

**I Have a Dream<sup>®</sup> Foundation**  
**of Boulder County, Inc.**

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**Consolidated Financial Statements and Report  
of  
Independent Auditor**

**December 31, 2016 and 2015**

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## Independent Auditor's Report

Board of Directors  
I Have a Dream® Foundation of Boulder County, Inc.

We have audited the accompanying consolidated financial statements of I Have a Dream® Foundation of Boulder County, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 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.

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of I Have a Dream® Foundation of Boulder County, Inc. and subsidiary as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidating Statement of Financial Position and Consolidating Statement of Activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "Haynie & Co".

Littleton, Colorado  
August 9, 2017

**I Have a Dream® Foundation of Boulder County, Inc.**  
**Consolidated Statements of Financial Position**  
**As of December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current Assets		
Cash (Note 2)	\$ 1,468,541	\$ 1,539,046
Accounts receivable (Note 3)	53,674	30,823
Prepaid expenses	37,551	17,555
Unconditional promise to give (Note 3)	<u>92,495</u>	<u>63,423</u>
Total Current Assets	<u>1,652,261</u>	<u>1,650,847</u>
Scholarship investments (Note 2)	2,960,809	2,603,680
Temporarily restricted program investments	2,134,391	1,559,928
Temporarily restricted certificates of deposit	153,115	153,080
Property and Equipment- Net (Note 4)	<u>1,350,090</u>	<u>1,289,289</u>
Total Assets	<u>\$ 8,250,666</u>	<u>\$ 7,256,824</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 67,593	\$ 51,129
Tenant deposits	1,200	2,300
Accrued compensated absences & payroll liabilities	25,249	18,649
Property taxes payable	8,132	5,934
Income taxes payable	-	2,200
Current portion of note payable	<u>19,857</u>	<u>22,945</u>
Total Current Liabilities	<u>122,031</u>	<u>103,157</u>
Long-term Liabilities		
Note payable (Note 15)	674,841	841,862
Less current portion	<u>(19,857)</u>	<u>(22,945)</u>
Total Long-term Liabilities	<u>654,984</u>	<u>818,917</u>
Net Assets		
Unrestricted — undesignated	1,725,336	1,692,614
— designated (Note 8)	500,000	325,448
Temporarily restricted (Note 7)	<u>5,248,315</u>	<u>4,316,688</u>
Total Net Assets	<u>7,473,651</u>	<u>6,334,750</u>
Total Liabilities and Net Assets	<u>\$ 8,250,666</u>	<u>\$ 7,256,824</u>

The accompanying notes are an integral part of these financial statements.

**I Have a Dream® Foundation of Boulder County, Inc.**  
**Consolidated Statements of Activities**  
**For the Years Ended December 31, 2016 and 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
<b>Support</b>				
Special events	\$ 242,294	\$ 496,039	\$ 738,333	\$ 581,439
Cash/grant contributions (Note 2)	1,537,231	1,175,371	2,712,602	2,128,434
In-kind contributions (Note 5)	376,765	-	376,765	343,895
Investment income (Note 9)	-	124,558	124,558	4,160
Miscellaneous income	1,225	-	1,225	9,651
Rental income	23,598	-	23,598	44,141
Release from restrictions (Note 7)	<u>864,341</u>	<u>(864,341)</u>	<u>-</u>	<u>-</u>
Total Support	<u>3,045,454</u>	<u>931,627</u>	<u>3,977,081</u>	<u>3,111,720</u>
<b>Expenses</b>				
Program services	2,375,035	-	2,375,035	1,980,573
Supporting services	346,632	-	346,632	328,477
Fundraising	<u>116,513</u>	<u>-</u>	<u>116,513</u>	<u>109,163</u>
Total Expenses	<u>2,838,180</u>	<u>-</u>	<u>2,838,180</u>	<u>2,418,213</u>
<b>Increase in Net Assets</b>	207,274	931,627	1,138,901	693,507
<b>Net Assets—Beginning of Year</b>	<u>2,018,062</u>	<u>4,316,688</u>	<u>6,334,750</u>	<u>5,641,243</u>
<b>Net Assets—End of Year</b>	<u>\$2,225,336</u>	<u>\$5,248,315</u>	<u>\$7,473,651</u>	<u>\$6,334,750</u>

The accompanying notes are an integral part of these financial statements.

