




Boulder Community Health Foundation

Independent Auditor's Report and Financial Statements

December 31, 2024 and 2023



Boulder Community Health Foundation
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December 31, 2024 and 2023

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Independent Auditor's Report

Board of Trustees
Boulder Community Health Foundation
Boulder, Colorado

Opinion

We have audited the financial statements of Boulder Community Health Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Boulder Community Health Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 the 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that these 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 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. 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 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 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 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 the 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Forvis Mazars, LLP

Denver, Colorado
April 24, 2025

Boulder Community Health Foundation
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash	\$ 1,888,170	\$ 1,804,384
Investments	58,269,483	49,620,373
Pledges receivable, net	4,423,747	6,272,469
Charitable remainder trusts	923,082	895,088
Beneficial interest in perpetual trusts	3,077,764	2,836,811
Other assets	34,044	65,364
Total Assets	\$ 68,616,290	\$ 61,494,489
LIABILITIES		
Accrued expenses payable to Boulder Community Health	\$ 388,241	\$ 386,091
Annuities payable	236,865	245,769
Liability under charitable remainder trusts	495,818	499,913
Total liabilities	1,120,924	1,131,773
NET ASSETS		
Without donor restrictions	43,080,255	37,883,496
With donor restrictions	24,415,111	22,479,220
Total net assets	67,495,366	60,362,716
Total Liabilities and Net Assets	\$ 68,616,290	\$ 61,494,489

Boulder Community Health Foundation
Statements of Activities
Years Ended December 31, 2024 and 2023

	2024	2023
Net Assets Without Donor Restrictions		
Revenues and gains		
Contributions	\$ 459,040	\$ 808,185
Contributions of nonfinancial assets	696,007	690,529
Investment income, net	1,536,913	1,348,797
Net realized and unrealized gains and (losses) on investments	<u>5,110,722</u>	<u>6,418,028</u>
Total revenue and gains without donor restrictions	7,802,682	9,265,539
Net assets released from restriction	<u>2,370,075</u>	<u>2,126,604</u>
Total revenues, gains and other support without donor restrictions	<u>10,172,757</u>	<u>11,392,143</u>
Expenses		
Program activities	3,814,224	4,030,948
Supporting services		
Management and general	370,756	289,934
Fundraising	713,062	545,563
Special events costs	<u>77,956</u>	<u>173,573</u>
Total expenses	<u>4,975,998</u>	<u>5,040,018</u>
Increase in net assets without donor restrictions	<u>5,196,759</u>	<u>6,352,125</u>
Net Assets With Donor Restrictions		
Contributions	4,032,924	3,204,880
Change in value of charitable remainder trusts	32,089	82,478
Change in value of investments held in perpetual trusts	240,953	278,595
Net assets released from restriction	<u>(2,370,075)</u>	<u>(2,126,604)</u>
Increase in net assets with donor restrictions	<u>1,935,891</u>	<u>1,439,349</u>
Change in net assets	<u>7,132,650</u>	<u>7,791,474</u>
Net assets, beginning of year	<u>60,362,716</u>	<u>52,571,242</u>
Net assets, end of year	<u><u>\$ 67,495,366</u></u>	<u><u>\$ 60,362,716</u></u>

Boulder Community Health Foundation
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services	Support Services			Total
		Management and General	Fundraising Expenses	Special Events	
Audit and accounting fees	\$ -	\$ 48,663	\$ -	\$ -	\$ 48,663
Bank fees	-	1,607	12,354	-	13,961
Catering	-	593	587	-	1,180
Catering - fundraising events	-	-	-	30,517	30,517
Change in value of gift annuities	-	18,097	-	-	18,097
Conferences, travel, and appreciation	34	4,524	2,030	-	6,588
Donors' advised designated expenses	-	-	155,701	-	155,701
Donor cultivation	-	-	11,920	-	11,920
Dues and subscriptions	-	3,582	-	-	3,582
Employee benefits	87,475	43,737	87,475	-	218,687
Grants in kind to Boulder Community Health	29,080	-	-	-	29,080
Grants to Boulder Community Health	3,338,005	-	-	-	3,338,005
Legal fees	-	15	-	-	15
Office supplies	834	2,357	595	-	3,786
Other business expenses	1,668	15,895	11,625	-	29,188
Other business expenses - fundraising events	-	-	-	47,439	47,439
Postage	-	10,128	6,447	-	16,575
Printing	-	28,961	28,961	-	57,922
Public relations	17,329	17,329	51,987	-	86,645
Rent expense	36,486	18,243	36,486	-	91,215
Salaries	292,577	146,289	292,578	-	731,444
Service contracts	10,736	10,736	14,316	-	35,788
Total expenses, year ended December 31, 2024	<u>\$ 3,814,224</u>	<u>\$ 370,756</u>	<u>\$ 713,062</u>	<u>\$ 77,956</u>	<u>\$ 4,975,998</u>

