Compiled Consolidated Financial Statements

As of and For the Year Ended December 31, 2019

Boulder Jewish Community Center

Contents

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Independent Accountant's Compilation Report

To the Board of Directors
Boulder Jewish Community Center
Boulder, Colorado

Management is responsible for the accompanying financial statements of Boulder Jewish Community Center and its affiliate (collectively the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, in accordance with accounting standards generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Emphasis of Matter

The COVID-19 global pandemic in 2020 (see Note 14) has caused business disruption in a variety of industries, markets and geographic regions, which has resulted in considerable uncertainty as to the financial impact and duration, which cannot be reasonably estimated at this time.

BDO USA, LLP

January 11, 2021

Boulder Jewish Community Center

Consolidated Statement of Financial Position

December 31,	2019
Assets	
Cash and cash equivalents	$ 2,746,825
Accounts receivable	105,127
Contributions receivable, current portion	287,957
Prepaid expenses and other assets	84,642
Total current assets	3,224,551
Contributions receivable, net of current portion and allowance	33,373
Beneficial interest in assets held by foundations	4,332,875
Property and equipment, net	24,582,103
Total long-term assets	28,948,351
Total assets	$ 32,172,902
Liabilities and Net Assets	
Accounts payable	$ 401,111
Accrued expenses	65,913
Deferred revenue	204,863
Funds held on behalf of others	3,212
Total current liabilities	675,099
Total liabilities	675,099
Commitments and Contingencies	
Net Assets	
Without donor restrictions	26,764,368
With donor restrictions	4,733,435
Total net assets	31,497,803
Total liabilities and net assets	$ 32,172,902

See accompanying independent accountant's compilation report and notes to the consolidated financial statements.

Boulder Jewish Community Center

Consolidated Statement of Activities

For the Year Ended December 31,	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions, grants, and sponsorships	$ 1,554,657	$ 2,086,150	$ 3,640,807
Program revenue	3,132,419	-	3,132,419
Scholarships and other discounts	(373,222)	-	(373,222)
Rental income	475,347	-	475,347
Special events, net	245,370	-	245,370
Change in beneficial interest in assets held by the Foundations, net of fees	-	383,938	383,938
Interest and other income	18,845	-	18,845
Gain on sale of property and equipment	200	-	200
Net assets released from restriction	969,616	(969,616)	-
Total revenues, gain and other support	6,023,232	1,500,472	7,523,704
Expenses			
Program services	5,006,358	-	5,006,358
Fundraising & development	469,069	-	469,069
Management & administration	681,927	-	681,927
Operating Indirect Cost	327,775	-	327,775
Capital Campaign	1,050	-	1,050
Total expenses	6,486,179	-	6,486,179
Change in net assets	(462,947)	1,500,472	1,037,525
Net assets, beginning of year	27,227,315	3,232,963	30,460,278
Net assets, end of year	$ 26,764,368	$ 4,733,435	$ 31,497,803

See accompanying independent accountant's compilation report and notes to the consolidated financial statements.

Boulder Jewish Community Center

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2019

	Program Services	Fundraising & Development	Management & Administrative	Operating Indirect Costs	Capital Campaign	Total
Salaries	$ 3,057,576	$ 281,695	$ 387,964	$ 122,431	$ 50	$ 3,849,716
Contract services	254,546	58,574	52,297	5,568	1,000	371,985
Supplies and communications	284,701	51,507	14,010	3,720	-	353,938
Facility and equipment	502,524	968	67,524	74,360	-	645,376
Travel and meetings	46,881	6,955	14,493	6,029	-	74,358
Business expenses	330,722	36,085	18,387	1,276	-	386,470
In-kind donated	3,251	33,279	715	-	-	37,245
Other expenses	-	6	31,912	-	-	31,918
Depreciation	526,157	-	94,625	114,391	-	735,173
Total expenses	5,006,358	469,069	681,927	327,775	1,050	6,486,179
Less: expenses netted against revenues						
Cost of direct benefits to donors	-	147,134	-	-	-	147,134
Total expenses reported on consolidated	$ 5,006,358	$ 616,203	$ 681,927	$ 327,775	$ 1,050	$ 6,633,313

See accompanying independent accountant's compilation report and notes to the consolidated financial statements.