**I Have a Dream® Foundation of Boulder County, Inc.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Change in Cash</b>		
Net Cash from Operating Activities:		
Cash received from donors	\$3,441,892	\$2,731,476
Cash received from rents	23,598	44,141
Cash paid to suppliers, employees and program expenses	<u>(2,445,223)</u>	<u>(1,978,518)</u>
Net Cash from Operating Activities	<u>1,020,267</u>	<u>797,099</u>
Cash Flows from Investing Activities		
Net (purchase) of investments	(849,609)	(253,394)
(Purchase) of fixed assets	<u>(117,974)</u>	<u>(1,277,015)</u>
Net Cash from Investing Activities	<u>(967,583)</u>	<u>(1,530,409)</u>
Cash Flows from Financing Activities		
Proceeds from note payable	-	841,862
Principal payments on notes payable	<u>(167,021)</u>	<u>-</u>
Net Cash from Financing Activities	<u>(167,021)</u>	<u>841,862</u>
Net Change in Cash	(114,337)	108,552
Cash—Beginning of Year	<u>1,539,046</u>	<u>1,430,494</u>
Cash—End of Year	<u>\$1,424,709</u>	<u>\$1,539,046</u>
<b>Reconciliation of Change in Net Assets to</b>		
<b>Net Cash from Operating Activities:</b>		
Operating income	<u>\$1,138,901</u>	<u>\$ 693,507</u>
Adjustments to reconcile operating income to net cash used for operating activities:		
Depreciation	14,226	40,220
Unrealized (gain) loss on investments	(82,018)	44,351
(Gain) on disposal of assets	(885)	-
Net changes in assets and liabilities:		
Accounts receivable	(51,923)	(36,559)
Security deposits	-	4,342
Prepaid expenses	(19,996)	11,537
Accounts payable	16,464	25,609
Tenant deposits	(1,100)	(350)
Accrued compensated absences & payroll liabilities	6,600	6,308
Property taxes payable	2,198	5,934
Income taxes payable	<u>(2,200)</u>	<u>2,200</u>
Total Adjustments	<u>(118,634)</u>	<u>103,592</u>
<b>Net Cash from Operating Activities</b>	<u>\$1,020,267</u>	<u>\$ 797,099</u>

Noncash items of \$376,765 (2016) and \$343,895 (2015) for in-kind transactions have been eliminated from the above activity.

The accompanying notes are an integral part of these financial statements.

**I Have a Dream® Foundation of Boulder County, Inc.**  
**Consolidated Statements of Functional Expenses**  
**For the Year Ended December 31, 2016**

	<b>Program Services</b>	<b>Supporting Services</b>	<b>Fundraising</b>	<b>Total</b>
Academic/enrichment activities	\$ 232,287	\$ -	\$ -	\$ 232,287
AmeriCorps expenses	587,083	-	-	587,083
Bad debts	-	-	4,950	4,950
Computer lab	14,226	-	-	14,226
Consultants	-	-	26,150	26,150
Depreciation	43,544	14,515	-	58,058
Dues, fees and memberships	14,481	1,366	-	15,847
Food and venue	-	-	61,147	61,147
Insurance	24,611	3,133	-	27,744
Interest	12,831	12,831	-	25,661
Meetings, trainings and workshops	17,134	8,572	-	25,706
Miscellaneous	1,497	19,647	-	21,144
Occupancy	8,841	9,169	-	18,010
Office supplies	9,111	11,066	5,224	25,401
Photo and video	-	-	9,416	9,416
Postage	1,292	3,969	3,726	8,987
Professional services	10,009	10,601	-	20,610
Program education & recruitment	5,842	-	-	5,842
Salaries and related costs	1,107,337	246,706	-	1,354,043
Social/cultural activities	25,493	-	-	25,493
Telephone	9,296	611	-	9,907
Transportation and travel	32,404	4,447	-	36,851
T-Shirts	-	-	5,900	5,900
Subtotal	2,157,318	346,632	116,513	2,620,463
<b>Scholarship expenses</b>				
I Have A Dream scholarships	116,504	-	-	116,504
Other scholarships	85,175	-	-	85,175
Investment management fees	16,038	-	-	16,038
Scholarship expenses total	217,717	-	-	217,717
Total Expenses	\$ 2,375,035	\$ 346,632	\$ 116,513	\$ 2,838,180

