

I Have A Dream[®] Foundation
of Boulder County, Inc. and Subsidiary

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

December 31, 2018 and 2017

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**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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Independent Auditor's Report

To the Board of Directors of
I Have A Dream® Foundation of Boulder County, Inc. and Subsidiary:

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, 2018 and 2017, 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, 2018 and 2017, 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
September 4, 2019

I Have A Dream® Foundation of Boulder County, Inc.
Consolidated Statements of Financial Position
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash (Note 2)	\$ 2,356,809	\$ 2,296,752
Accounts receivable (Note 4)	89,271	26,608
Unconditional promises to give (Note 4)	85,058	89,183
Prepaid expenses	<u>13,341</u>	<u>8,259</u>
Total Current Assets	<u>2,544,479</u>	<u>2,420,802</u>
Scholarship investments (Note 2)	4,370,836	4,546,258
With donor restrictions- program investments	2,457,366	2,114,265
With donor restrictions- certificates of deposit	154,186	153,678
Property and equipment- net (Note 5)	<u>1,437,452</u>	<u>1,320,323</u>
Total Assets	<u>\$ 10,964,319</u>	<u>\$ 10,555,326</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 93,772	\$ 48,840
Tenant deposits	-	1,200
Accrued compensated absences & payroll liabilities	25,918	24,204
Property taxes payable	-	2,200
Current portion of note payable	<u>27,948</u>	<u>20,522</u>
Total Current Liabilities	<u>147,638</u>	<u>96,966</u>
Long-term Liabilities		
Note payable (Note 15)	432,998	654,984
Less current portion	<u>(27,948)</u>	<u>(20,522)</u>
Total Long-term Liabilities	<u>405,050</u>	<u>634,462</u>
Net Assets		
Without donor restrictions		
— undesignated	2,679,243	2,509,697
— Board designated (Note 9)	750,000	500,000
With donor restrictions	<u>6,982,388</u>	<u>6,814,201</u>
Total Net Assets	<u>10,411,631</u>	<u>9,823,898</u>
Total Liabilities and Net Assets	<u>\$ 10,964,319</u>	<u>\$ 10,555,326</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, 2018 and 2017