Boulder Community Health Foundation
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services	Support Services			Total
		Management and General	Fundraising Expenses	Special Events	
Audit and accounting fees	\$ 5,730	\$ 29,874	\$ 8,959	\$ -	\$ 44,563
Bank fees	-	1,255	9,636	-	10,891
Catering	5,868	305	871	-	7,044
Catering - fundraising events	-	-	-	48,465	48,465
Change in value of gift annuities	-	18,715	-	-	18,715
Conferences, travel, and appreciation	-	5,607	1,965	-	7,572
Decorations - fundraising events	-	-	-	3,497	3,497
Donors' advised designated expenses	-	-	104,144	-	104,144
Donor cultivation	-	-	7,396	-	7,396
Dues and subscriptions	-	2,677	677	-	3,354
Employee benefits	21,635	34,359	68,716	-	124,710
Grants in kind to Boulder Community Health	18,600	-	-	-	18,600
Grants to Boulder Community Health	2,912,566	-	-	-	2,912,566
Grants to outside organizations	546,612	-	-	-	546,612
Legal fees	1,260	411	140	-	1,811
Office supplies	168	2,953	251	-	3,372
Other business expenses	4,045	15,971	19,111	-	39,127
Other business expenses - fundraising events	-	-	-	77,311	77,311
Postage	-	3,645	417	-	4,062
Printing	-	10,465	10,465	-	20,930
Public relations	17,117	18,109	34,167	-	69,393
Public relations - fundraising events	-	-	-	44,300	44,300
Rent expense	31,758	21,078	33,986	-	86,822
Salaries	456,176	115,097	230,195	-	801,468
Service contracts	9,413	9,413	14,467	-	33,293
Total expenses, year ended December 31, 2023	<u>\$ 4,030,948</u>	<u>\$ 289,934</u>	<u>\$ 545,563</u>	<u>\$ 173,573</u>	<u>\$ 5,040,018</u>

Boulder Community Health Foundation
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 7,132,650	\$ 7,791,474
Items not requiring (providing) operating cash flows		
Gain on investments	(5,110,722)	(6,418,028)
Restricted contributions - endowments	(1,248,838)	(958,799)
Change in charitable remainder trusts	(32,089)	(82,478)
Change in beneficial interest in perpetual trusts	(240,953)	(278,595)
Changes in assets and liabilities		
Pledges receivable	1,848,722	1,048,019
Other assets	31,320	(5,869)
Accrued expenses payable to Boulder Community Health	2,150	182,503
Net Cash Provided by Operating Activities	2,382,240	1,278,227
Cash Flows from Investing Activities		
Proceeds from sale of investments	27,408,751	88,461
Purchase of investments	(30,947,139)	(2,132,741)
Net Cash Used in Investing Activities	(3,538,388)	(2,044,280)
Cash Flows from Financing Activities		
Proceeds from restricted contributions - endowments	1,248,838	958,799
Payment of annuities	(8,904)	(9,108)
Net Cash Provided by Financing Activities	1,239,934	949,691
Net Increase in Cash	83,786	183,638
Cash, Beginning of Year	1,804,384	1,620,746
Cash, End of Year	\$ 1,888,170	\$ 1,804,384

Note 1. Summary of Significant Accounting Policies

Organization

The Boulder Community Health Foundation (the Foundation) was organized for the purpose of obtaining, holding and managing funds for the benefit of The Community Hospital Association d/b/a Boulder Community Health (the Hospital). The Hospital and the Foundation are located in Boulder, Colorado. The Foundation is primarily supported by contributions from individuals and corporate donors. The Foundation is governed by a 20-member Board of Trustees. Accordingly, the Foundation and the Hospital are financially interrelated organizations. As such, the Hospital includes in its financial statements an asset for its interest in the Foundation's net assets. The accompanying financial statements include only the activity of the Foundation.