The accompanying notes are an integral part of these financial statements.



**I Have a Dream® Foundation of Boulder County, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended 2015**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total</u>
Academic/enrichment activities	\$ 196,160	\$ -	\$ -	\$ 196,160
AmeriCorps expenses	490,503	-	-	490,503
Bad debts	-	-	5,368	5,368
Computer lab	14,293	-	-	14,293
Consultants	-	-	5,394	5,394
Depreciation	30,165	10,055	-	40,220
Dues, fees and memberships	13,926	1,977	-	15,903
Food and venue	-	-	75,155	75,155
Income taxes - unrelated business income	-	2,200	-	2,200
Insurance	23,399	3,875	-	27,274
Interest	13,176	13,176	-	26,352
Meetings, trainings and workshops	13,305	9,974	-	23,279
Miscellaneous	2,304	20,952	-	23,256
Occupancy	28,091	28,091	-	56,182
Office supplies	7,773	14,744	2,214	24,731
Photo and video	-	-	15,557	15,557
Postage	1,988	2,166	2,854	7,008
Printing	-	-	906	906
Professional services	5,147	9,919	-	15,066
Program recruitment	3,562	-	-	3,562
Salaries and related costs	834,531	206,727	-	1,041,258
Social/cultural activities	19,291	-	-	19,291
Telephone	7,204	1,323	-	8,527
Transportation and travel	28,185	3,298	-	31,483
T-shirts	-	-	1,716	1,716
Subtotal	<u>1,733,003</u>	<u>328,477</u>	<u>109,163</u>	<u>2,170,644</u>
<b>Scholarship expenses</b>				
I Have A Dream scholarships	166,820	-	-	166,820
Other scholarships	65,309	-	-	65,309
Investment management fees	15,441	-	-	15,441
Scholarship expenses total	<u>247,570</u>	<u>-</u>	<u>-</u>	<u>247,570</u>
Total	<u>\$ 1,980,573</u>	<u>\$ 328,477</u>	<u>\$ 109,163</u>	<u>\$ 2,418,213</u>

The accompanying notes are an integral part of these financial statements.

# I Have a Dream<sup>®</sup> Foundation of Boulder County, Inc.

## Notes to Financial Statements

### December 31, 2016 and 2015

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#### 1. Organization

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##### Organization

I Have a Dream<sup>®</sup> Foundation of Boulder County, Inc. (the “Organization”) was formed in 1990 to facilitate and promote life-long learning, school success, and self-sufficiency through extensive educational and support services. Low-income, at-risk youth are selected to receive post-secondary school scholarships and the long-term support needed to stay in school and achieve their personal academic and vocational goals.

Manhattan Circle LLC was formed in 2015 to own and lease the building occupied by the Organization. It is a wholly owned subsidiary of the Organization. An additional unit within the building is leased by an unrelated third party.

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#### 2. Summary of Significant Accounting Policies

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##### Principles of Consolidation

The consolidated financial statements include the accounts of I Have a Dream<sup>®</sup> Foundation of Boulder County, Inc. and its wholly owned subsidiary Manhattan Circle, LLC.

##### Cash and Cash Equivalents

The Organization considers all highly liquid unrestricted investments with an initial maturity of three months or less to be cash equivalents.