Boulder Jewish Community Center

Consolidated Statement of Cash Flows

For the Year Ended December 31,	2019
Cash flows from operating activities	
Change in net assets	$ 1,037,525
Adjustments to reconcile change in net assets to net cash flows due to operating activities:	
Depreciation expense	735,173
Changes in beneficial interest in assets held by foundations	(383,938)
Changes in board designated endowments	(1,682)
Contributions to beneficial interest in assets held by foundations	(1,060,823)
Changes in operating assets and liabilities:	
Accounts and contributions receivable	50,116
Prepaid expenses and other assets	66,593
Accounts payable and accrued expenses	183,167
Deposits	(250)
Deferred revenue	41,964
Funds held on behalf of others	(3,976)
Net cash flows due to operating activities	663,869
Cash flows used in investing activities	
Proceeds from sale of assets	200
Purchase of property and equipment	(311,855)
Net cash flows due to investing activities	(311,655)
Net change in cash and cash equivalents	352,214
Cash and cash equivalents, beginning of year	2,394,611
Cash and cash equivalents at end of year	$ 2,746,825

See accompanying independent accountant's compilation report and notes to the consolidated financial statements.

1. Organization and Summary of Accounting Policies

Organization

The Boulder Jewish Community Center ("Boulder JCC") mission is to provide programs and services based in Jewish values and traditions in a place where people of all ages and backgrounds gather to connect, exchange ideas, learn, and grow together.

Boulder JCC is the sole member of ACE: Arts, Culture, and Education, a separate 501(c)(3) (collectively the "Organization"). The consolidated financial statements include the accounts of Boulder JCC and its affiliate, ACE: Arts, Culture, and Education. The affiliate is consolidated since Boulder JCC has an economic interest in the affiliate. All material intra-entity transactions have been eliminated.

Jay and Rose Phillips Early Childhood Center ("the Phillips ECC"): The Phillips ECC is designed to enhance the social, emotional, linguistic, cognitive, and physical development of each child while supporting the whole family. Through a variety of programs, the Phillips ECC provides a welcoming entry point for families with children ages 0-5 years old to make friends, learn, and grow together. The Phillips ECC includes the Boulder JCC Preschool, Infant and Toddler Programs, Parenting Programs, and Early Childhood Specialty Classes. The nationally recognized school offers opportunities for exploration and discovery in a play-based, educational environment that is designed to nourish children's innate sense of wonder, curiosity, and self-esteem.

Youth and Camps: The Youth and Camps department of the Boulder JCC provides summer, winter, and spring camps as well as after-school and schools day-out programming for children and teens ages 5-17. The camps include day camps for elementary and middle school aged children. Together, these programs create a vibrant, enriching, and fun experience that is designed to inspire campers and/or participants to learn, grow, and explore their interests while creating lasting memories and friendships.

Adult Programs: The Boulder JCC serves adults through a number of program areas including: ACE: Arts, Culture, & Education at the J, Flatiron Tribe, and Women of the J. The Boulder JCC partners with ACE at the J (a separate 501c3) to provide arts and culture programs for adults. The JCC collaborates with ACE to present the Boulder Jewish Film Festival where over 2,600 tickets were sold and the Boulder Jewish Festival with attendance of over 9,000 individuals in 2019. Additional programs include lectures, lunch and learns, and arts related programs. Flatiron Tribe provides programming based in Jewish culture and values for adults ages 21-45. Programs include educational, social, and recreational events. Women of the J connects women in the greater Boulder Jewish community and their friends through fun social events and meaningful experiences.