Basis of Accounting

The Foundation's policy is to prepare its financial statements on the accrual basis in conformity with U.S. generally accepted accounting principles. As such, revenues are recognized when earned or, in the case of donations, when the pledge is made by the donor. Expenses are recognized when incurred. The Foundation accounts for its net assets, revenues, gains, expenses and losses as with and without donor restrictions based upon the existence or absence of donor-imposed restrictions.

Use of Estimates

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

Cash

The Foundation considers all highly liquid investments and securities with original maturities of three months or less at the time of purchase to be cash equivalents, except for those investments and securities with donor-imposed restrictions to be used for specific purposes or to be held indefinitely. At December 31, 2024 and 2023, the Foundation did not hold cash equivalents.

The Foundation maintains its operating cash in bank deposit accounts and utilizes a sweep program to automatically invest excess cash balances in institutional money market funds. These funds are transferred and invested daily, primarily hold short-term, high-quality securities such as U.S. Treasury obligations, government agency securities, and other highly liquid instruments.

Although these money market fund balances are not insured by the Federal Deposit Insurance Corporation (FDIC), the underlying investments are comprised of securities rather than bank deposits. As a result, the Foundation believes there is minimal credit risk associated with these holdings due to the quality and liquidity of the underlying instruments.

At December 31, 2024, the Foundation had approximately \$3,197,000 in money market funds as a result of the cash sweep arrangement and approximately \$11,000 in checking account. These funds are classified as cash on the statement of financial position.

Investments

The Foundation measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investments in private equity funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments (see Note 2 for further explanation of Alternative Investments).

Net Investment Return

Investment return includes dividend and interest income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, net of external and internal investment expense. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is reported as without donor restrictions. Other investment return is reflected in the statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated annually to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Pledges Receivable

Unconditional promises to give the Foundation cash or other assets in the future are recorded at estimated present value when the pledges are made by the donor, discounted at U.S. Treasury Zero-Coupon Bond rates for the same period. The discount rate used for outstanding pledges receivable ranged from 0.13% to 4.79% at December 31, 2024 and 2023. An allowance for uncollectible pledges is provided based on specific circumstances and estimated rates based on historical patterns.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i> Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met

Boulder Community Health Foundation
Notes to Financial Statements
December 31, 2024 and 2023

Nature of the Gift	Value Recognized
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor 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.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Charitable Remainder Trusts

The Foundation is occasionally named as trustee and recipient of the charitable remainder in charitable remainder unitrusts and annuity trusts. The trusts generally require the Foundation to make quarterly payments of a fixed percentage of the fair value of the trust to the designated beneficiaries for a designated period of time, usually the life of the beneficiaries. The fair value of the trusts' assets are shown as an asset of the Foundation with a liability (liability under charitable remainder trusts) for the net present value of the expected payments to be made to the income beneficiaries. The Foundation recognizes the fair value of the trust assets and the related liability to the beneficiaries at the date of the gift. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments as of December 31, 2024 and 2023 is calculated using a discount rate of 4.86% and 4.20%, respectively, and applicable mortality tables.

Beneficial Interest in Perpetual Trusts

The Foundation is beneficiary of perpetual trusts in which it has an irrevocable right to receive the income earned on the trust assets in perpetuity but never receives the corpus. These trusts are administered by a third party and are recognized as contribution revenue and as an asset upon notification of the trust's existence. The fair value of the contribution is measured at the fair value of the trust's assets, which approximates the present value of the estimated future cash receipts from the trust. The gift revenue is classified as investments held in perpetual trusts with donor restrictions. Annual distributions from the trusts are reported as investment income without donor restrictions.

Boulder Community Health Foundation
Notes to Financial Statements
December 31, 2024 and 2023

Annuities Payable

The net present value of guaranteed payments to donors under gift annuity contracts is based upon donor life expectancies. The excess of the annuity gift assets received over the recorded liability is recorded as support in the year of receipt. Upon the donor's death, the excess of the gift received from the donor is available for restricted or unrestricted purposes, as specified by the donor. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on mortality tables and actuarial assumptions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Certain costs have been allocated among the program, management and general, and fundraising categories based on estimated employee time and effort and other methods.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction.