Cash deposits are held in several institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

At year ended, December 31, 2016, the Organization had a cash and certificate of deposit carrying value of \$1,628,338, bank balances of \$1,660,715, of which \$1,373,805 was fully insured by the FDIC limits.

##### Investments

Accounting standards for investments provide a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

**I Have a Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

**2. Summary of Significant Accounting Policies (continued)**

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investments are composed of various types of investments, and are carried at fair value as of December 31, 2016 and 2015, respectively, as follows:

	<b>2016</b>	<b>2015</b>
<b><u>Level 1</u></b>		
Mutual Funds	\$5,088,520	\$4,156,931
Certificates of Deposit	153,115	153,080
Money Market	<u>6,680</u>	<u>6,677</u>
Total Investments	<u>\$5,248,315</u>	<u>\$4,316,688</u>

**Accounts Receivable**

Accounts receivable are stated at unpaid balances, less any allowances for doubtful accounts. Allowances are based on experience and other circumstances that may affect the ability of donors to meet obligations. As of December 31, 2016 and 2015, management has determined that no allowance is necessary.

**Property and Equipment**

Property and equipment are stated at cost for purchased items over \$1,000 and at fair market value at date of gift for donated items, net of accumulated depreciation

**I Have a Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2016 and 2015**

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**2. Summary of Significant Accounting Policies (continued)**

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Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis using the following estimated useful lives:

	<b>Life in Years</b>
Building and Improvements	39
Vehicles	5
Computers and Equipment	5

**Grants**

Most grant income is immediately recorded as temporarily restricted income and released as expenditures can be matched. In some cases, grants are promised based on an after the fact submission of actual expenses. In these cases, income is not recognized until it can be matched against the specific expenditures which are to be submitted for reimbursement.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities.

In 2015, The Organization formed a wholly owned limited liability company which acts as lessor of the building occupied by the Organization. Net rental income from two unrelated tenants is subject to tax on unrelated business income. At December 31, 2015, the Organization recorded a tax liability of \$2,200 on this unrelated business activity. At December 31, 2016, the Organization had one unrelated tenant in the building and occupied a majority of the building for purposes of the unrelated business income calculation; therefore no unrelated business income tax is due. No liability for income tax has been recorded at December 31, 2016. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal tax returns (Form 990) for 2016 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

**Use of Estimates**

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**I Have a Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2016 and 2015**

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**2. Summary of Significant Accounting Policies (continued)**

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**Prior Year Presentation**

Certain 2015 balances have been reclassified in order to conform with current year presentation.

**Recently Issued Accounting Pronouncements**

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers. The objective of this update is to provide a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance. This new standard will primarily apply to exchange transactions for non-profit organizations. This update is effective in annual reporting periods beginning after December 15, 2017. The Company is evaluating the impact of this update on the Company's financial statements.

In August 2016, the FASB issued Accounting Standards Update (“ASU”) No.2016-14, Presentation of Financial Statements for Not-for-Profit-Entities. The objective of this update is to improve current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. The changes outlined in this pronouncement are phase one of a two phase project. ASU 2016-14 is effective for annual financial statements issued after December 31, 2017 or for interim periods within fiscal years beginning after December 15, 2018. The Organization is assessing the impact of these changes on the financial statements.

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**3. Unconditional Promise to Give and Accounts Receivable**

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On the statement of financial position, unconditional promise to give from various sponsors, as of December 31, 2016 and 2015 were \$92,495 and \$63,423, respectively. All amounts are receivable within one year.

On the statement of financial position, accounts receivable as of December 31, 2016 and 2015 were \$53,674 and \$30,823, respectively. All amounts are receivable within one year.