Farm and Sustainability: Milk and Honey Farm at the J integrates farming and sustainability into all departments and program areas at the JCC. The farm itself is a 2+ acre Jewish educational sustainable farm with barn, greenhouse, donation gardens, and animals. The program brings the greater community together via experiential programs and activities designed to ignite wonder and discovery, grounded in vast Jewish heritage, tradition, and values. These programs include Jewish holiday celebrations, summer camps, early childhood education, and adult education.

Community Programs and Resources: The Boulder JCC offers a number of programs and services to the public to create community, awaken minds, and live our values. Examples of these programs and services include housing a Jewish Library called HaSifria, running a 9Health Fair, providing a Welcoming Committee, hosting a monthly meeting of all of the local Jewish organizations, and being a central location for event and rental space. Hasifria at the J is a community library, teacher resource center, and gathering place that provides programs and materials that promote Jewish learning, identity, and cultural connection for families, educators, students, clergy, community members, and organizations. The library houses a Reb Zalman collection as well as approximately 6,000 additional volumes. As a general resource for Jewish life in Boulder, the Welcoming Committee welcomes new families and individuals to Boulder and connects those who want to become more involved in Jewish life. The JCC is a unique community asset in Boulder, providing meeting and rental space to businesses, nonprofits, and for individual celebrations and events.

Basis of Presentation

The Organization reports information on the accrual basis, in accordance with generally accepted accounting principles ("GAAP"), regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

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

Net assets with donor restrictions are 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 Organization or by passage of time. Other donor restrictions are perpetual in nature whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist of amounts due for tuition, program fees, and specialty camps that the Organization conducts in the normal course of business. Management periodically reviews accounts to determine uncollectible amounts. Accounts deemed uncollectible are written off in the period they are determined to be uncollectible. Management believes all amounts are collectible.

Contributions Receivable

Contributions receivable represent unconditional promises to give. Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Management periodically reviews accounts to determine uncollectible amounts. Balances deemed uncollectible are written off in the period they are determined to be uncollectible. The net present value of pledge balances to be collected after one year or longer, is less the total amount of those pledges. Management has not recorded a discount to reduce long term pledge receivables to their net present value, as it is believed to be immaterial. Management believes an allowance of $3,544 was adequate at December 31, 2019. Actual write offs could exceed the allowance recorded.

Concentration and Credit Risks

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. The Organization had $1,724,453 on deposit in excess of federally insured limits at December 31, 2019.

Four donors represented 21% of the total contribution receivable balance at December 31, 2019. Three donors comprised 46% of total contribution revenue for the year ended December 31, 2019.

Property and Equipment

Property and equipment purchases are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets. The estimated useful lives of furniture, fixtures and equipment range from 3 to 10 years, leasehold improvements range from 7 to 15 years and buildings are 39 years.

Property and equipment acquired with cost or value in excess of $2,000 is capitalized. Expenditures for maintenance, repairs, and minor replacements for lesser amounts are expensed.

Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Organization looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. Management is not aware of any indications of impairment and therefore no impairment loss was recorded during the year ended December 31, 2019.

Deferred Revenue

Prepayments of tuition, program fees, and specialty camps are deferred and recognized as revenue in the applicable future period when the services are provided, and the related expenses are incurred.

Contributions

The Organization records contributions as contributions with donor restrictions or without 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 in the reporting period in which the contribution is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose has been accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Investment earnings or losses with donor restrictions are recorded as increases or decreases in net assets with donor restrictions, respectively.

Contributions which contain donor-imposed conditions are not included as support until the conditions are substantially met, or the likelihood of not meeting the conditions is remote. Cash received in advance of meeting the conditions are reported as refundable advances on the consolidated statement of financial position. There were no refundable advances at December 31, 2019.