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Support				
Special events	238,788	475,000	\$ 713,788	\$ 756,377
Cash contributions (Note 2)	244,774	2,248,934	2,493,708	3,405,919
Grants (Note 2)	-	984,223	984,223	575,905
Net investment activity (Note 10)	-	(151,919)	(151,919)	398,936
In-kind contributions (Note 6)	534,396	-	534,396	483,769
Miscellaneous income	7,970	-	7,970	13,214
Rental income	6,500	-	6,500	23,405
Release from restrictions (Note 8)	<u>3,388,051</u>	<u>(3,388,051)</u>	<u>-</u>	<u>-</u>
Total Support	<u>4,420,479</u>	<u>168,187</u>	<u>4,588,666</u>	<u>5,657,525</u>
Expenses				
Program services	3,293,378	-	3,293,378	2,780,605
Supporting services:				
Management and general	424,028	-	424,028	289,983
Fundraising	<u>283,527</u>	<u>-</u>	<u>283,527</u>	<u>236,690</u>
Total Expenses	<u>4,000,933</u>	<u>-</u>	<u>4,000,933</u>	<u>3,307,278</u>
Increase in Net Assets	419,546	168,187	587,733	2,350,247
Net Assets—Beginning of Year	<u>3,009,697</u>	<u>6,814,201</u>	<u>9,823,898</u>	<u>7,473,651</u>
Net Assets—End of Year	<u>\$ 3,429,243</u>	<u>\$ 6,982,388</u>	<u>\$ 10,411,631</u>	<u>\$ 9,823,898</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Change in Cash		
Net Cash from Operating Activities:		
Cash received from donors	\$4,900,409	\$5,271,378
Cash received from rents	6,500	23,405
Cash paid to suppliers, employees and program expenses	<u>(3,899,397)</u>	<u>(3,236,460)</u>
Net Cash from Operating Activities	<u>1,007,512</u>	<u>2,058,323</u>
Cash Flows from Investing Activities		
Net (purchase) of investments	(544,968)	(1,172,766)
(Purchase) of fixed assets	<u>(180,501)</u>	<u>(37,489)</u>
Net Cash from Investing Activities	<u>(725,469)</u>	<u>(1,210,255)</u>
Cash Flows from Financing Activities		
Principal payments on notes payable	<u>(221,986)</u>	<u>(19,857)</u>
Net Cash from Financing Activities	<u>(221,986)</u>	<u>(19,857)</u>
Net Change in Cash	60,057	828,211
Cash—Beginning of Year	<u>2,296,752</u>	<u>1,468,541</u>
Cash—End of Year	<u>\$2,356,809</u>	<u>\$2,296,752</u>
Reconciliation of Change in Net Assets to		
Net Cash from Operating Activities:		
Operating income	<u>\$ 587,733</u>	<u>\$2,350,247</u>
Adjustments to reconcile operating income to net cash used for operating activities:		
Depreciation	63,372	67,256
Non-cash contributions	(46,315)	(98,391)
Unrealized (gain) loss on investments	423,096	(294,729)
Net changes in assets and liabilities:		
Accounts receivable	(58,538)	30,378
Prepaid expenses	(5,082)	29,292
Accounts payable	44,932	(18,753)
Tenant deposits	(1,200)	-
Accrued compensated absences & payroll liabilities	1,714	(1,045)
Property taxes payable	<u>(2,200)</u>	<u>(5,932)</u>
Total Adjustments	<u>419,779</u>	<u>(291,924)</u>
Net Cash from Operating Activities	<u><u>\$1,007,512</u></u>	<u><u>\$2,058,323</u></u>

Noncash items of \$534,396 (2018) and \$483,769 (2017) 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 Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Academic/enrichment activities	\$ 312,403	\$ -	\$ -	\$ 312,403
AmeriCorps expenses	754,106	-	-	754,106
Bank fees	-	20,582	-	20,582
Depreciation	42,686	20,684	-	63,370
Dues, fees and memberships	11,826	7,008	-	18,834
Food and venue	-	-	89,623	89,623
Insurance	30,691	8,239	-	38,930
Interest	9,814	9,814	-	19,628
Marketing	-	-	13,730	13,730
Meetings, trainings and workshops	23,186	18,854	-	42,040
Miscellaneous	7,950	15,127	-	23,077
Occupancy	8,249	9,508	-	17,757
Office supplies	13,190	11,980	696	25,866
Postage and printing	80	4,225	-	4,305
Professional services	22,190	51,645	9,680	83,515
Program education & recruitment	7,085	-	-	7,085
Salaries and related costs	1,543,851	242,705	169,798	1,956,354
Social/cultural activities	58,649	-	-	58,649
Technology equipment and support	29,059	-	-	29,059
Telephone	12,154	1,719	-	13,873
Transportation and travel	40,381	1,938	-	42,319
Subtotal	2,927,550	424,028	283,527	3,635,105
Scholarship expenses				
I Have A Dream scholarships	57,490	-	-	57,490
Other scholarships	216,728	-	-	216,728
COSI scholarships	71,166	-	-	71,166
Investment management fees	20,444	-	-	20,444
Scholarship expenses total	365,828	-	-	365,828
Total Expenses	<u>\$ 3,293,378</u>	<u>\$ 424,028</u>	<u>\$ 283,527</u>	<u>\$ 4,000,933</u>

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

I Have A Dream® Foundation of Boulder County, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended 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 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
Scholarship expenses				
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	<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.

