Consolidated Financial Statements
December 31, 2019

Western Colorado Community Foundation

(With Comparative Totals for 2018)

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Western Colorado Community Foundation
Grand Junction, Colorado

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Western Colorado Community Foundation (the Foundation), 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 (financial statements).

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Colorado Community Foundation as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Western Colorado Community Foundation's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reported dated May 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Grand Junction, Colorado
April 21, 2020

	2019	2018
Assets		
Cash and cash equivalents	$ 2,106,348	$ 2,514,021
Accounts receivable	177,719	217,554
Prepaid expenses and other assets	38,171	34,463
Investments	71,158,843	59,037,472
Mineral royalty interest	7,366,040	6,877,745
Beneficial interests in charitable trusts held by others	3,284,540	2,924,777
Funds held as agency endowments	4,136,205	2,905,169
Total assets	$ 88,267,866	$ 74,511,201
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 104,099	$ 156,628
Short term note payable	-	500,000
Funds held as agency endowments	4,136,205	2,905,169
Total liabilities	4,240,304	3,561,797
Net Assets		
Without donor restrictions		
Donor advised	26,104,958	21,484,200
Donor designated	24,258,509	20,781,585
Field of interest	13,497,457	11,147,611
Geographic area	588,160	342,896
Scholarship	14,496,998	12,742,627
Discretionary	1,449,323	1,235,374
Administrative	221,028	190,991
	80,616,433	67,925,284
With donor restrictions	3,411,129	3,024,120
Total net assets	84,027,562	70,949,404
Total liabilities and net assets	$ 88,267,866	$ 74,511,201

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	2018
Revenue, Support, and Gains				
Contributions	$ 3,570,350	$ 164,581	$ 3,734,931	$ 3,985,388
Net investment return (loss)	12,331,185	-	12,331,185	(5,324,253)
Interest and other income	65,189	-	65,189	24,420
Change in value of mineral royalty interest	1,785,906	-	1,785,906	(408,697)
Change in value of beneficial interests	-	581,295	581,295	(135,636)
Net assets released from restrictions	358,867	(358,867)	-	-
Total revenue, support, and gains	18,111,497	387,009	18,498,506	(1,858,778)
Expenses				
Grants and scholarship program	5,034,252	-	5,034,252	3,825,914
Supporting services				
Management and general	377,964	-	377,964	410,734
Fundraising	8,132	-	8,132	15,573
Total supporting services	386,096	-	386,096	426,307
Total expenses	5,420,348	-	5,420,348	4,252,221
Change in Net Assets	12,691,149	387,009	13,078,158	(6,110,999)
Net Assets, Beginning of Year	67,925,284	3,024,120	70,949,404	77,060,403
Net Assets, End of Year	$ 80,616,433	$ 3,411,129	$ 84,027,562	$ 70,949,404

	2019				
	Grants and Scholarship Program	Management and General	Fundraising	Total	2018
Grants and other assistance	$ 4,454,652	$ -	$ -	$ 4,454,652	$ 3,390,981
Salaries, taxes and benefits	399,199	234,450	3,051	636,700	563,821
Royalty taxes	64,931	-	-	64,931	81,609
Professional services	23,086	39,037	145	62,268	32,196
Occupancy	40,498	19,843	303	60,644	40,945
Information technology	-	39,753	-	39,753	41,076
Meetings and travel	17,154	10,692	122	27,968	22,019
Office expenses	18,146	8,851	135	27,132	18,369
Other	8,266	8,218	4,314	20,798	8,792
Advertising and promotion	8,320	4,077	62	12,459	12,746
Insurance	-	10,668	-	10,668	8,343
Depreciation	-	2,375	-	2,375	3,794
Interest	-	-	-	-	27,530
	$ 5,034,252	$ 377,964	$ 8,132	$ 5,420,348	$ 4,252,221

Western Colorado Community Foundation

Consolidated Statement of Cash Flows
Year Ended December 31, 2019
(with comparative totals for 2018)