Donated Services

The Organization receives a substantial amount of donated services from unpaid volunteers who assist in carrying out the mission of the Organization. No amounts have been recognized in the accompanying financial statements since the volunteer’s time does not meet the criteria for recognition under current GAAP.

Contributed goods and services that meet recognition criteria are recorded at the respective fair value of the goods received at the date of donation or the fair value of the services rendered.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The details of functional expenses by natural classification are presented in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The financial statements report certain categories that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated supplies and communications, facilities and equipment, certain business expenses, and deprecation which are all allocated on a square footage basis. Additionally, salaries, contract services, travel and meetings, and other business expenses are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and such differences could be material.

Income Taxes and Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "IRC"). Accordingly, no provision for income taxes is made for federal, state, or local taxes. In addition, the Internal Revenue Service ("IRS") has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the IRC.

The Organization applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. Management has determined no uncertain tax positions have been taken, and therefore, no amount has been recognized as of December 31, 2019. If incurred, interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expense. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

New Accounting Pronouncements

In June 2018 the Financial Accounting Standard Board ("FASB") issued Accounting Standard Update ("ASU") No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists entities in evaluating whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional. The Organization has adopted the ASU as of January 1, 2019. The adoption of this standard did not have a material impact on the financial statements.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU will supersede most current revenue recognition guidance, including industry-specific guidance. This ASU establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. ASU 2014-09 will be effective for the Organization's fiscal year beginning after December 15, 2019. The Organization is currently evaluating the impact that the adoption of this standard will have on its financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The new guidance is not yet effective for the Organization. The Organization is currently evaluating the impact that the adoption of this standard will have on its financial statements.

2. Liquidity and Availability of Resources

The following represents the Organization's financial assets as of December 31, 2019, reduced by amounts not available for general expenditures within one year:

Financial assets at year end:		
Cash and cash equivalents	$	2,746,825
Accounts receivable		105,127
Contributions receivable		321,330
		3,173,282
Less amounts not available to be used for general expenditures:		
Contributions receivable with donor restrictions		(287,957)
Total	$	2,885,325

As part of the Organization's liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit, which are included in cash and cash equivalents on the statement of financial position. The Organization has a $500,000 line of credit available to meet cash flow needs. In addition to financial assets available to meet general expenditures, the Boulder JCC operates with a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures, outside of depreciation, not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of The Boulder JCC's cash and shows positive cash generated by operations for fiscal year 2019.

The Board of Directors has designated a portion of its unrestricted resources as follows:

December 31,		2019
Board-designated reserve	$	175,000
Board-designated operating reserve		291,563
Board-designated endowment		26,915
Board-designated capital funds		164,000
Total	$	657,478

3. Contributions Receivable

The expected future collections of unconditional promises to give are as follows:

December 31,		2019
Receivable in less than one year	$	287,957
Receivable in one to five years		36,917
Less allowance		(3,544)
Pledges receivable, long-term portion, net of allowance		33,373
Total	$	321,330

4. Beneficial Interest in Assets Held by Foundations

The Organization has established endowment funds at the Rose Community Foundation ("Rose") and The Community Foundation Serving Boulder County ("TCF") (collectively, the "Foundations") and named itself as the beneficiary. The Organization granted variance power to the Foundations, which allows the Foundations to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Foundations Boards of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. In accordance with accounting guidance, transfers to the Foundations are accounted for as reciprocal transfers between the Organization and the Foundations. Therefore, the transfers are reflected collectively in the statements of financial position as the beneficial interest in assets held by the Foundations.

Funds are held and invested by the Foundations for the benefit of the Organization. The Organization receives annual distributions from Rose of up to 5% of the monthly average balance during the preceding year. In 2019, the Board of Directors of the Organization changed the allowable maximum distribution to be 4% of the monthly average balance during the preceding year. Effective January 1, 2020, the Board of Directors approved for Rose Community Foundation to pay 4% of three-year average balance of the market value of the Fund, less administrative fees and expenses, at least annually to the Organization. Distributions from the Foundations are available to the Organization for its unrestricted use. Excess earnings, if any, are reinvested in the Fund. However, the Organization may receive the assets held by Foundations under certain conditions.

