

**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, 2017 and 2016**

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**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

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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, 2017 and 2016, 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, 2017 and 2016, 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.



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***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 8, 2018

**I Have A Dream® Foundation of Boulder County, Inc.**  
**Consolidated Statements of Financial Position**  
**As of December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current Assets		
Cash (Note 2)	\$ 2,296,752	\$ 1,468,541
Accounts receivable (Note 3)	26,608	53,674
Unconditional promise to give (Note 3)	89,183	92,495
Prepaid expenses	<u>8,259</u>	<u>37,551</u>
Total Current Assets	<u>2,420,802</u>	<u>1,652,261</u>
Scholarship investments (Note 2)	4,546,258	2,960,809
Temporarily restricted program investments	2,114,265	2,134,391
Temporarily restricted certificates of deposit	153,678	153,115
Property and Equipment- Net (Note 4)	<u>1,320,323</u>	<u>1,350,090</u>
Total Assets	<u>\$ 10,555,326</u>	<u>\$ 8,250,666</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 48,840	\$ 67,593
Tenant deposits	1,200	1,200
Accrued compensated absences & payroll liabilities	24,204	25,249
Property taxes payable	2,200	8,132
Current portion of note payable	<u>20,522</u>	<u>19,857</u>
Total Current Liabilities	<u>96,966</u>	<u>122,031</u>
Long-term Liabilities		
Note payable (Note 14)	654,984	674,841
Less current portion	<u>(20,522)</u>	<u>(19,857)</u>
Total Long-term Liabilities	<u>634,462</u>	<u>654,984</u>
Net Assets		
Unrestricted — undesignated	2,509,697	1,725,336
— designated (Note 8)	500,000	500,000
Temporarily restricted (Note 7)	<u>6,814,201</u>	<u>5,248,315</u>
Total Net Assets	<u>9,823,898</u>	<u>7,473,651</u>
Total Liabilities and Net Assets	<u>\$ 10,555,326</u>	<u>\$ 8,250,666</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, 2017 and 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>Total 2016</u>
<b>Support</b>				
Special events	\$ 524,662	\$ 231,715	\$ 756,377	\$ 738,333
Cash contributions (Note 2)	1,452,503	1,855,025	3,307,528	2,212,540
Grants (Note 2)	-	575,905	575,905	492,711
Investment income (Note 9)	-	398,936	398,936	124,558
In-kind contributions (Note 5)	483,769	98,391	582,160	384,116
Miscellaneous income	13,214	-	13,214	1,225
Rental income	23,405	-	23,405	23,598
Release from restrictions (Note 7)	<u>1,594,086</u>	<u>(1,594,086)</u>	<u>-</u>	<u>-</u>
Total Support	<u>4,091,639</u>	<u>1,565,886</u>	<u>5,657,525</u>	<u>3,977,081</u>
<b>Expenses</b>				
Program services	2,780,605	-	2,780,605	2,375,035
<u>Supporting services</u>				
Management and general	289,983	-	289,983	224,677
Fundraising	<u>236,690</u>	<u>-</u>	<u>236,690</u>	<u>238,466</u>
Total Expenses	<u>3,307,278</u>	<u>-</u>	<u>3,307,278</u>	<u>2,838,180</u>
<b>Increase in Net Assets</b>	784,361	1,565,886	2,350,247	1,138,901
<b>Net Assets—Beginning of Year</b>	<u>2,225,336</u>	<u>5,248,315</u>	<u>7,473,651</u>	<u>6,334,750</u>
<b>Net Assets—End of Year</b>	<u>\$3,009,697</u>	<u>\$6,814,201</u>	<u>\$ 9,823,898</u>	<u>\$7,473,651</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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Change in Cash</b>		
Net Cash from Operating Activities:		
Cash received from donors	\$5,271,378	\$3,862,489
Cash received from rents	23,405	23,598
Cash paid to suppliers, employees and program expenses	<u>(3,236,460)</u>	<u>(2,821,988)</u>
Net Cash from Operating Activities	<u>2,058,323</u>	<u>1,064,099</u>
Cash Flows from Investing Activities		
Net (purchase) of investments	(1,172,766)	(849,609)
(Purchase) of fixed assets	<u>(37,489)</u>	<u>(117,974)</u>
Net Cash from Investing Activities	<u>(1,210,255)</u>	<u>(967,583)</u>
Cash Flows from Financing Activities		
Principal payments on notes payable	<u>(19,857)</u>	<u>(167,021)</u>
Net Cash from Financing Activities	<u>(19,857)</u>	<u>(167,021)</u>
Net Change in Cash	828,211	(70,505)
Cash—Beginning of Year	<u>1,468,541</u>	<u>1,539,046</u>
Cash—End of Year	<u>\$2,296,752</u>	<u>\$1,468,541</u>
<b>Reconciliation of Change in Net Assets to</b>		
<b>Net Cash from Operating Activities:</b>		
Operating income	<u>\$2,350,247</u>	<u>\$1,138,901</u>
Adjustments to reconcile operating income to net cash used for operating activities:		
Depreciation	67,256	14,226
Non-cash contributions	(98,391)	(7,351)
Unrealized (gain) loss on investments	(294,729)	(82,018)
(Gain) on disposal of assets	-	(885)
Net changes in assets and liabilities:		
Accounts receivable	30,378	(740)
Prepaid expenses	29,292	(19,996)
Accounts payable	(18,753)	16,464
Tenant deposits	-	(1,100)
Accrued compensated absences & payroll liabilities	(1,045)	6,600
Property taxes payable	(5,932)	2,198
Income taxes payable	<u>-</u>	<u>(2,200)</u>
Total Adjustments	<u>(291,924)</u>	<u>(74,802)</u>
<b>Net Cash from Operating Activities</b>	<u><u>\$2,058,323</u></u>	<u><u>\$1,064,099</u></u>