	2019	2018
Cash Flows from Operating Activities		
Contributions received	$ 3,734,931	$ 3,985,388
Interest and dividends received	2,199,499	2,161,094
Royalties received from interest in mineral rights	1,334,684	1,639,060
Distributions from beneficial interests in charitable trusts held by others	241,550	187,270
Other cash receipts	47,933	24,420
Grants and scholarships paid	(4,454,652)	(3,390,981)
Payments for salaries, taxes and benefits	(636,700)	(563,821)
Payments to vendors	(357,733)	(290,635)
Interest paid	(27,500)	(27,530)
Net Cash from Operating Activities	2,082,012	3,724,265
Cash Flows from Investing Activities		
Purchases of investments	(4,165,461)	(4,597,124)
Proceeds from sale of investments	2,175,776	1,415,221
Net Cash used for Investing Activities	(1,989,685)	(3,181,903)
Cash Flows from Financing Activities		
Payments made on notes payable	(500,000)	(500,000)
Net Cash used for Financing Activities	(500,000)	(500,000)
Net Change in Cash and Cash Equivalents	(407,673)	42,362
Cash and Cash Equivalents, Beginning of Year	2,514,021	2,471,659
Cash and Cash Equivalents, End of Year	$ 2,106,348	$ 2,514,021

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Western Colorado Community Foundation (the Foundation) was founded in 1996 to promote philanthropy throughout western Colorado. The Foundation's support comes primarily from individual donor contributions and grants.

Principles of Consolidation

The accompanying consolidated financial statements of Western Colorado Community Foundation include the accounts of Waldeck, LLC, and WCCF Asset Holding, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Foundation," "we," "us," and "our."

Recently Adopted Accounting Pronouncements

FASB has issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and refines existing guidance to help explain the scope of contributions and applies to both resource providers and resource recipients. ASU 2018-08 clarifies two revenue recognition issues. First, in the case of grants and similar contracts with government agencies, unless the resource provider receives commensurate value from the resource recipient, the transaction is most likely a contribution, not an exchange transaction. Second, relates to distinguishing between conditional and unconditional contributions. For a donor-imposed condition to exist, it must have both a measurable barrier that must be overcome and a right of return of the gift to the donor or a release from the donor's promise to give. The Foundation implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Accounts Receivable

Accounts receivable arise from royalty payments due from our mineral royalty interest and distributions due from our beneficial interests in charitable trusts held by others. Such amounts are reported at the net amount we expect to collect, including any accrued interest. We determine the allowance for uncollectable notes receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2019 and 2018, no allowance was recorded as we believe all receivables to be fully collectible.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return (loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. We are assisted by an investment advisor in the management of our investment assets and they operate within defined investment objectives and policies established by our Board of Directors.

Mineral Royalty Interest

During 2010, we received a gift of an LLC entity that holds a royalty interest in mineral rights in a gold and silver mine. The ownership interest was recorded as a contribution without donor restrictions at the appraised value on the date of donation in the consolidated statement of activities and the mineral royalty interest was recorded in the consolidated statement of financial position. We have elected to report the mineral royalty interest at fair value in the consolidated statement of financial position, with changes in fair value recognized in the consolidated statement of activities.

Beneficial Interests in Charitable Trusts Held by Others

We have been named as an irrevocable beneficiary of multiple charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, we have neither possession nor control over the assets of the trusts. At the date we receive notice of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statement of activities, and a beneficial interest in charitable trusts held by others is recorded in the consolidated statement of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statement of financial position, with changes in fair value recognized in the consolidated statement of activities. Upon receipt of trust distributions and/or expenditures in satisfaction of the restricted purpose stipulated by the donor, if any, net assets with donor restrictions are released to net assets without donor restrictions.

Funds Held as Agency Endowments

We follow accounting standards for transactions in which a community foundation accepts a contribution from a donor nonprofit organization and, in certain circumstances, allows the transfer of those assets, the return on investment of those assets, or both, back to the donor nonprofit organization as a reciprocal transfer between us and the donor organization. Accordingly, we must account for the contribution of such assets as a liability in the accompanying consolidated statement of financial position.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use for general purposes. Our governing documents and gift agreements give the Board of Directors variance power to modify donor instructions. As a result, most contributions are classified as without donor restrictions in the consolidated statement of activities.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 31, 2019 and 2018, we had no net assets with donor-imposed restrictions of a perpetual nature.

Revenue and Revenue Recognition

We recognize contributions when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. We initially record unconditional promises to give, and subsequently carry them, at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

Conditional promises to give, that is, those with a measurable performance or other barrier, and right of return, are not recognized until the conditions on which they depend have been met. At December 31, 2019 and 2018, we had $5,000 and $0 conditional promises to give outstanding, respectively.

Grants and Grant Commitments

We recognize grants paid out as expenses at the time recipients are entitled to receive them. Generally, this occurs when the Board of Directors approves a specific grant or when management, pursuant to grant authorization policies established by the Board of Directors, determines that a grant payment should be made. Grants approved but not disbursed are recorded as grants payable in the consolidated statement of financial position. Grants payable at December 31, 2019 and 2018 totaled $0. Grants approved but contingent upon fulfillment of certain specified conditions are not recorded until such time as the conditions are substantially met. Conditional grants of $5,000 and $25,000 were outstanding at December 31, 2019 and 2018, respectively.

