligated under operating leases for rental of office space and certain office equipment with remaining terms of 4 to 8 years. The Denver office and Pueblo office leases have variable lease payments that increase 3% and 2%, respectively, every twelve months. Rent expense, or lease costs, under the operating leases totaled $266,270 and $256,901 during the years ended September 30, 2023 and 2022.

Weighted average term and discount rates for operating leases outstanding as of September 30, 2023 are as follows:

Weighted-average term (years)	6.84
Weighted-average discount rate	3.01%

(8) Operating Lease Right-of-use Asset and Operating Lease Liability, Continued

Future payments due under operating leases as of September 30, 2023 are as follows:

Undiscounted cash flows due in:	
2024	$ 273,820
2025	280,506
2026	283,015
2027	265,348
2028	270,935
Thereafter	590,742
Total undiscounted cash flows	1,964,366
Impact of present value discount	(174,926)
Lease liability recognized	$ 1,789,440

(9) Grants

Grants awarded by the Foundation are unconditional and are recorded as expense when approved by the board of directors. Grant expense of $12,234,108 and $17,407,013 for the years ended September 30, 2023 and 2022, respectively, consists of unconditional grants awarded during the year.

Grants payable at September 30, 2023 and 2022 were $5,484,666 and $5,858,793, respectively, and consist of the unpaid portion of unconditional grants awarded by the Foundation.

At September 30, 2023, grants scheduled to be paid in future years are as follows:

2024	$ 3,183,001
2025	1,840,757
2026	652,482
2027	196,363
Total undiscounted cash flows	5,872,603
Discount to present value (based on interest rate of 4.7% for 2023)	(387,937)
Grants payable recognized	$ 5,484,666

(10) Refundable Advance

During the year ended September 30, 2023, the Fund was awarded a $760,000 cost-reimbursement grant from the Colorado Department of Local Affairs to develop and implement a grant program that provides programmatic infrastructure grants to small community-based nonprofit charitable or social welfare organizations that have experienced negative economic impacts caused by COVID-19. The grant is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received under the grant are recognized as revenue when the Fund has incurred expenditures in compliance with specific grant provisions. A $150,000 advance payment was received during the year, of which $40,871 was recognized as revenue and the unspent portion of $109,120 is recorded as a refundable advance as of September 30, 2023.

(11) 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 $20,000,000 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. Between 2018 and 2022, these funds were spent on several initiatives, the most significant being $9 million for COVID-19 emergency relief, $6 million for youth mental health, and $5 million for reproductive healthcare. Spending from the Opportunity Fund is included in the Foundation's distributable assets at the point in time when the Board identifies a specific funding opportunity.

In the year ended September 30, 2022, the board designated an additional $25,000,000 to the Opportunity Fund and approved the use of $4,000,000 for the Colorado Collaborative and $1,679,500 for Youth Connections. At September 30, 2023 and 2022, board designated net assets total $19,320,590 and $19,948,683, respectively.

Net Assets with Donor Restrictions

Restricted net assets consist of the following at September 30:

	2023	2022
The Sperry S. and Ella Graber Packard Fund for Pueblo	$ 24,343,039	22,897,964
Colorado Collaborative for Reproductive Health Equity	–	1,488,383
Youth Connections	–	1,400,752
Total net assets with donor restrictions	$ 24,343,039	25,787,099

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

	2023	2022
Packard Foundation Fund for Pueblo	$ 1,054,921	1,453,983
Together We Protect	–	500,218
Colorado Collaborative for Reproductive Health Equity	1,723,064	512,617
Youth Connections	1,450,798	278,750
DOLA	40,871	–
Total net assets released from restrictions	$ 4,269,654	2,745,568

(12) Employee Retirement Plan

The Foundation provides a 401(k) plan for all eligible employees. After six months of employment, 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 up to 7% of the employee's compensation. Employer contributions vest immediately.

(12) Employee Retirement Plan, Continued

During the years ended September 30, 2023 and 2022, Foundation contributions totaled $108,346 and $82,692, respectively.

(13) 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 years ended September 30, 2023 and 2022, the Foundation allocated expenses totaling $702,184 and $1,026,248, respectively, to the Fund for operational administrative expenses incurred by the Foundation on behalf of the Fund.

(14) Line of Credit

The Foundation had a $2,000,000 line of credit with a bank with an initial interest rate of 3.25%. The line of credit was unsecured and due on demand. No amounts were borrowed under the line during the year ended September 30, 2023 and 2022. The line of credit was closed effective November 7, 2022.