Noncash items of \$582,160 (2017) and \$376,765 (2016) 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, 2017**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Academic/enrichment activities	\$ 238,914	\$ -	\$ -	\$ 238,914
AmeriCorps expenses	655,551	-	-	655,551
Bank fees	-	22,075	-	22,075
Computer lab	15,675	-	-	15,675
Depreciation	46,572	20,684	-	67,256
Dues, fees and memberships	10,938	2,046	385	13,369
Food and venue	-	-	65,826	65,826
Insurance	30,784	4,991	-	35,775
Interest	10,969	10,969	-	21,938
Marketing	-	-	21,509	21,509
Meetings, trainings and workshops	17,949	11,256	-	29,205
Occupancy	7,522	22,854	-	30,376
Office supplies	14,027	20,630	7,416	42,073
Postage	120	1,794	-	1,914
Professional services	3,520	26,497	11,717	41,734
Program education & recruitment	4,165	-	-	4,165
Salaries and related costs	1,324,014	143,897	129,837	1,597,748
Social/cultural activities	29,665	-	-	29,665
Technology equipment and support	23,300	-	-	23,300
Telephone	9,725	1,538	-	11,263
Transportation and travel	40,746	752	-	41,498
Subtotal	2,484,156	289,983	236,690	3,010,829
<b>Scholarship expenses</b>				
I Have A Dream scholarships	84,358	-	-	84,358
Other scholarships	114,956	-	-	114,956
COSI scholarships	78,522	-	-	78,522
Investment management fees	18,613	-	-	18,613
Scholarship expenses total	296,449	-	-	296,449
Total Expenses	<u>\$ 2,780,605</u>	<u>\$ 289,983</u>	<u>\$ 236,690</u>	<u>\$ 3,307,278</u>

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 2016**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Academic/enrichment activities	\$ 232,287	\$ -	\$ -	\$ 232,287
AmeriCorps expenses	587,083	-	-	587,083
Bad debts	-	-	4,950	4,950
Bank fees	-	15,760	-	15,760
Computer lab	14,226	-	-	14,226
Depreciation	43,544	14,515	-	58,059
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	-	25,662
Marketing	-	-	15,316	15,316
Meetings, trainings and workshops	17,134	8,572	-	25,706
Miscellaneous	1,497	3,885	-	5,382
Occupancy	8,841	9,169	-	18,010
Office supplies	9,111	11,066	5,224	25,401
Postage	1,292	3,969	3,726	8,987
Professional services	10,009	10,601	26,150	46,760
Program recruitment	5,842	-	-	5,842
Salaries and related costs	1,107,337	124,753	121,953	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
Subtotal	<u>2,157,318</u>	<u>224,677</u>	<u>238,466</u>	<u>2,620,463</u>
<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	<u>217,717</u>	<u>-</u>	<u>-</u>	<u>217,717</u>
Total	<u>\$ 2,375,035</u>	<u>\$ 224,677</u>	<u>\$ 238,466</u>	<u>\$ 2,838,180</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, 2017 and 2016

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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, whose lease ended in April 2018.

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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, 2017, the Organization had cash and certificates of deposit with a carrying value of \$2,050,433, bank balances of \$1,846,742, of which \$1,714,542 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, 2017 and 2016

## 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, 2017 and 2016, respectively, as follows:

	2017	2016
<b><u>Level 1</u></b>		
Mutual Funds	\$6,653,839	\$5,088,555
Certificates of Deposit	153,678	153,080
Money Market	<u>6,684</u>	<u>6,680</u>
Total Investments	<u>\$6,814,201</u>	<u>\$5,248,315</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, 2017 and 2016, 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, 2017 and 2016**

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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 and applicable state law.