**I Have a Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2016 and 2015**

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**4. Property and Equipment**

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Property and equipment consists of the following items at December 31, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Land	\$ 475,000	\$475,000
Building and improvements	791,948	736,831
Computers and equipment	112,853	105,936
Vehicles	282,735	229,035
Less accumulated depreciation	<u>(312,446)</u>	<u>(257,513)</u>
Net property and equipment	<u>\$ 1,350,090</u>	<u>\$ 1,289,289</u>

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**5. In-Kind Contributions**

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The Organization receives equipment and services in substantial amounts in furtherance of various programs. These items are recorded in the financial records as they relate to ongoing activities and if an objective value can be assigned. The following amounts have been recorded in the financial statements for the years ended December 31, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
AmeriCorps Volunteers	\$ 326,765	\$293,895
America Reads	<u>50,000</u>	<u>50,000</u>
Total in-kind contributions	<u>\$ 376,765</u>	<u>\$ 343,895</u>

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**6. Related Party Transactions**

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During 2016 and 2015, board members made cash contributions of \$171,820 and \$263,361, respectively.

The owner of a leased office space is a Board member. Management has determined that the leased space is in line with competitive market rates. The organization leased this space through May 2015.

A Board member of the Organization is the Market President at Guaranty Bank and Trust, where the Organization secured financing to purchase their building. This loan was refinanced in 2016. The Organization went through the loan application process with various banks.

**I Have a Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2016 and 2015**

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**7. Temporarily Restricted Net Assets**

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Temporarily restricted net assets, consisting of contributions designated for future use for scholarships and long-term program operating, for the years ended December 31, 2016 and 2015 are listed below by class:

	<b>2016</b>	<b>2015</b>
Iris scholarships	\$ 375,662	\$ 255,094
Casa scholarships	84,513	125,938
Sanchez scholarships	41,248	110,088
Columbine scholarships	123,275	198,128
Phoenix scholarships	494,714	363,567
Eagle scholarships	346,584	317,786
Ryan scholarships	346,585	317,786
Reserve scholarships	13,133	13,113
Dakota scholarships	6,680	6,677
Aspen scholarships	347,514	283,000
Rocky Mountain scholarships	320,024	256,894
Oak scholarships	354,949	247,314
Programs and operations	<u>2,393,434</u>	<u>1,821,303</u>
Total	<u>\$ 5,248,315</u>	<u>\$ 4,316,688</u>

Net assets in the amount of \$864,341 and \$1,042,571 were released from restrictions during 2016 and 2015, respectively, by incurring expenses satisfying the purpose or time restrictions specified by donors.

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**8. Board Designated Funds**

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The Board designated amounts reflect the Board requirement of 3 months of budgeted cash program expenses, excluding in-kind and depreciation expenses, as a cash operating reserve. The undesignated funds represent the cash reserves on hand over that requirement. As of December 31, 2016 and 2015 the board designated up to \$500,000 and \$325,448, respectively.

**I Have a Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2016 and 2015**

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**9. Investment Income**

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Temporarily restricted investment gains, consisting of funds designated for future use, consisted of the following for the years ended December 31, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Interest and dividends	\$ 53,506	\$ 48,283
Gains/(losses)	<u>71,052</u>	<u>(44,351)</u>
Total temporarily restricted investment income	<u>\$ 124,558</u>	<u>\$ 3,932</u>

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**10. Employee Benefit Plan**

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Employees who work 30 or more hours per week are eligible to participate in a 403(b) employee benefit program after one year of employment. The Organization contributes 3% of an eligible employee's base salary toward the plan. Employees are fully vested upon four years of participation in the plan. Total contributions to the plan by the Organization for the years ended December 31, 2016 and 2015 were \$19,122 and \$13,705, respectively.

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**11. Commitments**

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The Organization has one copy machine lease. This lease calls for total monthly payments of \$385. In October of 2014, the Organization upgraded their copier lease and refinanced it for \$349 a month for 63 months, with a \$1 purchase option. Lease expense on the copier lease for 2016 and 2015 was \$4,090 and \$4,100, respectively. Over the next 4 years, the annual lease payments will be \$4,188, ending in 2020.

During 2004, the Organization entered into an operating lease for office space. The lease commenced on January 1, 2005. The lease was extended for five years through an amendment signed in November 2009 that commenced January 1, 2010, which required monthly payments of \$3,537, inclusive of tax and utilities, until December 31, 2014.