Notes to Financial Statements

December 31, 2018 and 2017

1. Organization

Organization

I Have A Dream® 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. As of April 2018, the Organization occupied the entire building.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of I Have A Dream® Foundation of Boulder County, Inc. (“IHDF”) and its wholly owned subsidiary Manhattan Circle, LLC.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The financial statements follow the Accounting Standards Codification (ASC) guidance for not-for-profit organizations. The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of IHDF or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

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, 2018, the Organization had cash and certificates of deposit with a carrying value of \$2,356,809, bank balances of \$2,330,567, of which \$1,845,655 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:

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.

I Have A Dream® Foundation of Boulder County, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Investments are composed of various types of investments, and are carried at fair value as of December 31, 2018 and 2017, respectively, as follows:

	2018	2017
<u>Level 1</u>		
Mutual Funds	\$6,821,515	\$6,653,839
Certificates of Deposit	154,186	153,678
Money Market	<u>6,687</u>	<u>6,684</u>
Total Investments	<u>\$6,982,388</u>	<u>\$6,814,201</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, 2018 and 2017, 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

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:

	Life in Years
Building and Improvements	39
Vehicles	5
Computers and Equipment	5

Grants

Most grant income is immediately recorded as net assets with donor restrictions 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.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general and fund raising categories.

Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Administrative expenses	Time and effort
Legal and professional fees	Time and effort
Advertising, Marketing, and Fundraising	Time and effort

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, 2018 and 2017. 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 are 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. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2018 and 2017.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

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 2018.

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 2017 balances have been reclassified in order to conform to current year presentation.

New Accounting Pronouncement

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 has adjusted the presentation of these statements accordingly.

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.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 clarifies and improves guidance concerning, 1) the determination whether a transaction should be accounted for as an exchange transaction or as a contribution, and 2) whether a contribution received is conditional. ASU 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are resource recipients and for annual periods beginning after December 15, 2019 for entities that are resource providers, with early adoption permitted. The Organization is currently evaluating the effect that the new standard will have on its financial statements and related disclosures.

3. Liquidity and Availability

The following represents the Organization's financial assets at December 31, 2018:

	2018
Financial assets at period end:	
Cash & cash equivalents	\$ 2,356,809
Certificates of deposit	154,186
Investments	6,828,202
Accounts receivable and promises to give	<u>174,329</u>
Total financial assets	9,513,526
Donor-imposed restrictions:	
Funds subject to time and purpose restrictions	<u>(6,982,388)</u>
Net financial assets after donor-imposed restrictions	2,531,138
Board designations:	
Operating reserves	<u>(750,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,781,138</u>

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2018 and 2017

3. Liquidity and Availability (continued)

The organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The organization's board designated operating reserves can be made available to meet operating needs if necessary. The organization manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

4. Unconditional Promise to Give and Accounts Receivable

On the statement of financial position, unconditional promises to give from various sponsors, as of December 31, 2018 and 2017 were \$85,058 and \$89,183, respectively. All amounts are receivable within one year.

On the statement of financial position, accounts receivable as of December 31, 2018 and 2017 were \$89,271 and \$26,608, respectively. All amounts are receivable within one year.

5. Property and Equipment

Property and equipment consists of the following items at December 31, 2018 and 2017:

	2018	2017
Land	\$475,000	\$475,000
Building and improvements	925,327	802,939
Computers and equipment	114,464	112,853
Vehicles	365,735	309,235
Less accumulated depreciation	<u>(443,074)</u>	<u>(379,704)</u>
Net property and equipment	<u>\$1,437,452</u>	<u>\$1,320,323</u>

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2018 and 2017

6. In-Kind Contributions

The Organization receives equipment, goods, 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, 2018 and 2017:

	2018	2017
AmeriCorps Volunteers	\$484,396	\$433,769
America Reads	<u>50,000</u>	<u>50,000</u>
Total in-kind contributions	<u>\$534,396</u>	<u>\$483,769</u>

7. Related Party Transactions

During 2018 and 2017, board members made cash contributions of \$94,768 and \$194,915, respectively.

During 2018, a Board member of the Organization was the Market President at Independent Bank (formerly known as 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. The Board member's term subsequently ended during 2019.