In 2015, The Organization formed a wholly owned limited liability company which acts as lessor of the building occupied by the Organization. The Organization occupied a majority of the building for purposes of the unrelated business income calculation; therefore no liability for unrelated business income tax is recorded at December 31, 2017 and 2016. As of April 2018, the LLC no longer receives rental income from unrelated lessors.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax 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. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT).

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement.

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.

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

## Notes to Financial Statements, continued

### December 31, 2017 and 2016

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

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There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2017 and 2016.

The Organization files forms 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2017.

### **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.

### **Prior Year Presentation**

Certain 2016 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, 2018. 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.

**I Have A Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2017 and 2016**

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

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In June 2018, the FASB ASU No. 2018-08, Not-for-Profit-Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The objective of this update is to provide clarifying guidance on accounting for transactions as contributions, which fall within the scope of Topic 958, or as exchange transactions, which are subject to other guidance. This update also provides clarifying guidance regarding whether a contribution is conditional. As a result of this guidance, most Federal, state, or local grant revenue will be accounted for under the contribution accounting model, which provides accounting relief from the extensive disclosures required under the new revenue recognition standards. ASU 2018-08 is effective for annual financial statements issued after December 31, 2018. The Organization is evaluating 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, 2017 and 2016 were \$89,183 and \$92,495, respectively. All amounts are receivable within one year.

On the statement of financial position, accounts receivable as of December 31, 2017 and 2016 were \$26,608 and \$53,674, respectively. All amounts are receivable within one year.

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**4. Property and Equipment**

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Property and equipment consists of the following items at December 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Land	\$ 475,000	\$475,000
Building and improvements	802,939	791,948
Computers and equipment	112,853	112,853
Vehicles	309,235	282,735
Less accumulated depreciation	<u>(379,704)</u>	<u>(312,446)</u>
Net property and equipment	<u>\$ 1,320,323</u>	<u>\$ 1,350,090</u>

**I Have A Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2017 and 2016**

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**5. In-Kind Contributions**

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The Organization receives equipment, investments, 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, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
AmeriCorps Volunteers	\$433,769	\$326,765
America Reads	50,000	50,000
Donated investments	<u>98,391</u>	<u>7,351</u>
Total in-kind contributions	<u>\$582,160</u>	<u>\$384,116</u>

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**6. Related Party Transactions**

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During 2017 and 2016, board members made cash contributions of \$194,915 and \$171,820, respectively.

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 modified in 2016. The Organization went through the loan application process with various banks.

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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, 2017 and 2016 are listed below by class:

**I Have A Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2017 and 2016**

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**7. Temporarily Restricted Net Assets (continued):**

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Net assets in the amount of \$1,594,086 and \$864,341 were released from restrictions during 2017 and 2016, respectively, by incurring expenses satisfying the purpose or time restrictions specified by donors.

	<u>2017</u>	<u>2016</u>
Programs and operations	\$1,772,337	\$2,393,434
Harvey memorial fund	614,619	-
Phoenix scholarships	552,730	494,714
Oak scholarships	399,211	354,949
Ryan scholarships	394,498	346,585
Eagle scholarships	394,497	346,584
Aspen scholarships	392,885	347,514
Iris scholarships	381,774	375,662
Rocky Mountain scholarships	361,743	320,024
Elk scholarships	317,112	-
Carbon Valley scholarships	267,085	-
LaVista scholarships	267,085	-
Alicia scholarships	249,733	-
COSI scholarships	234,044	-
Columbine scholarships	101,370	123,275
Casa scholarships	76,317	84,513
Sanchez scholarships	17,259	41,248
Reserve scholarships	13,218	13,133
Dakota scholarships	6,684	6,680
Total	<u>\$6,814,201</u>	<u>\$5,248,315</u>

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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 or \$500,000, whichever is less, 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, 2017 and 2016 the board designated \$500,000.

**I Have A Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2017 and 2016**

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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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 79,114	\$ 53,506
Realized gains/ (losses)	25,093	(10,966)
Unrealized gains	<u>294,729</u>	<u>82,018</u>
Total investment income	<u>\$398,936</u>	<u>\$124,558</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, 2017 and 2016 were \$27,518 and \$19,122, respectively.

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**11. 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, 2017, the balances in The Community Foundation endowment funds were \$108,486 and \$69,487 and the total 2017 net investment gains were \$10,544. 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.

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**12. 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 2023; however, this projection is based on assumptions of future contributions and market returns and can change.

**I Have A Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2017 and 2016**

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**13. Special Events**

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I Have A Dream raised \$756,377 from Special Events in 2017. The gross proceeds from the Dream Maker Luncheon and Dream Maker Breakfast of \$446,556 were designated for programming services.

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**14. 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 modified 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.