Note 2. Investments

Investments at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Municipal bonds	\$ 14,394	\$ 21,095
Mutual funds invested in		
Equity securities	41,829,476	36,978,853
Bond funds	14,590,295	12,141,491
Alternative investments	<u>1,835,318</u>	<u>478,934</u>
Total	<u>\$ 58,269,483</u>	<u>\$ 49,620,373</u>

Alternative Investments

As part of its investment strategy, the Foundation invests in private equity limited partnerships. The fair value of alternative investments has been estimated using the net asset value per share of the investments. Alternative investments held at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>		
	<u>Fair Value</u>	<u>Expected Term</u>	<u>Redemption Term</u>
HarbourVest Private Equity Funds	\$ 1,835,318	14 year term	Not Redeemable

Boulder Community Health Foundation
Notes to Financial Statements
December 31, 2024 and 2023

		2023	
	Fair Value	Expected Term	Redemption Term
HarbourVest Private Equity Funds	\$ 478,934	14 year term	Not Redeemable

The Private Equity Funds are feeder funds that invests in partnerships or other pooled investment vehicles, which in turn, make private equity investments and to invest directly in private equity transactions. These investments are structured with long-term commitments, requiring the Foundation to make periodic capital contributions upon request. As of December 31, 2024 and 2023, the Foundation had a total capital commitment of \$8,000,000 and had paid \$1,560,000 and \$400,000, respectively. Unfunded capital commitments are callable at the discretion of the general partners. Distributions will be made at the end of each fund's term. The Foundation intends to fund these commitments from existing cash and cash equivalents, as well as from proceeds generated by the equity portion of the portfolio.

Note 3. Pledges Receivable

Pledges receivable at December 31, 2024 and 2023 consist of the following donor restricted amounts:

	2024	2023
Expected receipt in		
Less than one year	\$ 1,822,478	\$ 2,747,801
One to five years	1,543,280	3,095,619
Thereafter	2,250,000	1,000,000
Gross pledges receivable	5,615,758	6,843,420
Less discount for present value	(1,150,527)	(529,467)
Less allowance for uncollectible pledges	(41,484)	(41,484)
Net pledges receivable	<u>\$ 4,423,747</u>	<u>\$ 6,272,469</u>

Note 4. Beneficial Interest in Perpetual Trusts

The fair value of the assets in perpetual trusts that support the revenue stream to the Foundation increased by \$240,953 and \$278,595 in 2024 and 2023, respectively. During the years ended December 31, 2024 and 2023, distributions from the trusts' assets were approximately \$135,000 and \$138,000, respectively. Annual distributions from the trusts are reported as investment income without donor restrictions.

Boulder Community Health Foundation
Notes to Financial Statements
December 31, 2024 and 2023

Note 5. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2024 and 2023:

Fair Value Measurements at December 31, 2024				
	Portion of Carrying Value Measured at Fair Value 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Municipal bonds	\$ 14,394	\$ -	\$ 14,394	\$ -
Mutual funds invested in				
Equity securities	41,829,476	41,829,476	-	-
Bond funds	14,590,295	14,590,295	-	-
Alternative investments - measured at net asset value (A)	1,835,318	-	-	-
Total investments	<u>\$ 58,269,483</u>	<u>\$ 56,419,771</u>	<u>\$ 14,394</u>	<u>\$ -</u>
Other				
Charitable remainder trusts	\$ 923,082	\$ -	\$ 923,082	\$ -
Beneficial interest in perpetual trusts	3,077,764	-	-	3,077,764
Liability under charitable remainder trusts	(495,818)	-	(495,818)	-
Total other	<u>\$ 3,505,028</u>	<u>\$ -</u>	<u>\$ 427,264</u>	<u>\$ 3,077,764</u>

Boulder Community Health Foundation
Notes to Financial Statements
December 31, 2024 and 2023

	Fair Value Measurements at December 31, 2023			
	Portion of Carrying Value Measured at Fair Value 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Municipal bonds	\$ 21,095	\$ -	\$ 21,095	\$ -
Mutual funds invested in				
Equity securities	36,978,853	36,978,853	-	-
Bond funds	12,141,491	12,141,491	-	-
Alternative investments - measured at net asset value (A)	478,934	-	-	-
Total investments	<u>\$ 49,620,373</u>	<u>\$ 49,120,344</u>	<u>\$ 21,095</u>	<u>\$ -</u>
Other				
Charitable remainder trusts	\$ 895,088	\$ -	\$ 895,088	\$ -
Beneficial interest in perpetual trusts	2,836,811	-	-	2,836,811
Liability under charitable remainder trusts	(499,913)	-	(499,913)	-
Total other	<u>\$ 3,231,986</u>	<u>\$ -</u>	<u>\$ 395,175</u>	<u>\$ 2,836,811</u>

(A) Certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Beneficial Interest in Perpetual Trusts

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Boulder Community Health Foundation
Notes to Financial Statements
December 31, 2024 and 2023

Charitable Remainder Trusts and Liability

Charitable remainder trusts are measured using a risk-free interest rate, the life of the trust and the trust's future payments as defined in the trust agreement. The liability under the charitable remainder trusts is calculated using the trust's payout rate and the life expectancy of the trust holder. Charitable remainder trusts are classified within Level 2 of the hierarchy.

