



Report of Independent Auditors  
and Consolidated Financial Statements for

**Santa Fe Community Foundation  
and Subsidiaries**

December 31, 2016 and 2015

**MOSS ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

## **CONTENTS**

---

	PAGE
REPORT OF INDEPENDENT AUDITORS	1-2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statements of financial position	3
Consolidated statements of activities	4-5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7-25

## REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
Santa Fe Community Foundation and Subsidiaries

### **Report on Financial Statements**

We have audited the accompanying consolidated financial statements of the Santa Fe Community Foundation and Subsidiaries, a not-for-profit corporation, which comprise the statement of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditor's Responsibility***

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

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

The Board of Directors  
Santa Fe Community Foundation and Subsidiaries

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

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Santa Fe Community Foundation and Subsidiaries as of December 31, 2016 and 2015, 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.

*Mess Adams LLP*

Albuquerque, New Mexico  
July 31, 2017

This page intentionally left blank.

**SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

---

**ASSETS**

	December 31,	
	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 10,143,042	\$ 7,046,771
Promises to give	1,597,524	617,669
Program related investments	1,419,915	995,500
Investments		
Charitable gift annuities	391,148	593,370
Endowment and other	<u>58,308,886</u>	<u>57,690,104</u>
Total investments	<u>58,700,034</u>	<u>58,283,474</u>
Property and equipment, net	2,292,808	2,413,862
Prepaid expenses	5,049	13,920
Other assets	<u>1,706,300</u>	<u>308,000</u>
<b>Total assets</b>	<u><u>\$ 75,864,672</u></u>	<u><u>\$ 69,679,196</u></u>

**LIABILITIES AND NET ASSETS**

LIABILITIES

Accrued expenses	\$ 63,257	\$ 80,476
Charitable gift annuities payable	166,123	128,836
Other liabilities	-	14,256
Funds held for agencies	<u>3,737,935</u>	<u>3,792,902</u>
<b>Total liabilities</b>	<u><u>3,967,315</u></u>	<u><u>4,016,470</u></u>

NET ASSETS

Unrestricted	4,393,022	3,063,971
Temporarily restricted	35,162,618	31,253,089
Permanently restricted	<u>32,341,717</u>	<u>31,345,666</u>
<b>Total net assets</b>	<u><u>71,897,357</u></u>	<u><u>65,662,726</u></u>

<b>Total liabilities and net assets</b>	<u><u>\$ 75,864,672</u></u>	<u><u>\$ 69,679,196</u></u>
---	-----------------------------	-----------------------------

**SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUE, GAINS AND OTHER INCOME</b>				
Contributions	\$ 2,227,107	\$ 10,428,735	\$ 815,497	\$ 13,471,339
Federal grants	-	35,304	-	35,304
Event income	16,980	-	-	16,980
Interest and dividends	104,203	1,100,165	-	1,204,368
Realized and unrealized gains	127,767	2,772,934	-	2,900,701
Other income	3,956	15,560	-	19,516
Program income	140,609	-	-	140,609
Rental income from tenants	53,950	-	-	53,950
Change in split interest agreements	-	(54,979)	-	(54,979)
Net assets released from restriction	10,207,636	(10,207,636)	-	-
	<u>12,882,208</u>	<u>4,090,083</u>	<u>815,497</u>	<u>17,787,788</u>
Contributed goods and services	586	-	-	586
<b>Total revenue, gains and other income</b>	<u>12,882,794</u>	<u>4,090,083</u>	<u>815,497</u>	<u>17,788,374</u>
<b>EXPENSES</b>				
Program Services				
Grants	7,820,130	-	-	7,820,130
Program expenses	2,650,554	-	-	2,650,554
	<u>10,470,684</u>	<u>-</u>	<u>-</u>	<u>10,470,684</u>
<b>SUPPORTING SERVICES</b>				
General and administrative	460,949	-	-	460,949
Development and donor services	475,830	-	-	475,830
Investment fees and services	146,280	-	-	146,280
	<u>1,083,059</u>	<u>-</u>	<u>-</u>	<u>1,083,059</u>
<b>Total expenses</b>	<u>11,553,743</u>	<u>-</u>	<u>-</u>	<u>11,553,743</u>
<b>CHANGE IN DONOR RESTRICTIONS</b>	<u>-</u>	<u>(180,554)</u>	<u>180,554</u>	<u>-</u>
Change in net assets	1,329,051	3,909,529	996,051	6,234,631
<b>NET ASSETS, beginning of year</b>	<u>3,063,971</u>	<u>31,253,089</u>	<u>31,345,666</u>	<u>65,662,726</u>
<b>NET ASSETS, end of year</b>	<u>\$ 4,393,022</u>	<u>\$ 35,162,618</u>	<u>\$ 32,341,717</u>	<u>\$ 71,897,357</u>

**SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)**

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUE, GAINS AND OTHER INCOME</b>				
Contributions	\$ 1,707,666	\$ 7,871,960	\$ 451,442	\$ 10,031,068
Federal grants	-	169,876	-	169,876
Event income	127,979	-	-	127,979
Interest and dividends	95,496	1,160,482	-	1,255,978
Realized and unrealized losses	(191,950)	(1,487,684)	-	(1,679,634)
Other income	1,648	16,593	-	18,241
Program income	91,019	-	-	91,019
Rental income from tenants	52,939	-	-	52,939
Change in split interest agreements	-	(60,905)	-	(60,905)
Net assets released from restriction	7,797,491	(7,797,491)	-	-
	<u>9,682,288</u>	<u>(127,169)</u>	<u>451,442</u>	<u>10,006,561</u>
Contributed goods and services	-	-	-	-
<b>Total revenue, gains and other income</b>	<u>9,682,288</u>	<u>(127,169)</u>	<u>451,442</u>	<u>10,006,561</u>
<b>EXPENSES</b>				
Program Services				
Grants	6,636,637	-	-	6,636,637
Program expenses	2,637,531	-	-	2,637,531
	<u>9,274,168</u>	<u>-</u>	<u>-</u>	<u>9,274,168</u>
<b>SUPPORTING SERVICES</b>				
General and administrative	422,098	-	-	422,098
Development and donor services	402,061	-	-	402,061
Investment fees and services	190,751	-	-	190,751
	<u>1,014,910</u>	<u>-</u>	<u>-</u>	<u>1,014,910</u>
<b>Total expenses</b>	<u>10,289,078</u>	<u>-</u>	<u>-</u>	<u>10,289,078</u>
<b>CHANGE IN DONOR RESTRICTIONS</b>	<u>-</u>	<u>(98,224)</u>	<u>98,224</u>	<u>-</u>
Change in net assets	(606,790)	(225,393)	549,666	(282,517)
<b>NET ASSETS, beginning of year</b>	<u>3,670,761</u>	<u>31,478,482</u>	<u>30,796,000</u>	<u>65,945,243</u>
<b>NET ASSETS, end of year</b>	<u>\$ 3,063,971</u>	<u>\$ 31,253,089</u>	<u>\$ 31,345,666</u>	<u>\$ 65,662,726</u>

**SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 6,234,631	\$ (282,517)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Loss on disposition of fixed assets	-	103,800
Depreciation	121,054	130,475
Realized and unrealized (gain) loss on investments	(3,097,941)	1,676,239
Change in split interest agreements	54,979	60,905
Contributions restricted for endowment	(815,497)	(451,442)
Changes in assets and liabilities		
Promises to give	(979,855)	(508,636)
Inventory	-	1,160
Other assets	(1,398,300)	-
Prepaid expenses	8,871	(4,718)
Accrued expenses	(17,219)	29,806
Other liabilities	(14,256)	(1,337)
Funds held for agencies	(54,967)	266,641
<b>Net cash provided by operating activities</b>	<u>41,500</u>	<u>1,020,376</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	12,252,792	7,621,797
Purchase of investments	(9,571,411)	(12,667,256)
Proceeds from sale of property and equipment	-	95,500
Acquisition of property and equipment	-	(145,748)
Payments to program related investments	(424,415)	(160,000)
<b>Net cash provided (used) by investing activities</b>	<u>2,256,966</u>	<u>(5,255,707)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for endowment	815,497	451,442
Payments on charitable gift annuities	(82,784)	(120,383)
Investments subject to annuity agreements	65,092	-
<b>Net cash provided by financing activities</b>	<u>797,805</u>	<u>331,059</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,096,271	(3,904,272)
CASH AND CASH EQUIVALENTS, beginning of year	<u>7,046,771</u>	<u>10,951,043</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 10,143,042</u>	<u>\$ 7,046,771</u>

# **SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

### **Note 1 – Nature of Organization**

The Santa Fe Community Foundation (Foundation) was formed in 1981. The Foundation’s mission is to improve the quality of life for people in Santa Fe and Northern New Mexico, now and for future generations by:

- Building and managing endowment funds in order to award grants
- Helping nonprofits operate more effectively
- Convening area residents to discuss issues of critical importance to the community
- Providing leadership for key community initiatives

Grants are made to 501(c)(3) organizations primarily in Northern New Mexico that serve the arts, civic affairs, education, the environment and health and human services. Contributions are received from individuals, businesses and foundations.

The Ends Policy, as stated below, was adopted by the Board of Directors in December of 2010 and more specifically defines the direction of the Foundation.

The Santa Fe Community Foundation is devoted to building healthy and vital communities in the region where:

- Racial, cultural or economic differences do not limit access to health, education or employment
- Diverse audiences enjoy the many arts and cultural heritages of our region
- All sectors of our community take responsibility for ensuring a healthy environment

To this end, the Foundation commits resources to building:

1. Philanthropy that is robust, effective, and focused on critical issues facing communities.
  - a. We educate and engage philanthropists in strategic giving.
  - b. We invest discretionary resources in the best possible solutions to targeted problems.
  - c. We create opportunities for foundations and other philanthropic partners to leverage each other’s knowledge and resources to achieve lasting change.
2. Nonprofits that achieve their missions with excellence.
  - a. We build a sustainable infrastructure that provides nonprofits with the technical and financial assistance needed to be highly effective and achieve their potential.
  - b. We make it possible for organizations to collaborate in tackling complex community problems, developing promising approaches, and executing shared strategies.

# SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

---

### **Note 2 – Summary of Significant Accounting Policies**

**Basis of accounting** – The consolidated financial statements of the Santa Fe Community Foundation and its three single-member LLCs: SFCF, LLC, SFCF Pinon Legacy, LLC, and SFCF Special Projects, LLC have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. SFCF, LLC holds the building on Halona Street in which the Foundation resides. SFCF Pinon Legacy, LLC holds real estate contributed to the Foundation. SFCF Special Projects, LLC holds the equipment and the activity of the MoGro program.

**Basis of presentation and net asset classification** – The Foundation’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. Unconditional promises to give (pledges) are recorded as receivables and revenues. The Foundation distinguishes between contributions received for each net asset category in accordance with externally (donor) imposed restrictions. A description of the three net asset categories and classifications follows:

**Permanently restricted net assets** – Permanently restricted net assets include the historical dollar or fair value amounts of gifts (including unconditional promises to give), trusts and remainder interests required by donors to be permanently retained.

**Temporarily restricted net assets** – Temporarily restricted net assets include gifts, unconditional promises to give, trusts and remainder interests, income and gains which can be expended but for which restrictions have not yet been met. Such restrictions include donor specified purposes for which the net assets are to be spent, time limitations imposed by donors or implied by the nature of the gift. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities as net assets released from restrictions.

**Unrestricted net assets** – Unrestricted net assets are not subject to donor-imposed stipulations. Revenues are reported as an increase in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets.

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted or temporarily restricted net assets, depending upon the explicit donor stipulations or law. Expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

The State of New Mexico adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2009. As required by UPMIFA and on the advice of legal counsel, the board of directors has determined that the majority of the Foundation’s contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation.

## **SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

#### **Note 2 – Summary of Significant Accounting Policies (continued)**

Under the terms of the governing documents, the board of directors has the ability to distribute as much of the corpus of any trust or separate gift, devise, bequest, or fund as the board, in its sole discretion, shall determine. As a result of the ability to distribute corpus, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for consolidated financial statement purposes.

**Principles of consolidation** – The accompanying consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiaries. All significant inter-entity accounts and transactions have been eliminated in the consolidation.

**Endowment investment and spending policies** – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funds for programs supported by its endowments while seeking long term growth of the endowment assets; the Foundation’s spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

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 income (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 parameters.

The spending policy calculates the amount of money annually distributed from the Foundation’s various endowed funds, for grant making and administration. The current spending policy is to distribute an amount equal to 3% of a twelve-quarter rolling average if the total return for the prior twelve months is 3% or less. If the total return for the prior twelve months is between 3% and 4%, the spending policy is to distribute an amount equal to 4% of a twelve-quarter rolling average. If the total return for the prior twelve months is between 4% and 5%, the spending policy is to distribute an amount equal to 5% of a twelve-quarter rolling average. If the total return for the prior twelve months is greater than 5%, the spending policy is to distribute an amount equal to 5% of a twelve-quarter rolling average and to retain any additional earnings to increase the overall value of the endowed funds. This is consistent with the Foundation’s objective for long term growth of endowment assets as well as to provide additional real growth through new gifts and investment return. Certain endowments are not subject to the Foundation’s spending policy. They are subject to the gift instruments or specific agreements with the Foundation.

## SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

---

#### **Note 2 – Summary of Significant Accounting Policies (continued)**

**Program related investing** – The Foundation has adopted a local impact investing initiative. The managing principles for these investments require both social impact and financial return, alignment with the Foundation’s Ends Policy, and must create an impact in New Mexico. Initially, investments will be made through intermediaries, but may be made directly should the investment meet a pre-determined set of criteria. Investments may be made to both nonprofit and for profit entities. The Board established the initial amount for investment at \$1.5 million with the intention of increasing the amount to 10% of the Foundation’s managed funds within the next ten years. An allowance account for a loan loss reserve is established for each loan investment.

**Funds held for agencies** – Generally Accepted Accounting Principles established standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. These standards specifically require that if a Not-for-Profit Organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, a liability has been established for the fair value of the funds.

**Fiscal agent relationship** – In May 2014, the five New Mexico Community Foundations sponsored “Give Grande New Mexico.” The event was a twenty-four hour on-line fund raising activity to benefit approximately 410 nonprofit organizations throughout the state. The Foundation agreed to serve as the “back office” for the event. Thus, the financial effect of this program are not included in the 2016 and 2015 Consolidated Statement of Activities and a liability for the balance of the funds contributed by the five Community Foundations appears on the Consolidated Statement of Financial Position for 2015 and was distributed to the five Community Foundations in 2016.

**Use of estimates** – The preparation of consolidated 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 the disclosure 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.

**Cash and cash equivalents** – For purposes of the consolidated cash flows statement, cash and cash equivalents include cash in financial institutions and highly liquid investments with maturity dates of three months or less.