Investment return is reported in change of beneficial interest in assets held by foundations and in investment income and is summarized as follows:

December 31,		2019
Unrealized gain on investments	$	399,510
Investment fees		(15,572)
Change in beneficial interests		383,938
Interest and other		18,845
Total investment return, net	$	402,783

5. Fair Value Measurements

The Organization values its financial assets and liabilities based on prices 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. The following fair value hierarchy prioritizes observable inputs used to measure fair value into three broad levels are described below:

- Level 1: Quoted prices in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs;
- Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data;
- Level 3: Unobservable inputs are used when little or no market data is available.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. These classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

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

Beneficial interests in Assets Held by Others: Valued based upon information determined and reported by the Foundations and corroborated to the Foundations' audited financial statements by management. The fair value of investments held at the Foundations includes Level 1, 2, and 3 classifications; however, the Organizations pro-rata share of the pooled investments is not quoted in active markets and is, therefore, classified under Level 3 in the fair value hierarchy.

Financial assets carried at fair value as described above are classified in the tables below for the year ended:

December 31,				2019
	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial interests Rose Community Foundation	$ -	$ -	$ 4,295,907	$ 4,295,907
Beneficial interest in The Community Foundation Serving Boulder County	-	-	36,968	36,968
Total	$ -	$ -	$ 4,332,875	$ 4,332,875

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended:

December 31,	2019
Beginning balance	$ 2,886,432
Additions	1,060,823
Change in value	403,627
Distributions	(2,354)
Administrative fees	(15,653)
Total	$ 4,332,875

6. Property and Equipment

The Organization's property and equipment, net consists of the following at:

December 31,		2019
Land	$	3,400,000
Buildings		22,210,289
Leasehold improvements		494,199
Furniture, fixtures, and equipment		1,039,098
		27,143,586
Less accumulated depreciation		(2,561,483)
Property and equipment, net	$	24,582,103

7. Line of Credit

The Organization has a line of credit with a bank for $500,000 which matured in April 2019 and was renewed through April 2024. The line required monthly interest payments with the outstanding balance due upon maturity. The line accrued interest at the prime rate index plus 1.25%, resulting in a borrowing rate of 4.50% at December 31, 2019. There was no balance outstanding related to this line of credit as of December 31, 2019.

8. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are comprised of the following board designated restrictions:

December 31,		2019
Undesignated	$	26,106,890
Board-designated reserve		175,000
Board-designated operating reserve		291,563
Board-designated endowment		26,915
Board-designated capital funds		164,000
Total	$	26,764,368

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

December 31,		2019
Subject to expenditure for specified purpose:		
Capital Campaign	$	164,000
Boulder Jewish Teen Initiative ("BJTI")		37,160
Art Programming		94,789
Other programs		25,593
Film Festival		2,600
Family Engagement Programming		20,000
Boulder Jewish Festival		3,333
		347,475
Endowments:		
Perpetual in nature, earnings from which are subject to endowment spending policy or appropriation:		
Rose Community Foundation		4,259,640
Ilona Irene Rosenschein Holocaust Education Fund		36,267
Ablowitz Early Childhood Educaiton Fund		10,053
Promises to give restricted to endowment		80,000
		4,385,960
Total	$	4,733,435

9. Investment in Endowments

The Organizations endowment investment consists of the Rose endowments mentioned in Note 4. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”), which governs the investment and management of donor-restricted endowment funds by not-for-profit organizations. In 2008, the state of Colorado enacted UPMIFA, and the Financial Accounting Standards Board issued guidance on the net asset classification of donor- restricted endowment funds that are subject to UPMIFA, as well as additional disclosure requirements for donor-restricted endowments.