I Have A Dream® Foundation of Boulder County, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

8. Net Assets with Donor Restrictions

Net assets with donor restrictions, consisting of contributions designated for future use for scholarships and long-term program operating, for the years ended December 31, 2018 and 2017 are listed below by class:

	<u>2018</u>	<u>2017</u>
Programs and operations	\$1,656,519	\$1,772,337
Harvey memorial fund	1,065,680	614,619
Phoenix scholarships	537,963	552,730
Oak scholarships	380,609	399,211
Ryan scholarships	376,113	394,498
Eagle scholarships	376,113	394,497
Aspen scholarships	374,581	392,885
Iris scholarships	371,515	381,774
Rocky Mountain scholarships	344,891	361,743
Elk scholarships	302,337	317,112
Carbon Valley scholarships	254,219	267,085
LaVista scholarships	254,219	267,085
Alicia scholarships	241,259	249,733
COSI scholarships	230,880	234,044
Columbine scholarships	-	101,370
Casa scholarships	-	76,317
Sanchez scholarships	-	17,259
Reserve scholarships	208,803	13,218
Dakota scholarships	6,687	6,684
Total	<u>\$6,982,388</u>	<u>\$6,814,201</u>

Net assets in the amount of \$3,388,051 and \$1,594,086 were released from restrictions during 2018 and 2017, respectively, by incurring expenses satisfying the purpose or time restrictions specified by donors.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2018 and 2017

9. Board Designated Funds

The Board designated amounts reflect the Board requirement of 3 months of budgeted cash program expenses or \$750,000, 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, 2018 and 2017; respectively, the board designated \$750,000 and \$500,000.

10. Investment Income

Net assets with donor restrictions includes net investment activity, which consists of realized and unrealized investment gains, interest, and dividends from funds designated for future use. The breakout of activity for the years ended December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 94,570	\$ 79,114
Realized gains/ (losses)	176,607	25,093
Unrealized gains	<u>(423,096)</u>	<u>294,729</u>
Total investment income	<u>\$(151,919)</u>	<u>\$ 398,936</u>

11. Employee Benefit Plan

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, which increases to 4% of eligible compensation in 2019. 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, 2018 and 2017 were \$28,505 and \$27,518, respectively.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2018 and 2017

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

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, 2018, the balances in The Community Foundation endowment funds were \$97,852 and \$62,676 and the total 2018 net investment losses were (\$17,444). 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 \$5,067.

13. Contingencies

The Organization 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. Also see Notes Payable- Note 16.

14. Special Events

I Have A Dream raised \$713,788 from Special Events in 2018. The gross proceeds from the Dream Maker Luncheon and Dream Maker Breakfast of \$556,572 were designated for programming services.

15. Note Payable

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. 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 and 2018, funded by a capital campaign and grant money.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2018 and 2017

15. Note Payable (continued)

Following is a schedule of the future loan payments:

Years ending December 31:

2019	\$ 27,948
2020	28,846
2021	29,847
2022	30,847
2023	31,878
Thereafter	<u>283,632</u>

Total Long-term note payable \$ 432,998

Contingent Liability:

In February 2016 and September 2018, the Organization received \$100,000 and \$200,000, respectively, from Boulder County under a funding agreement. The funds received by the Organization were secured by a promissory note and a deed of trust on the office building. The agreement is in effect for a 99 year term. As long as the Organization agrees to perform certain obligations under the funding agreement, no payments of principal and interest are due. Nonperformance or default under the agreement would lead to repayment of the grant funding in full. A liability has not been recorded as the likelihood of nonperformance or default is considered remote.

16. Leasing Activities

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.

17. Subsequent Events

Subsequent events were evaluated through September 4, 2019, which is the date the financial statements were available to be issued.

I Have A Dream® Foundation of Boulder County, Inc.