**Promises to give** – Contributions are recognized when the donor makes an unconditional promise to give to the Foundation. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

## **SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

#### **Note 2 – Summary of Significant Accounting Policies (continued)**

**Investments** – The Foundation carries its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Consolidated Statement of Financial Position. Investment transactions, including transfers between the levels of fair value inputs, are recognized as of the date of the event. The absolute return fund investments and other complementary strategies, which are not readily marketable, are valued using NAV-practical expedient (See Note 5 for definition). The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of these investments. These estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed. Unrealized gains and losses are included in the change in net assets in the accompanying Consolidated Statement of Activities.

Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Property and equipment** – Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

**Donated assets** – Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

**Other assets** – Other assets included donated land, buildings, and other property which are recorded at fair value at the date of donation and will be sold when feasible. Other assets also consist of inventory, which is recorded at cost and consists of the food products available for sale in the MoGro program. Inventory counts are taken on a monthly basis. Cost of goods sold is computed using the FIFO method (first-in, first-out).

**Donated services** – Donated Services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers provided valuable services throughout the year that are not recognized as contributions in the consolidated financial statements because the recognition criteria were not met.

**Contributions** – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

**Allocation of functional expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income taxes** – The Foundation is a non-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

## SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

---

#### **Note 2 – Summary of Significant Accounting Policies (continued)**

**Cash concentrations** – During 2016, the Foundation’s deposits with three of its banks, Los Alamos National Bank, New Mexico Bank and Trust, and Wells Fargo, had and, at times during the year, exceeded the FDIC insurance limit of \$250,000. As of December 31, 2016 and 2015, the amounts on deposit at the three banks that exceeded the FDIC insurance limit was \$1,543,909 and \$3,902,915, respectively. The Foundation consistently reviews its cash position along with FDIC limits to reduce exposure to cash concentrations.

**Recent Accounting Pronouncements** – FASB ASU 2014-15, Going Concern: Introduces the concept of going concern into GAAP, and requires management to evaluate whether or not there is any substantial doubt about the entity’s ability to continue as a going concern. Substantial doubt exists if conditions and events indicate it is probable (likely to occur) that the entity won't be able to meet its obligations as they become due within one year of issuance. The evaluation does not consider any mitigating effect of management's plans. Effective for years ending after December 15, 2016, and early adoption is permitted. This standard was adopted by the Foundation for the year ended December 31, 2016.

FASB ASU 2014-09, Revenue from Contracts with Customers: Moves revenue recognition towards one principles-based revenue standard to be applied across all industries with the following steps for recognition: (1) Identify the contracts with a customer; (2) Identify the performance obligations; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligation; (5) Recognize revenue when (or as) the entity satisfies the obligation. The new standard is effective for nonpublic entities for annual reporting periods beginning after December 15, 2018, early adoption is permitted. The Foundation is currently evaluating the impact of this ASU, but does not anticipate a significant impact to the financial statements upon adoption. However, the Foundation is awaiting implementation guidance to be released to determine the impact in regards to Grants and Awards and will make further determination of the impact of this standard on the Foundation based on that guidance.

# SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

---

### Note 2 – Summary of Significant Accounting Policies (continued)

FASB ASU 2016-14, Presentation of Financial Statements: The purpose of the ASU is to improve presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users.” According to the FASB in Focus newsletter on the ASU, the new standard addresses: 1) Complexity and understandability of net asset classifications; 2) Deficiencies in information about liquidity and availability of resources; 3) Lack of consistency in the type of information provided about expenses and investment return; and 4) Misunderstandings about and opportunities to enhance the utility of the statement of cash flows. The ASU is effective for annual reporting periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. The Foundation is currently evaluating the impact of this ASU, but does not anticipate a significant impact to the financial statements upon adoption.

**Subsequent events** – Subsequent events are events or transactions that occur after the Consolidated Statement of Financial Position date, but before the consolidated financial statements are issued. The Foundation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Consolidated Statement of Financial Position, including the estimates inherent in the process of preparing the consolidated financial statements. The Foundation’s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the Consolidated Statement of Financial Position but arose after that date and before the consolidated financial statements are available to be issued. The Foundation has evaluated subsequent events through July 31, 2017.

### Note 3 – Promises to Give

Promises to give at December 31 are as follows:

	<u>2016</u>	<u>2015</u>
Receivable in less than one year	\$ 943,024	\$ 617,669
Receivable in one to five years	<u>654,500</u>	<u>-</u>
	<u>\$ 1,597,524</u>	<u>\$ 617,669</u>

Management believes these amounts are fully collectible; therefore, no allowance has been recorded. A present value discount for long term promises to give has not been recorded as the amount is insignificant to the consolidated financial statements.

## SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

---

#### **Note 4 – Charitable Gift Annuities (Split Interest Agreements)**

The Foundation is the recipient of various charitable gift annuities from donors. A charitable gift annuity is an arrangement in which a donor contributes assets to the Foundation in exchange for distributions of a fixed amount for a specified period of time to a donor-designated annuitant(s).

After satisfying the Foundation's annuity obligations, any net remaining value shall be directed to the charitable fund(s) selected by the donor. Assets are reported at fair market value in the Foundation's Consolidated Statement of Financial Position and included in the Foundation's investment account balances. The present value of estimated future payments is calculated using discount rates ranging 2.2% to 7.4%.