The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of December 31, 2018, there are no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of the initial and subsequent gift amounts (including promises to give net of discounts and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts net retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization;
- The investment policies of the Organization.

The Fund investments are held by Rose and are invested based on Roses investment policy. No expenditure policy has yet been established.

As of December 31, 2019, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 25,233	$ 2,861,199	$ 2,886,432
Investment return - net appreciation	4,036	383,938	387,974
Contributions and additions	-	1,060,823	1,060,823
Distributions and other deductions	(2,354)	-	(2,354)
Endowment net assets, end of year	$ 26,915	$ 4,305,960	$ 4,332,875

From time to time, certain donor-restricted endowment funds may have fair values less that the amount required to be maintained by donors or by law ("underwater endowments"). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2019, funds with original gift values of $4,304,961, fair values of $4,304,961, and appreciation of $3,538 were reported in net assets with donor restrictions.

Changes in invested endowment net assets are as follows for the year ended December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 26,915	$ -	$ 26,915
Donor-restricted endowment funds			
Amounts required to be maintained in perpituity by donor	-	4,305,960	4,305,960
Total	$ 26,915	$ 4,305,960	$ 4,332,875

10. Special Events, Net

Special events, net consisted of the following:

December 31		2019
Special events revenue	$	307,785
Donated in kind		84,719
Less direct benefit costs		(147,134)
Special events, net	$	245,370

11. Donated Professional Services and Materials

The Organization received donated professional services and materials as follows for the year ended December 31, 2019 which are recognized as contributions, grants, and sponsorships and special events, net on the consolidated statements of activities:

		Direct Benefits to Donors		**Program Services**		Total
Special event auction items	$	147,134	$	-	$	147,134
Food and other donated items		-		8,167		8,167
Donated facilities and services		-		29,078		29,078
Total	$	147,134	$	37,245	$	184,379

12. Commitments

Operating Leases

The Organization leases office equipment under a non-cancelable operating lease. Rent expense under this lease is approximately $200 per month, or $2,385 per year and expires in December 2020.

On February 15, 2018, the Organization entered into a lease for land adjacent to land owned by the Organization. Under the terms of the lease, the Organization and the landlord are signatories to a community declaration forming a common interest community under the Colorado Common Interest Ownership act. Payments per the terms of the lease are $18 per year. The lease expires December 31, 2021 with an automatic renewal through December 31, 2024 if prior written notice of intent not to renew is not provided by either party to the lease.

13. Retirement Plan

The Organization sponsors a retirement plan (the “Plan”) under Code Section 403(b)(7) that covers all eligible employees. Employees may contribute amounts to the Plan based on the limits established by the IRS. Effective October 1, 2016, the Organization adopted a new 403(b) Plan, which requires the Organization to make Safe Harbor matching contribution of up to 4% of the participant’s eligible compensation. For the year ended December 31, 2019, the Organization contributed $91,608 to the Plan.

14. Subsequent Events

The Organization has evaluated subsequent events through January 11, 2021, which is the date the financial statements were available for issuance. There are no subsequent events that require additional disclosure in these consolidated financial statements except for the below.

The COVID-19, which was declared a worldwide pandemic on March 11, 2020 by the World Health Organization ("WHO"), has caused business disruption in a variety of industries, markets and geographic regions.

As a result of the spread of the COVID-19, public events have been limited and economic uncertainties have risen which could have a negative financial impact on enrollment, tuition, donations and value of investments. Additionally, as a result of the economic stimulus efforts by the U.S. Government related to the COVID-19 outbreak, the Organization received funding for a Paycheck Protection Program loan through the Small Business Association totaling $719,300 to help cover payroll, insurance, benefits and utilities, which was approved on April 4, 2020. This note will mature two years from the date of the first disbursement and has an interest rate of one percent per year. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration. The extent to which the Organization's operations will be affected is also uncertain. Therefore, while we expect this matter to negatively impact results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.