As of January 2015, the Organization extended the agreement to a month to month lease until May 2015, with monthly payments of \$3,874. The office space was leased from a member of the board of directors.

A portion of the leased space was subleased to an unaffiliated not-for-profit organization through May 2015. For 2015, sublease income was \$7,425.

Rent expense for 2016 and 2015 was \$0 and \$13,958, respectively.



**I Have a Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2016 and 2015**

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**12. Conditional Promises to Give—The Community Foundation of Boulder County**

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During 2001, I Have A Dream entered into agreements with The Community Foundation, which established two designated agency endowment funds in which the Organization is the beneficiary. The Community Foundation collects cash gifts on behalf of the Organization and manages the assets. The Organization receives the net income on the endowment funds. At December 31, 2016, the balances in The Community Foundation endowment funds were \$102,058 and \$65,370 and the total 2016 net investment gains were \$5,067. At December 31, 2015, the balances in The Community Foundation endowment funds were \$103,967 and \$66,611, and the total 2015 net investment gains were \$3,937.

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**13. Contingencies**

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I Have A Dream is committed to fund "last dollar" tuition-assistance scholarships through the contributions of sponsors. The Organization anticipates that this will be funded through additional sponsor contributions and general fundraising efforts. The Organization's most recent scholarship projections indicate no additional funds will be needed to cover scholarship disbursement obligations through 2018; however, this projection is based on assumptions of future contributions and market returns and can change.

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**14. Special Events**

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I Have A Dream raised \$621,820 from Special Events in 2016. The proceeds from the Dream Maker Luncheon and Dream Maker Breakfast of \$496,039 were designated for programming services.

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**15. Note Payable**

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On January 30, 2015, the Organization formed a wholly owned limited liability company which purchased a new office building in Boulder, Colorado for \$1,150,979 and financed the building through Guaranty Bank and Trust. The Organization refinanced the loan in October 2016 for a new principal balance of \$678,077. The loan extends through January 2025, with a fixed rate of 3.25% until February 2019, when the rate increases to 3.950% for the remainder of the term. The note includes a balloon payment in January 2025 of \$506,237. The Organization renovated the building in April of 2015 for a total of \$61,831, which are capitalized with the cost of the building. Additional renovations took place in 2016, funded by a capital campaign.

**I Have a Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2016 and 2015**

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**15. Note Payable (continued)**

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Following is a schedule of the future loan payments:

Years ending December 31:

2017	\$ 19,857
2018	20,522
2019	19,714
2020	20,296
2021	21,193
Thereafter	<u>573,259</u>
Less current portion	(19,857)
<b>Total Long-term note payable</b>	<b><u>\$ 654,984</u></b>

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**16. Leasing Activities**

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In 2015, the Organization's wholly owned subsidiary, Manhattan Circle LLC, leased two office suites to unrelated entities under operating leases. The leases were gross leases and the lease terms ended in June 2016 and November 2016. One tenant vacated their suite in June 2016 and the second lease was renewed in July 2016 and extended through November 2018. Minimum future rental income on the noncancelable operating lease totals \$18,675 in 2017 and \$17,875 in 2018.

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**17. Subsequent Events**

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Subsequent events were evaluated through August 9, 2017, which is the date the financial statements were available to be issued.

**I Have a Dream® Foundation of Boulder County, Inc.**

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**Supplemental Information**

**I Have a Dream® Foundation of Boulder County, Inc.**  
**Consolidating Information—Statement of Financial Position**  
**December 31, 2016**