#### **Note 5 – Fair Value Measurements**

In determining fair value, the Foundation uses various valuation approaches within the fair value measurement framework of accounting standards. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The standards define levels within the hierarchy based on the reliability of inputs as follows:

**Level 1** – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes 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 or liability, or inputs that are derived principally from or corroborated by observable market data.

**Level 3** – Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying Consolidated Statements of Financial Position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in the methodologies used at December 31, 2016 and 2015.

Common stocks are valued at the closing price reported on the major market on which the individual securities are traded. Common stock and cash are generally classified within Level 1 of the valuation.

The bond funds are valued at market rates such as quoted prices for similar assets or liabilities. They may also be valued by quoted prices in markets that are not active. The bond funds are generally classified within Level 2 of the valuation hierarchy.

# SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

---

### Note 5 – Fair Value Measurements (continued)

The equity mutual fund investment is a global portfolio fund, which are institutional class shares, managed by Dimensional Fund Advisors and valued by the Foundation’s management using the net asset value (NAV). Relative to conventional equity market benchmarks, the portfolio reflects an emphasis on value stocks, and to a lesser extent, small company stocks. Currently, the portfolio is invested approximately 64% U.S. common stocks, 27% international stocks, and 9% emerging market stocks.

The bond portfolio, managed by Thornburg Investment Management, is basically a ten-year ladder of investment grade securities. Holdings mature between one and ten years.

The estimated share of hedge funds, managed futures and commodities, global alternatives fund, active income fund, absolute return fund, and long/short equity fund are based on fund net asset value. The use of net asset value as fair value is deemed appropriate, as the investments do not have finite lives, unfunded commitments, or significant restrictions on redemptions.

The following table sets forth by level, within the fair value hierarchy, the Foundation’s assets at fair value as of December 31, 2016:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Certificates of deposit	\$ 750,951	\$ -	\$ -	\$ 750,951
Money market - annuities	86,003	-	-	86,003
US Treasury Notes	1,572,935	-	-	1,572,935
Equities	8,591,326	-	-	8,591,326
Real Assets	1,074,497	-	-	1,074,497
Government agency bonds	-	725,185	-	725,185
Taxable municipal bonds	-	480,134	-	480,134
Corporate bond	-	5,102,771	-	5,102,771
Corporate debt	-	-	-	-
Preferred Securities	-	170,560	-	170,560
Foreign Obligations	-	22,936	-	22,936
Mortgage asset-backed securities	-	1,074,024	-	1,074,024
Bond mutual funds	-	3,552,201	-	3,552,201
Equity mutual funds	-	26,738,914	-	26,738,914
<b>Total assets in the fair value hierarchy</b>	<b>\$ 12,075,712</b>	<b>\$ 37,866,725</b>	<b>\$ -</b>	<b>49,942,437</b>
Investments measured at NAV -practical expedient				<b>\$ 8,757,597</b>
Investments at fair value				<b>\$ 58,700,034</b>

**SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 5 – Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Foundation’s assets at fair value as of December 31, 2015:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Certificates of deposit	\$ 2,366,130	\$ -	\$ -	\$ 2,366,130
Money market - annuities	14,658	-	-	14,658
US Treasury Notes	898,791	-	-	898,791
Equities	7,999,043	-	-	7,999,043
Real Assets	1,078,492	-	-	1,078,492
Government agency bonds	-	889,518	-	889,518
Taxable municipal bonds	-	487,610	-	487,610
Corporate bond	-	4,622,964	-	4,622,964
Corporate debt	-	454,103	-	454,103
Preferred Securities	-	176,154	-	176,154
Foreign Obligations	-	35,408	-	35,408
Mortgage asset-backed securities	-	981,162	-	981,162
Bond mutual funds	-	3,088,771	-	3,088,771
Equity mutual funds	-	26,238,273	-	26,238,273
Total assets in the fair value hierarchy	<u>\$ 12,357,114</u>	<u>\$ 36,973,963</u>	<u>\$ -</u>	49,331,077
Investments measured at NAV -practical expedient				<u>8,952,397</u>
Investments at fair value				<u>\$ 58,283,474</u>

The following summarizes information related to the investment whose fair value is determined based upon NAV-practical expedient and has redemption restrictions as of December 31, 2016:

	Estimated Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds (a)	\$ 8,020,019	None	Yearly	100 days
Complementary Strategies (b)	\$ 737,578	None	Quarterly	90 days

(a) This class represents an investment in capital structure arbitrage, event arbitrage, fixed income and equity arbitrage, and special situation investing. From time to time, the fund may directly invest in a broad range of derivatives, as well as purchasing and selling securities for hedging purposes.

(b) This class represents an investment in hedge funds, managed futures and commodities platform, a global alternatives fund, an active income fund, an absolute return fund, and a long/short equity fund.

## SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

---

#### Note 6 – Program Related Investments

The Foundation made four program related investments during 2016 to Homewise, Meow Wolf, Mora Valley Woodworkers, and MidSchool Math. In 2015, The United Way drew the balance of its loan. The terms of the loans vary between 5 and 10 years with interest rates between 2% and 5%. Interest on the outstanding balances are paid quarterly. Each of the recipients will provide an annual report regarding the social impact that the loans have made.