Note 6. Net Assets with Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2024 and 2023 are for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose		
Charitable remainder trusts	\$ 427,264	\$ 395,175
Cancer Center	496,251	553,181
Diabetes center	-	18,946
New Medical Facilities Foothills	1,400,000	1,400,000
Other hospital programs	32,903	55,006
COVID-19 response fund	252,205	241,101
Staff Wellness and Development Program for Neurology	289,393	125
Centennial Campaign	1,117,357	2,866,173
Core Beliefs	<u>2,846,363</u>	<u>1,175,699</u>
	<u>6,861,736</u>	<u>6,705,406</u>
Subject to the passage of time		
Restricted for time and change in pledge discount	<u>574,078</u>	<u>284,308</u>

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	<u>2024</u>	<u>2023</u>
Endowments		
Subject to spending policy and appropriation		
Investments to be held in perpetuity, the income		
is expendable without donor restriction	4,496,735	4,403,544
Investments to be held in perpetuity, the income		
is expendable for the following purposes		
Mental Health	1,992,168	1,906,101
Diabetes services	360,210	360,210
Cancer services	89,776	89,776
Scholarships	111,348	109,617
Neonatal program at Foothills facility	48,094	48,094
BCH Canine Corp	250,250	250,250
Heart and Surgery Center	25,000	25,000
Community/Patient Assistance	53,655	53,655
Workforce	3,542,694	2,707,144
Trauma Care	1,000,000	-
Underwater Endowments	(15,599)	(33,118)
Promises to give and change in pledge discount	1,947,202	2,732,422
Not subject to appropriation or expenditure		
Beneficial interests in perpetual trusts	<u>3,077,764</u>	<u>2,836,811</u>
	<u>16,979,297</u>	<u>15,489,506</u>
	<u>\$ 24,415,111</u>	<u>\$ 22,479,220</u>

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Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

	<u>2024</u>	<u>2023</u>
Purpose restriction accomplished		
Della Cava Family Medical Pavilion	\$ -	\$ 313,135
Cancer center	323,904	-
COVID-19 response fund	-	47,450
Other hospital programs	-	7,000
Centennial Campaign	1,688,316	1,477,609
Core Beliefs	256,930	36,361
Physician Vista Library	-	35,459
Bridge House Community Table Kitchen	-	47,398
Diabetes Center	18,946	80,000
	<u>2,288,096</u>	<u>2,044,412</u>
Time restrictions expired		
Passage of specified time	<u>81,979</u>	<u>82,192</u>
Total restrictions released	<u><u>\$ 2,370,075</u></u>	<u><u>\$ 2,126,604</u></u>

Note 7. Endowment

The Foundation's endowment consists of approximately 39 individual endowment funds established for a variety of purposes. These endowments include both donor-restricted endowment funds and funds established by the Board of Trustees to function as donor-restricted endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Some of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

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In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Changes in endowment net assets for the years ended December 31, 2024 and 2023:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, January 1, 2023	\$ 848,147	\$ 11,693,896	\$ 12,542,043
Net investment return	1,059,629	-	1,059,629
Appropriation of endowment assets for expenditures	(418,838)	-	(418,838)
Contributions and change in pledge discount	-	958,799	958,799
Endowment net assets, December 31, 2023	1,488,938	12,652,695	14,141,633
Net investment return	1,432,776	-	1,432,776
Appropriation of endowment assets for expenditures	(535,260)	-	(535,260)
Contributions and change in pledge discount	-	1,248,838	1,248,838
Endowment net assets, December 31, 2024	<u>\$ 2,386,454</u>	<u>\$ 13,901,533</u>	<u>\$ 16,287,987</u>

Net investment return is considered to be without donor restriction due to the Foundation having the ability to redirect earnings under the endowment contractual agreements.