Supplemental Information

I Have A Dream® Foundation of Boulder County, Inc.
Consolidating Information—Statement of Financial Position
December 31, 2018

	I Have A Dream® Foundation of Boulder County, Inc.	Manhattan Circle LLC	Eliminations	Consolidated Total
ASSETS				
Cash	2,252,953	103,856	\$ -	\$ 2,356,809
Accounts receivable	89,271	-	-	89,271
Unconditional promises to give	85,058	-	-	85,058
Prepaid expenses	13,341	-	-	13,341
Investment in subsidiary	993,915	-	(993,915)	-
Scholarship investments	4,370,836	-	-	4,370,836
With donor restrictions program investments	2,457,366	-	-	2,457,366
With donor restrictions certificates of deposit	154,186	-	-	154,186
Property and equipment, net	<u>114,395</u>	<u>1,323,057</u>	<u>-</u>	<u>1,437,452</u>
Total assets	<u>\$10,531,321</u>	<u>\$ 1,426,913</u>	<u>\$ (993,915)</u>	<u>\$ 10,964,319</u>
LIABILITIES				
Accounts payable, trade	\$ 93,772	\$ -	\$ -	\$ 93,772
Accrued compensated absences & payroll liabilities	25,918	-	-	25,918
Note payable	<u>-</u>	<u>432,998</u>	<u>-</u>	<u>432,998</u>
Total liabilities	<u>119,690</u>	<u>432,998</u>	<u>-</u>	<u>552,688</u>
NET ASSETS				
Without donor restrictions				
Undesignated	2,679,243	993,915	(993,915)	2,679,243
Designated	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>750,000</u>
Total without donor restrictions	<u>3,429,243</u>	<u>993,915</u>	<u>(993,915)</u>	<u>3,429,243</u>
With donor restrictions	<u>6,982,388</u>	<u>-</u>	<u>-</u>	<u>6,982,388</u>
Total net assets	<u>10,411,631</u>	<u>993,915</u>	<u>(993,915)</u>	<u>10,411,631</u>
Total liabilities and net assets	<u>\$10,531,321</u>	<u>\$ 1,426,913</u>	<u>\$ (993,915)</u>	<u>\$ 10,964,319</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, 2018

	I Have A Dream® Foundation of Boulder County, Inc.	Manhattan Circle LLC	Eliminations	Consolidated Total
Net Assets Without Donor Restrictions				
Support				
Special events	\$ 238,788	\$ -	\$ -	\$ 238,788
Cash/grant contributions	44,774	200,000	-	244,774
In-kind contributions	534,396	-	-	534,396
Miscellaneous income	7,970	-	-	7,970
Rental income	-	61,800	(55,300)	6,500
Release from restrictions	3,388,051	-	-	3,388,051
Total Support	<u>4,213,979</u>	<u>261,800</u>	<u>(55,300)</u>	<u>4,420,479</u>
Expenses				
Program Services	3,311,214	9,814	(27,650)	3,293,378
Management and general	414,171	37,507	(27,650)	424,028
Fundraising	283,527	-	-	283,527
Total expenses	<u>4,008,912</u>	<u>47,321</u>	<u>(55,300)</u>	<u>4,000,933</u>
Change in net assets without donor restrictions	<u>205,067</u>	<u>214,479</u>	<u>-</u>	<u>419,546</u>
With Donor Restrictions				
Contributions	3,556,238	-	-	3,556,238
Net assets released from restrictions	<u>(3,388,051)</u>	<u>-</u>	<u>-</u>	<u>(3,388,051)</u>
Change in net assets with donor restrictions	<u>168,187</u>	<u>-</u>	<u>-</u>	<u>168,187</u>
Change in Net Assets	<u>373,254</u>	<u>214,479</u>	<u>-</u>	<u>587,733</u>
Net Assets, Beginning of Year				
Intercompany contributed capital	9,173,860	650,038	-	9,823,898
	<u>(129,398)</u>	<u>129,398</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 9,417,716</u>	<u>\$ 993,915</u>	<u>\$ -</u>	<u>\$ 10,411,631</u>

See independent auditor's report.