(15) Fiscal Sponsor Assignment and Assumption Agreement

Effective October 1, 2023, the Centennial Fund entered into an agreement with Northwest Colorado Community Health Partnership in which the Fund agreed to assume the Choose When program and all such program assets and liabilities. In connection with the agreement, Northwest Colorado Community Health Partnership transferred to the Fund $235,744, which consisted of $166,780 restricted for use in the northwest Colorado region, and $68,964 designated for statewide use. It is anticipated that Northwest Colorado Community Health Partnership will transfer an additional amount of approximately $151,500, currently held in a certificate of deposit ("CD"), to the Fund in February 2024 upon the CD's maturity. The Centennial Fund agrees to assume all obligations related to the transferred funds, including holding, stewarding, administering, and investing those funds in accordance with any gift instruments and the Colorado Uniform Prudent Management of Institutional Funds Act.

Caring for Colorado Foundation
Consolidating Statement of Financial Position
September 30, 2023

	Foundation	Centennial Fund	Eliminating	Total
Assets				
Cash and cash equivalents	$ 124,335	21,956	–	146,291
Restricted cash and investments	–	1,387,064	–	1,387,064
Grants receivable	–	–	–	–
Accounts receivable	–	4,736,794	(4,736,794)	–
Investments	228,496,049	24,343,039	(24,343,039)	228,496,049
Program related investment	228,093	–	–	228,093
Prepaid expenses and deposits	30,467	–	–	30,467
Furniture and equipment, net	225,346	1,899	–	227,245
Operating lease right-of-use asset	1,789,440	–	–	1,789,440
Total assets	$ 230,893,730	30,490,752	(29,079,833)	232,304,649
Liabilities and Net Assets				
Grants payable	$ 3,952,739	1,531,927	–	5,484,666
Accounts payable and accrued expenses	5,051,250	87,576	(4,736,794)	402,032
Refundable advance	–	109,129	–	109,129
Operating lease liability	1,789,440	–	–	1,789,440
Funds held in trust	24,343,039	–	(24,343,039)	–
Total liabilities	35,136,468	1,728,632	(29,079,833)	7,785,267
Net Assets				
Without donor restrictions				
Undesignated	176,436,672	8,256	4,410,825	180,855,753
Board designated	19,320,590	–	–	19,320,590
Total without donor restrictions	195,757,262	8,256	4,410,825	200,176,343
With donor restrictions	–	28,753,864	(4,410,825)	24,343,039
Total net assets	195,757,262	28,762,120	–	224,519,382
Commitments and contingencies				
Total liabilities and net assets	$ 230,893,730	30,490,752	(29,079,833)	232,304,649

Caring for Colorado Foundation
Consolidating Statement of Activities
Year Ended September 30, 2023

	Without donor restrictions				With donor restrictions				
Revenue, gains and support	Foundation	Centennial Fund	Eliminating	Total	Foundation	Centennial Fund	Eliminating	Total	Total
Grants and contributions	$ –	30,193	–	30,193	–	339,433	(84,727)	254,706	284,899
Interest and dividends, net	2,074,200	32,342	–	2,106,542	–	242,425	–	242,425	2,348,967
Net realized and unrealized gains on investments	19,966,404	–	–	19,966,404	–	2,328,463	–	2,328,463	22,294,867
Other income	77	–	–	77	–	–	–	–	77
Net assets released from restrictions	–	5,623,056	(1,353,402)	4,269,654	–	(5,623,056)	1,353,402	(4,269,654)	–
Total revenue, gains, and support	22,040,681	5,685,591	(1,353,402)	26,372,870	–	(2,712,735)	1,268,675	(1,444,060)	24,928,810
Expenses									
Program services									
Grant making expenses	9,691,550	5,623,055	(84,727)	15,229,878	–	–	–	–	15,229,878
Total program service expenses	9,691,550	5,623,055	(84,727)	15,229,878	–	–	–	–	15,229,878
Supporting services									
Management and general expenses	1,552,713	41,835	–	1,594,548	–	–	–	–	1,594,548
Fundraising expenses	–	12,445	–	12,445	–	–	–	–	12,445
Total supporting services expenses	1,552,713	54,280	–	1,606,993	–	–	–	–	1,606,993
Total expenses	11,244,263	5,677,335	(84,727)	16,836,871	–	–	–	–	16,836,871
Change in net assets	10,796,418	8,256	(1,268,675)	9,535,999	–	(2,712,735)	1,268,675	(1,444,060)	8,091,939
Net assets at beginning of year	184,960,844	–	5,679,500	190,640,344	–	31,466,599	(5,679,500)	25,787,099	216,427,443
Net assets at end of year	$ 195,757,262	8,256	4,410,825	200,176,343	–	28,753,864	(4,410,825)	24,343,039	224,519,382