In-Kind Contributions

We record contributed goods and services at fair value at the date of donation. We received $19,000 and $0 of contributed services in the form of below-market rental rates during the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses 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 include salaries, wages, benefits, taxes, occupancy, meetings and travel, office expenses, other, and advertising and promotion, which are allocated on the basis of time and effort.

Income Taxes

We are organized as a Colorado nonprofit corporation and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). We qualify for the charitable contribution deduction and have been determined not to be a private foundation. Our ownership in two LLC entities, treated as disregarded entities for tax purposes, is incorporated into our tax filings. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to our exempt purpose. We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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 those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions we believe to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts.

Credit risk associated with accounts receivable is considered to be limited due to the high historical collection rate of royalty payments and distributions from beneficial interests in charitable trusts held by others.

We utilize the services of an investment manager whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we believe that our investment policies and guidelines are prudent for the long-term welfare of the organization.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Recent Issued Account Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, which updated the guidance regarding the accounting for leases. ASU 2016-02 requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The update also expands the required quantitative and qualitative disclosures surrounding leases. This update is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years, with earlier application permitted. We are currently evaluating the effect of this update on the consolidated financial statements.

Note 2 - Liquidity and Availability

Financial assets are considered to be available for general expenditure if there are no donor or other restrictions that would preclude expenditure outright, or in satisfaction of any purpose restrictions. At December 31, 2019 and 2018, financial assets available for general expenditure within one year are comprised of the following:

	2019	2018
Cash and cash equivalents	$ 2,106,348	$ 2,514,021
Accounts receivable	177,719	217,554
Estimated distributions from beneficial interests in charitable trusts held by others	253,159	221,511
Estimated royalty payments from interest in mineral rights	1,300,000	1,060,000
Investments (excluding donor restricted funds)	71,032,254	58,938,129
	$ 74,869,480	$ 62,951,215

As a community foundation, we hold variance power over the majority of funds received and invested in our portfolio. With variance power, these funds are available for expenditure at any time and thus are included in the table above. However, it is our expectation that the deployment of these funds will occur over a much longer period of time to meet the needs of our community and this expectation is present in the underlying investment horizon of our portfolio, which anticipates an annual spending rate of approximately 4.5% of a twenty-quarter rolling average.

Certain charitable trust arrangements have inherent time restrictions due to the nature and terms of the agreements, and expenditures from those trusts may be made only when distributions become available for our use.

Throughout the year, donor-recommended grants that have been approved in accordance with our review and approval policies are paid out bi-weekly from cash or other liquid sources. Non-grant expenditures include administrative, donor development, and fundraising expenses; these expenditures are funded by administrative fees assessed on invested account balances.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments and money market funds.

Note 3 - Fair Value Measurements

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect our own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset.

Our investment portfolio assets, both operating and those held for agency endowments, are classified within Level 1 because they are comprised of equity securities and open-end mutual funds with readily determinable fair values based on daily closing market prices or redemption values.

The fair value of our mineral royalty interest is determined utilizing the industry standard valuation technique of discounted cash flow modeling. Significant unobservable inputs used include anticipated production rates of the minerals, open market commodity pricing and an estimated discount rate which are Level 3 measurements.

The fair value of beneficial interests in charitable trusts held by others is determined using present value techniques, the fair values of trust investments as reported by the trustees, and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets. Significant unobservable inputs used include cost of capital and industry risk premiums which are Level 3 measurements.

As of December 31, 2019:		Fair Value Measurements at Report Date		
	Total	Level 1	Level 2	Level 3
Investment portfolio				
Cash and money market funds (at cost)	$ 907,748	$ -	$ -	$ -
Mutual funds				
Taxable bond funds	6,131,767	6,131,767	-	-
Treasury inflation protected securities	3,010,066	3,010,066	-	-
U.S. and international equities	37,666,178	37,666,178	-	-
Small company	11,856,058	11,856,058	-	-
Growth real estate	5,169,161	5,169,161	-	-
Aggressive international	4,498,063	4,498,063	-	-
Energy and natural resources	6,056,007	6,056,007	-	-
	75,295,048	$ 74,387,300	$ -	$ -
Funds held as agency endowments	4,136,205			
Operating investments	$ 71,158,843			
Mineral royalty interest	$ 7,366,040	$ -	$ -	$ 7,366,040
Beneficial interests in charitable trusts held by others	$ 3,284,540	$ -	$ -	$ 3,284,540