	<b>I Have a Dream® Foundation of Boulder County, Inc.</b>	<b>Manhattan Circle LLC</b>	<b>Eliminations</b>	<b>Consolidated Total</b>
<b>ASSETS</b>				
Cash	\$1,389,839	\$ 78,702	\$ -	\$ 1,468,541
Accounts receivable	53,674	-	-	53,674
Prepaid expenses	37,551	-	-	37,551
Unconditional promises to give	92,495	-	-	92,495
Investment in subsidiary	627,776	-	(627,776)	-
Scholarship investments	2,960,809	-	-	2,960,809
Temporarily restricted program investments	2,134,391	-	-	2,134,391
Temporarily restricted certificates of deposit	153,115	-	-	153,115
Property and equipment, net	<u>119,043</u>	<u>1,231,047</u>	<u>-</u>	<u>1,350,090</u>
Total assets	<u>\$7,568,693</u>	<u>\$ 1,309,749</u>	<u>\$ (627,776)</u>	<u>\$ 8,250,666</u>
<b>Liabilities and Net Assets</b>				
<b>LIABILITIES</b>				
Accounts payable, trade	\$ 67,593	\$ -	\$ -	\$ 67,593
Tenant deposits	-	1,200	-	1,200
Accrued compensated absences & payroll liabilities	25,249	-	-	25,249
Property taxes payable	2,200	5,932	-	8,132
Note payable	<u>-</u>	<u>674,841</u>	<u>-</u>	<u>674,841</u>
Total liabilities	<u>95,042</u>	<u>681,973</u>	<u>-</u>	<u>777,015</u>
<b>NET ASSETS</b>				
Unrestricted				
Undesignated	\$1,097,560	\$ -	\$ -	\$ 1,097,560
Designated	500,000	-	-	500,000
Equity in earnings of consolidated entity	<u>627,776</u>	<u>-</u>	<u>(627,776)</u>	<u>-</u>
Total unrestricted	<u>2,225,336</u>	<u>627,776</u>	<u>(627,776)</u>	<u>2,225,336</u>
Temporarily restricted	<u>5,248,315</u>	<u>-</u>	<u>-</u>	<u>5,248,315</u>
Total net assets	<u>7,473,651</u>	<u>627,776</u>	<u>(627,776)</u>	<u>7,473,651</u>
Total liabilities and net assets	<u>\$7,568,693</u>	<u>\$ 1,309,749</u>	<u>\$ (627,776)</u>	<u>\$ 8,250,666</u>

**I Have a Dream® Foundation of Boulder County, Inc.**  
**Consolidating Information—Statement of Activities**  
**For the Year Ended December 31, 2016**

	<b>I Have a Dream® Foundation of Boulder County, Inc.</b>	<b>Manhattan Circle LLC</b>	<b>Eliminations</b>	<b>Consolidated Total</b>
<b>Unrestricted Support</b>				
Special events	\$ 242,294	\$ -	\$ -	\$ 242,294
Cash/grant contributions	1,384,231	153,000	-	1,537,231
In-kind contributions	376,765	-	-	376,765
Miscellaneous income	1,225	-	-	1,225
Rental income	1,470	71,928	(49,800)	23,598
Release from restrictions	864,341	-	-	864,341
<b>Total Support</b>	<u>2,870,326</u>	<u>224,928</u>	<u>(49,800)</u>	<u>3,045,454</u>
<b>Expenses</b>				
Program Services	2,400,435	-	(25,400)	2,375,035
Management and general	325,332	45,700	(24,400)	346,632
Fundraising	116,513	-	-	116,513
<b>Total expenses</b>	<u>2,842,280</u>	<u>45,700</u>	<u>(49,800)</u>	<u>2,838,180</u>
Change in unrestricted net assets	<u>28,046</u>	<u>179,228</u>	<u>-</u>	<u>207,274</u>
<b>Temporarily Restricted</b>				
Contributions	1,795,968	-	-	1,795,968
Net assets released from restrictions	(864,341)	-	-	(864,341)
<b>Change in temporarily restricted net assets</b>	<u>931,627</u>	<u>-</u>	<u>-</u>	<u>931,627</u>
<b>Change in Net Assets</b>	959,673	179,228	-	1,138,901
<b>Net Assets, Beginning of Year</b>	<u>5,886,202</u>	<u>448,548</u>	<u>-</u>	<u>6,334,750</u>
<b>Net Assets, End of Year</b>	<u>\$ 6,845,875</u>	<u>\$ 627,776</u>	<u>\$ -</u>	<u>\$ 7,473,651</u>