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in short-term and long-term funds. Short-term funds are invested primarily in liquid, income producing instruments with minimum fluctuation potential. Instruments in this category will emphasize preservation of capital. Long-term funds are those where principal can be left undistributed for at least three years. These funds are invested to emphasize growth of capital and to outpace inflation. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% plus the inflation rate, on an annualized basis. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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The Foundation has a policy of appropriating for distribution each year a maximum of 5% of its endowment fund's average portfolio value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. Effective 2024, the Foundation has added to its policy a process for calculating appropriation of endowment funds that have not been in place for three years. For these funds, the 5% is calculated based on the endowment fund's trailing quarterly balances for the number of quarters the fund has been in existence as of year-end of the year preceding the calculation.

In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average rate of 5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Underwater Endowments

The governing body of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of:

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At December 31, 2024, funds with original gift values of \$275,250, fair values of \$259,651, and deficiencies of \$15,599, were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations.

At December 31, 2023, funds with original gift values of \$290,250, fair values of \$257,132, and deficiencies of \$33,118, were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations.

The Organization has a policy that permits spending from underwater endowment funds, unless otherwise precluded by donor stipulations or laws and regulations. The governing board appropriated for expenditure \$12,976 and \$1,358 from underwater endowment funds during the years ended December 31, 2024 and 2023, respectively.

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Note 8. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2024 and 2023, comprise the following:

	<u>2024</u>	<u>2023</u>
Total financial assets	\$ 68,616,290	\$ 61,494,489
Less donor imposed restrictions		
Pledges receivable, net	4,423,747	6,272,469
Charitable remainder trusts and other	957,126	960,452
Beneficial interest in perpetual trusts	3,077,764	2,836,811
Endowments	13,901,533	12,652,695
Additional restricted contributions	<u>3,149,131</u>	<u>2,598,705</u>
Financial assets available to meet cash needs for general expenditures within one year after donor imposed restrictions	<u>\$ 43,106,989</u>	<u>\$ 36,173,357</u>

The Foundation receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended December 31, 2024 and 2023, all restricted contributions are excluded from financial assets available to meet cash needs; however, as donor restrictions are met by the Foundation these funds will become available to meet cash needs for general expenditures within one year.

The Foundation's endowment funds consist of donor restricted. Income from donor-restricted endowments contain both restriction for specific purposes and available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The Foundation forecasts its future cash flows, monitors its liquidity and reserves throughout the year.

Note 9. Related-Party Transactions

In addition to the grants to the Hospital, the Hospital provides support to the Foundation for the purpose of covering the Foundation's costs for salaries and employee benefits. For the years ended December 31, 2024 and 2023, the Foundation received \$666,927 and \$645,566, respectively, under this support arrangement. This contribution is reflected in the accompanying statements of activities for the years ended December 31, 2024 and 2023. The members of the Foundation's Board of Trustees provide support to the Foundation in the form of cash contributions and pledges. For the years ended December 31, 2024 and 2023, the Foundation received cash contributions and pledges from members of the Board of Trustees of \$454,663 and \$183,274, respectively.

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Note 10. Contributed Nonfinancial Assets

For the years ended December 31, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2024</u>	<u>2023</u>
Donated from the Hospital		
Salaries and wages	\$ 575,712	\$ 558,744
Office space	<u>91,215</u>	<u>86,822</u>
	666,927	645,566
Donated from third party		
Silent auction items	<u>29,080</u>	<u>44,963</u>
Total donated services, materials and office space	<u>\$ 696,007</u>	<u>\$ 690,529</u>

The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed salaries and benefits are recognized as revenue based on the wages and benefits paid by the hospital on behalf of the foundation and are allocated to program and management and general based on time and effort. Contributed office space is valued based on comparable rental rates. Both contributed items are allocated to program, management and general, and fundraising based on time and effort.

Note 11. Concentrations

Contributions

The Foundation is supported primarily through contributions from the community. As such, changes in the economy of Boulder County and its surrounding area could possibly impact the amount of contributions received in a given year.

The Foundation had three donors with promises to give that each exceeded 10% of the total gross pledge receivable balance at both December 31, 2024 and 2023. These pledges make up approximately 80% and 84% of the total pledges receivable balance at December 31, 2024 and 2023, respectively.

Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Note 12. Subsequent Events

Management has evaluated subsequent events through April 24, 2025, which is the date the financial statements were available to be issued.