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2019:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interests in Charitable Trusts	Mineral Royalty Interest
Beginning Balance	$ 2,924,777	$ 6,877,745
Change in value	581,295	1,785,906
Distributions	(221,532)	(1,297,611)
Ending Balance	$ 3,284,540	$ 7,366,040

As of December 31, 2018:		Fair Value Measurements at Report Date		
	Total	Level 1	Level 2	Level 3
Investment portfolio				
Cash and money market funds (at cost)	$ 1,935,064	$ -	$ -	$ -
Mutual funds				
Taxable bond funds	5,299,023	5,299,023	-	-
Treasury inflation protected securities	2,613,562	2,613,562	-	-
U.S. and international equities	30,727,042	30,727,042	-	-
Small company	8,962,257	8,962,257	-	-
Growth real estate	4,314,888	4,314,888	-	-
Aggressive international	3,627,247	3,627,247	-	-
Energy and natural resources	4,463,558	4,463,558	-	-
	61,942,641	$ 60,007,577	$ -	$ -
Funds held as agency endowments	2,905,169			
Operating investments	$ 59,037,472			
Mineral royalty interest	$ 6,877,745	$ -	$ -	$ 6,877,745
Beneficial interests in charitable trusts held by others	$ 2,924,777	$ -	$ -	$ 2,924,777

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant observable inputs (Level 3) for the year ended December 31, 2018:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interests in Charitable Trusts	Mineral Royalty Interest
Beginning Balance	$ 3,310,105	$ 8,918,618
Change in value	(135,636)	(408,697)
Distributions	(249,692)	(1,632,176)
Ending Balance	$ 2,924,777	$ 6,877,745

Note 4 - Net Investment Return (Loss)

Net investment return (loss) consisted of the following for the years ended December 31, 2019 and 2018:

	2019	2018
Interest and dividends	$ 2,344,782	$ 2,577,266
Net realized and unrealized gain (loss)	10,131,686	(7,755,559)
Less investment management and custodial fees	(145,283)	(145,960)
	$ 12,331,185	$ (5,324,253)

Note 5 - Operating Lease

We lease office space under an operating lease expiring on January 31, 2022. Future minimum lease payments are as follows:

Years Ending December 31,	
2020	$ 42,214
2021	43,447
2022	3,629
	$ 89,290

Rent expense for the years ended December 31, 2019 and 2018 totaled $60,644 and $40,945, respectively. Included in rent expense for the year ended December 31, 2019 is $19,000 of in-kind rent recorded based on below-market rental rates on a portion of our office space. The offsetting contribution of this rent has been recorded as contribution revenue.

Note 6 - Net Assets with Donor Restrictions

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

	2019	2018
Subject to expenditure for specified purpose:		
Hunger projects	$ 66,716	$ 65,040
Scholarship projects	59,873	34,303
Subject to the passage of time:		
Beneficial interests in charitable trusts	3,284,540	2,924,777
	$ 3,411,129	$ 3,024,120

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows during the years ended December 31, 2019 and 2018:

	2019	2018
Satisfaction of purpose restrictions		
Hunger projects	$ 53,235	$ 38,906
Scholarship projects	84,100	36,930
Expiration of time restrictions		
Beneficial interests in charitable trusts	221,532	249,692
	$ 358,867	$ 325,528

Note 7 - Employee Benefits

We sponsor a tax-deferred annuity plan (the Plan), qualified under IRC Section 403(b), covering substantially all employees who work 20 hours per week or more. Once the qualified employee works one year, they are entitled to a 5% payment into the Plan, whether or not they contribute. The Plan also provides that qualified employees may voluntarily contribute a percentage of their salary to the Plan, up to the maximum contribution allowed by the IRS. During the years ended December 31, 2019 and 2018, we paid the employer contributions of 5%, resulting in contributions to the Plan of $19,256 and $18,439, respectively.

Note 8 - Related Party Transactions

Our Conflict of Interest policy requires the Board of Directors to review, at least annually, all related party transactions and potential conflicts of interest.

During the years ended December 31, 2019 and 2018 members of our Board of Directors contributed a total of $536,457 and $248,916, respectively, to our organization and grants disbursed to organizations for which our board members are affiliated totaled $279,070 and $462,981, respectively.

Note 9 - Subsequent Events

Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. We are closely monitoring our investment portfolio and liquidity and are actively working to minimize the impact of these declines. Our consolidated financial statements presented herein do not include adjustments to fair value that have resulted from these declines.

Management has considered subsequent events through April 21, 2020, the date that the consolidated financial statements were available to be issued.