No loan reserve was recognized in 2015. A loan reserve in the amount of \$14,150 has been recognized in the 2016 Consolidated Statement of Activities for the investments made during the year.

#### Note 7 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 503,357	\$ 503,357
Building and improvements	<u>2,534,916</u>	<u>2,534,916</u>
	3,038,273	3,038,273
Accumulated depreciation	<u>(745,465)</u>	<u>(624,411)</u>
	<u>\$ 2,292,808</u>	<u>\$ 2,413,862</u>

**SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 8 – Net Assets Classifications**

Change in Endowment Net Assets:

For the year ended December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets (deficit), beginning of year	\$ 471,803	\$ 24,952,217	\$ 31,345,666	\$ 56,769,686
Interest and dividends, net of investment expense	(10,462)	1,090,050	-	1,079,588
Net (depreciation) appreciation	(58,281)	4,404,772	-	4,346,491
Contributions	102,247	3,246,809	815,497	4,164,553
Amounts appropriated for expenditures	(72,179)	(2,612,932)	-	(2,685,111)
Granted	(34,948)	(4,058,978)	-	(4,093,926)
Other changes	(48,909)	530,805	180,554	662,450
Change in endowment net assets	<u>(122,532)</u>	<u>2,600,526</u>	<u>996,051</u>	<u>3,474,045</u>
Endowment net assets, end of year	<u>\$ 349,271</u>	<u>\$ 27,552,743</u>	<u>\$ 32,341,717</u>	<u>\$ 60,243,731</u>

For the year ended December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 363,727	\$ 26,426,097	\$ 30,796,000	\$ 57,585,824
Interest and dividends, net of investment expense	(13,454)	1,146,682	-	1,133,228
Net depreciation	(904,897)	(465,497)	-	(1,370,394)
Contributions	760,765	1,546,733	451,442	2,758,940
Amounts appropriated for expenditures	(62,769)	(2,006,217)	-	(2,068,986)
Granted	(12,408)	(2,522,430)	-	(2,534,838)
Other changes	340,839	826,849	98,224	1,265,912
Change in endowment net assets	<u>108,076</u>	<u>(1,473,880)</u>	<u>549,666</u>	<u>(816,138)</u>
Endowment net assets, end of year	<u>\$ 471,803</u>	<u>\$ 24,952,217</u>	<u>\$ 31,345,666</u>	<u>\$ 56,769,686</u>

**SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**Note 8 – Net Assets Classifications (continued)**

Endowment Net Asset Composition by Type of Fund:

For the year ended December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor designated and agency endowment funds (deficit)	\$ (85,134)	\$ 409,646	\$ 5,773,818	\$ 6,098,330
Other endowment funds (deficit)				
Administrative endowments	-	46,440	1,309,305	1,355,745
Donor advised	(1,804,879)	26,037,743	8,051,844	32,284,708
Discretionary	(3,327)	173,247	927,557	1,097,477
Emergency	-	123,566	441,212	564,778
Field of interest	(223,098)	711,165	13,343,453	13,831,520
Unrestricted	(49,418)	50,936	2,494,528	2,496,046
Subtotal other endowment funds (deficit)	<u>(2,080,722)</u>	<u>27,143,097</u>	<u>26,567,899</u>	<u>51,630,274</u>
Board designated endowment funds	2,515,127	-	-	2,515,127
Total endowment funds	<u>\$ 349,271</u>	<u>\$ 27,552,743</u>	<u>\$ 32,341,717</u>	<u>\$ 60,243,731</u>

For the year ended December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor designated and agency endowment funds (deficit)	\$ (142,133)	\$ 350,405	\$ 5,609,686	\$ 5,817,958
Other endowment funds (deficit)				
Administrative endowments	(155)	16,698	1,226,599	1,243,142
Donor advised	(1,244,371)	22,581,231	7,564,411	28,901,271
Discretionary	(11,261)	158,706	922,557	1,070,002
Emergency	-	115,856	403,333	519,189
Field of interest	(424,605)	1,669,178	13,128,252	14,372,825
Unrestricted	(89,810)	60,143	2,490,828	2,461,161
Subtotal other endowment funds (deficit)	<u>(1,770,202)</u>	<u>24,601,812</u>	<u>25,735,980</u>	<u>48,567,590</u>
Board designated endowment funds	2,384,138	-	-	2,384,138
Total endowment funds	<u>\$ 471,803</u>	<u>\$ 24,952,217</u>	<u>\$ 31,345,666</u>	<u>\$ 56,769,686</u>

**SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 8 – Net Assets Classifications (continued)**

In addition to endowment net assets, the Foundation also manages other non-endowed funds. The following table summarizes all Foundation net assets:

For the year ended December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds (deficit)	\$ 349,271	\$ 27,552,743	\$ 32,341,717	\$ 60,243,731
Non-endowment funds				
Donor advised	-	3,761,589	-	3,761,589
Special projects	1,223,994	3,024,166	-	4,248,160
Discretionary	-	10,245	-	10,245
Emergency	-	173,610	-	173,610
Field of interest	1,136	420,400	-	421,536
Unrestricted	2,818,622	(3,174)	-	2,815,448
Total non-endowment funds	4,043,752	7,386,836	-	11,430,588
Split Interest agreements	-	223,038	-	223,038
Total net assets	\$ 4,393,023	\$ 35,162,617	\$ 32,341,717	\$ 71,897,357