Following is a schedule of the future loan payments:

Years ending December 31:		
2018	\$	20,522
2019		19,714
2020		20,296
2021		21,193
2022		22,957
Thereafter		<u>550,302</u>
Less current portion		(20,522)
<b>Total Long-term note payable</b>	<b>\$</b>	<b><u>634,462</u></b>

**I Have A Dream<sup>®</sup> Foundation of Boulder County, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 2017 and 2016**

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**15. Leasing Activities**

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In 2015, the Organization's wholly owned subsidiary, Manhattan Circle LLC, purchased the building at 5390 Manhattan Circle, Boulder, Colorado with two pre-existing lease office suites and was required to honor those leases.

The leases were gross leases with one lease term ending in June 2017 and the other ending in April 2018. I Have A Dream Foundation of Boulder County, Inc. is now the sole occupant of the building. Minimum future rental income on the noncancelable operating lease totals \$6,500 for 2018.

**16. Subsequent Events**

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Subsequent events were evaluated through August 8, 2018, 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, 2017**

	<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	\$ 2,211,883	\$ 84,869	\$ -	\$ 2,296,752
Accounts receivable	26,608	-	-	26,608
Unconditional promises to give	89,183	-	-	89,183
Prepaid expenses	8,259	-	-	8,259
Investment in subsidiary	650,038	-	(650,038)	-
Scholarship investments	4,546,258	-	-	4,546,258
Temporarily restricted program investments	2,114,265	-	-	2,114,265
Temporarily restricted certificates of deposit	153,678	-	-	153,678
Property and equipment, net	98,970	1,221,353	-	1,320,323
Total assets	<u>\$ 9,899,142</u>	<u>\$ 1,306,222</u>	<u>\$ (650,038)</u>	<u>\$ 10,555,326</u>
<b>LIABILITIES</b>				
Accounts payable, trade	\$ 48,840	\$ -	\$ -	\$ 48,840
Tenant deposits	-	1,200	-	1,200
Accrued compensated absences & payroll liabilities	24,204	-	-	24,204
Property taxes payable	2,200	-	-	2,200
Note payable	-	654,984	-	654,984
Total liabilities	<u>75,244</u>	<u>656,184</u>	<u>-</u>	<u>731,428</u>
<b>NET ASSETS</b>				
Unrestricted:				
Undesignated	2,509,697	650,038	(650,038)	2,509,697
Designated	500,000	-	-	500,000
Total unrestricted	<u>3,009,697</u>	<u>650,038</u>	<u>(650,038)</u>	<u>3,009,697</u>
Temporarily restricted	6,814,201	-	-	6,814,201
Total net assets	<u>9,823,898</u>	<u>650,038</u>	<u>(650,038)</u>	<u>9,823,898</u>
Total liabilities and net assets	<u>\$ 9,899,142</u>	<u>\$ 1,306,222</u>	<u>\$ (650,038)</u>	<u>\$ 10,555,326</u>

See independent auditor's report.

**I Have A Dream® Foundation of Boulder County, Inc.**  
**Consolidating Information—Statement of Activities**  
**For the Year Ended December 31, 2017**

	<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	\$ 524,662	\$ -	\$ -	\$ 524,662
Cash/grant contributions	1,441,512	10,991	-	1,452,503
In-kind contributions	483,769	-	-	483,769
Miscellaneous income	13,134	80	-	13,214
Rental income	4,725	60,680	(42,000)	23,405
Release from restrictions	1,594,086	-	-	1,594,086
<b>Total Support</b>	<u>4,061,888</u>	<u>71,751</u>	<u>(42,000)</u>	<u>4,091,639</u>
<b>Expenses</b>				
Program Services	2,801,605	-	(21,000)	2,780,605
Management and general	261,494	49,489	(21,000)	289,983
Fundraising	236,690	-	-	236,690
<b>Total expenses</b>	<u>3,299,789</u>	<u>49,489</u>	<u>(42,000)</u>	<u>3,307,278</u>
Change in unrestricted net assets	<u>762,099</u>	<u>22,262</u>	<u>-</u>	<u>784,361</u>
<b>Temporarily Restricted</b>				
Contributions	3,159,972	-	-	3,159,972
Net assets released from restrictions	(1,594,086)	-	-	(1,594,086)
<b>Change in temporarily restricted net assets</b>	<u>1,565,886</u>	<u>-</u>	<u>-</u>	<u>1,565,886</u>
<b>Change in Net Assets</b>	<u>2,327,985</u>	<u>22,262</u>	<u>-</u>	<u>2,350,247</u>
<b>Net Assets, Beginning of Year</b>	<u>6,845,875</u>	<u>627,776</u>	<u>-</u>	<u>7,473,651</u>
<b>Net Assets, End of Year</b>	<u>\$ 9,173,860</u>	<u>\$ 650,038</u>	<u>\$ -</u>	<u>\$ 9,823,898</u>

See independent auditor's report.