For the year ended December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds (deficit)	\$ 471,803	\$ 24,952,217	\$ 31,345,666	\$ 56,769,686
Non-endowment funds				
Donor advised	-	3,957,686	-	3,957,686
Special projects	986,573	1,240,013	-	2,226,586
Discretionary	-	10,400	-	10,400
Emergency	-	231,314	-	231,314
Field of interest	-	398,409	-	398,409
Unrestricted	1,605,595	-	-	1,605,595
Total non-endowment funds	2,592,168	5,837,822	-	8,429,990
Split Interest agreements	-	463,050	-	463,050
Total net assets	\$ 3,063,971	\$ 31,253,089	\$ 31,345,666	\$ 65,662,726

Investments are measured at fair value in the Consolidated Statement of Financial Position. Gains and losses on investments are reported as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. The Foundation does not have any specified restrictions on the gains and losses on investments.

## **SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

#### **Note 9 – Retirement Plan**

The Foundation maintains a 401(k) plan that covers all employees. The plan includes a provision under which eligible employee's salary deferrals of up to 10% are eligible for 50% match by the Foundation. Salary deferral is allowed after ninety days of employment whereas the Foundation's match is effective after twelve months of employment. Matching contributions to the plan are discretionary. The Foundation's matching contributions to the 401(k) plan in 2016 and 2015, were \$29,750 and \$26,647, respectively.

#### **Note 10 – Rental Income**

SFCF, LLC purchased the building at 501 Halona and 1101 Paseo de Peralta on July 25, 2011. As a part of that purchase, SFCF, LLC obtained a five-year lease for Wigley Gallery. The lease for the 2,138 square foot gallery commenced on May 19, 2011. This is an operating lease. Rental income of \$53,950 and \$52,939 for 2016 and 2015 is recognized in the Consolidated Statement of Activities. The lease was extended through December 31, 2017.

#### **Note 11 – SFCF Special Projects, LLC – MoGro Program**

In March of 2013, the Foundation established another LLC, called SFCF Special Projects, LLC. The purpose of the entity is to accept property, equipment, and the operation of a program called Mobile Grocery or "MoGro." A specially equipped trailer and inventory were donated for the program.

The purpose of the program is to deliver healthy, affordable fresh foods to rural, particularly Pueblo, communities in New Mexico. During 2013, MoGro operated in five pueblos and one non-Pueblo community in New Mexico. The sustainability of the program was evaluated in 2014 and changes were made to shift to a more community supported agriculture (CSA) model. During 2014, La Familia began to participate in the program. The LLC has a contractual relationship with La Montanita Coop to provide the services for MoGro. The LLC also works closely with Johns Hopkins Center for American Indian Health and the Notah Begay Foundation.

During 2015, MoGro expanded its partnership for the CSA model with the National Dance Institute of New Mexico (which also serves children and families in need of food) in both Santa Fe and Albuquerque. The LLC also has a contract with Skarsgard Farms to provide the services for MoGro. The contractual relationship with La Montanita terminated at the end of December 2015.

## **SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

#### **Note 11 – SFCF Special Projects, LLC – MoGro Program (continued)**

In September 2014, a United States Department of Agriculture Agricultural Marketing Service grant for a maximum of \$100,000 was awarded to the Foundation for the MoGro Program. The grant period of this expense reimbursement grant is from September 1, 2014 through August 31, 2015. An extension was granted for this program, extending it to March 31, 2017.

In September 2016, a United States Department of Agriculture Agricultural Marketing Service grant for a maximum of \$ 330,000 was awarded to the Foundation for the MoGro Program. The grant period of this expense reimbursement grant is from September 30, 2016 through September 29, 2019.

Additional grants and contributions for the program operation have been received from other foundations and individuals.

#### **Note 12 – Uncertainty in Income Taxes**

The Foundation is subject to the accounting standard on accounting for uncertainty in income taxes that addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the tax positions for the Foundation and concluded that the Foundation had taken no uncertain income tax positions that require adjustments to the consolidated financial statements to comply with the provisions of this guidance.

#### **Note 13 – Transactions in Funds Held For Agencies and Fiscal Sponsor Relationship**

At December 31, 2016, the Foundation had 78 designated endowment funds and 47 agency endowment funds. The agency endowments require accounting as funds held for agencies and had a combined value of \$3,737,935. At December 31, 2015, the Foundation had 77 designated endowment funds and 47 agency endowment funds. The agency endowments require accounting as funds held for agencies and had a combined value of \$3,792,902.

The financial effects of transactions related to agency funds are recorded as changes in the funds held for agencies liability and are not included in the 2016 and 2015 Consolidated Statement of Activities.

**SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**Note 13 - Transactions in Funds Held For Agencies and Fiscal Sponsor Relationship (continued)**

The changes in this other liability are summarized as follows:

Funds held for agencies at December 31, 2014	<u>\$ 3,526,261</u>
Additions	
Contributions	462,370
Investment income	64,795
Realized gains	1,047
Total additions	<u>528,212</u>
Deductions	
Unrealized losses	93,665
Distributions - grants	126,630
Investment expenses	41,276
Total deductions	<u>261,571</u>
Funds held for agencies at December 31, 2015	<u>3,792,902</u>
Additions	
Contributions	63,623
Investment income	66,877
Unrealized gains	136,681
Realized gains	60,672
Total additions	<u>327,853</u>
Deductions	
Distributions - grants	343,095
Investment expenses	39,725
Total deductions	<u>382,820</u>
Funds held for agencies at December 31, 2016	<u>\$ 3,737,935</u>

## **SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

#### **Note 14 – Related Party Transactions**

The Santa Fe Community Foundation established a new entity, SFCF, LLC in July of 2011. The Foundation has an intercompany operating agreement with SFCF, LLC. This entity holds the title to the building on Halona Street purchased in July of 2011, in which the Foundation and its community programs reside. The purchase price of the 11,000 square foot building was \$2,190,000. As part of its community leadership initiative, funds from the endowments held by the Foundation were used to invest in the purchase of the building. The terms of the purchase include an interest-only note at 4.5%, with an interest reset date of 2014 and interest rates with a floor of 3% and a cap of 6%. Principal payments, in amounts to be determined by the Board of Directors, will be made over the term of the note. The term of the note is 15 years. The related effects of these transactions are eliminated upon consolidation of the financial statements. In August 2014, the interest rate on the note was reviewed and lowered to 3.5% effective September 1, 2014.

Members of the Board of Directors contributed \$253,955 and \$1,345,536 in 2016 and 2015, respectively.

#### **Note 15 – Subsequent Events**

In February of 2017, the W.K. Kellogg Foundation awarded grants of \$1,150,675 for a project managed by the Foundation. In February 2017, the program related investment with MidSchoolMath was converted from a loan to an equity investment to facilitate additional funding opportunities presented to their organization. In May of 2017, a property donated to the SFCF Pinon Legacy, LLC was sold. In May of 2017, the Foundation signed an agreement with Rural Community Assistance Corporation (RCAC) for an impact investing loan of \$250,000. In June of 2017, the MoGro contractual relationship with Skarsgard Farms was terminated and a new contractual relationship was established with Roadrunner Food Bank.

# SANTA FE COMMUNITY FOUNDATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

---

### Note 16 – Schedule of Functional Expenses with Comparative Totals for Prior Year

The following schedule presents the natural classification of the summarized costs in the Consolidated Statement of Activities for 2016 with a comparative total for 2015:

	Program	General Administrative, Investment Fees and Services	Development and Donor Services	Total	2015 Total
Grants	\$ 7,820,130	\$ -	\$ -	\$ 7,820,130	\$ 6,636,637
Other expenses					
Salaries and wages	884,955	260,936	198,845	1,344,736	1,224,263
Payroll taxes	66,682	19,696	14,752	101,130	90,161
Other employee benefits	87,720	22,625	33,883	144,228	161,157
401(k) plan contributions	20,041	6,259	3,450	29,750	26,647
Occupancy	26,163	5,737	8,606	40,506	31,607
Equipment rental and maintenance	23,141	8,972	13,457	45,570	55,619
Telephone	12,020	1,910	2,865	16,795	17,992
Accounting fees	9,952	3,981	5,971	19,904	18,834
Bank charges and fees	9,704	2,714	4,071	16,489	16,413
Conferences/conventions	7,014	2,058	2,748	11,820	2,425
Seminars and events	103,786	536	28,339	132,661	287,337
Dues & subscriptions	5,360	696	1,043	7,099	14,858
Insurance	17,487	2,324	3,487	23,298	24,841
Miscellaneous	941	3,310	390	4,641	13,165
Supplies	37,934	7,738	12,794	58,466	56,228
Cost of goods sold	148,071	-	-	148,071	116,920
Postage and shipping	7,544	1,533	7,167	16,244	6,222
Printing and publications	33,840	4,635	9,131	47,606	30,171
Contracted program services	629,888	5,472	8,217	643,577	633,556
Consulting services	52,206	8,076	11,615	71,897	128,189
Technology	118,932	26,518	43,530	188,980	133,586
Travel	90,378	4,734	12,112	107,224	52,229
Workshop expenses	31,493	-	-	31,493	15,097
Depreciation	96,696	9,743	14,615	121,054	130,475
Allowance account	14,150	-	-	14,150	-
In-kind expenses	85	-	500	585	-
Special event expenses	-	-	34,242	34,242	16,634
Pinon award expenses	39,810	-	-	39,810	29,377
Property expenses	74,561	50,746	-	125,307	127,687
Investment fees	-	146,280	-	146,280	190,751
Subtotal other expenses	<u>2,650,554</u>	<u>607,229</u>	<u>475,830</u>	<u>3,733,613</u>	<u>3,652,441</u>
Total expenses	<u>\$ 10,470,684</u>	<u>\$ 607,229</u>	<u>\$ 475,830</u>	<u>\$ 11,553,743</u>	<u>\$ 10,289,078</u>