

EL PASO COMMUNITY FOUNDATION
AND AFFILIATES

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

TOGETHER WITH AUDITORS' REPORT

EL PASO COMMUNITY FOUNDATION
AND AFFILIATES

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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Independent Auditors' Report

To the Boards of Directors of
El Paso Community Foundation and Affiliates:

We have audited the accompanying combined financial statements of El Paso Community Foundation (a nonprofit corporation) and Affiliates, which comprise the combined statements of financial position as of December 31, 2015 and 2014, and the related combined statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements based on our audits. We did not audit the financial statements of The Burkitt Foundation, a local affiliate, which statements reflect total assets of \$16,404,378 and \$16,635,292 as of December 31, 2015 and 2014, respectively, and total support and revenues of \$1,200,190 and \$1,240,889 for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Burkitt Foundation, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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, based on our audits and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of El Paso Community Foundation and Affiliates as of December 31, 2015 and 2014, 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.

A handwritten signature in cursive script that reads "Stockton Scurry & Smith". The signature is written in black ink and is centered on the page.

El Paso, Texas,
September 27, 2016.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 COMBINED STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2015 AND 2014

ASSETS

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|----------------------|
| Current Assets | | |
| Cash and cash equivalents (including amounts held by custodians totaling \$2,909,667 in 2015 and \$3,739,170 in 2014) | \$ 3,512,200 | \$ 4,125,469 |
| Accounts receivable | 126,299 | 118,305 |
| Accrued interest and dividends receivable | 209,319 | 222,741 |
| Contributions receivable | 44,827 | 109,815 |
| Inventory | 17,720 | 17,920 |
| Other current assets | <u>94,082</u> | <u>103,471</u> |
| Total current assets | <u>4,004,447</u> | <u>4,697,721</u> |
| Noncurrent Assets | | |
| Investments - marketable securities | 87,713,790 | 93,389,099 |
| Investment in local businesses | 145,833 | 152,114 |
| Investments in land and mineral interest | 3,337,128 | 2,325,527 |
| Assets held in charitable remainder trust | 1,971,873 | 2,130,747 |
| Other investments | 172,209 | 158,593 |
| Contributions receivable | - | 7,500 |
| Property, furniture and equipment, net | 982,627 | 1,052,526 |
| Other assets | <u>152,251</u> | <u>155,523</u> |
| Total noncurrent assets | <u>94,475,711</u> | <u>99,371,629</u> |
| Total assets | <u>\$98,480,158</u> | <u>\$104,069,350</u> |

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 COMBINED STATEMENTS OF FINANCIAL POSITION, CONTINUED
 DECEMBER 31, 2015 AND 2014

LIABILITIES AND NET ASSETS

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 85,789 | \$ 95,700 |
| Notes payable | 10,998,229 | 11,789,595 |
| Liability under settlement agreement | - | 110,000 |
| Liability under charitable remainder trust - current portion | 147,890 | 159,806 |
| Grants payable-current portion | <u>690,041</u> | <u>2,921,119</u> |
| Total current liabilities | <u>11,921,949</u> | <u>15,076,220</u> |
| Noncurrent liabilities | | |
| Deferred compensation | 172,209 | 158,593 |
| Liability under charitable remainder trust | 1,198,044 | 1,345,002 |
| Grants payable | <u>87,500</u> | <u>255,000</u> |
| Total noncurrent liabilities | <u>1,457,753</u> | <u>1,758,595</u> |
| Total liabilities | <u>13,379,702</u> | <u>16,834,815</u> |
| Net assets | | |
| Unrestricted | 51,866,667 | 52,825,319 |
| Temporarily restricted | 29,688,206 | 30,960,711 |
| Permanently restricted | <u>3,545,583</u> | <u>3,448,505</u> |
| Total net assets | <u>85,100,456</u> | <u>87,234,535</u> |
| Total liabilities and net assets | <u>\$98,480,158</u> | <u>\$104,069,350</u> |

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 COMBINED STATEMENT OF ACTIVITIES
 AND CHANGE IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2015

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Revenues and support | | | | |
| Contributions, gifts, and bequests | \$ 2,861,626 | \$ 1,878,351 | \$ 97,078 | \$ 4,837,055 |
| Non-cash contributions | 30,335 | - | - | 30,335 |
| Investment income (net of trust administrative expenses of \$699,958 | 1,320,502 | 605,505 | - | 1,926,007 |
| Leases, rentals and royalty income | 206,762 | - | - | 206,762 |
| Administrative fees earned | 450,362 | (431,936) | - | 18,426 |
| Unrealized losses on investments | (4,282,296) | (2,726,301) | - | (7,008,597) |
| Realized gains on investments and sale of assets | 3,584,852 | 1,426,977 | - | 5,011,829 |
| Partnership interest, net | - | - | - | - |
| Project and other income | <u>87,331</u> | <u>347,678</u> | <u>-</u> | <u>435,009</u> |
| | 4,259,474 | 1,100,274 | 97,078 | 5,456,826 |
| Net assets released from restrictions | <u>2,631,712</u> | <u>(2,631,712)</u> | <u>-</u> | <u>-</u> |
| Total revenues and support | <u>6,891,186</u> | <u>(1,531,438)</u> | <u>97,078</u> | <u>5,456,826</u> |
| Expenses | | | | |
| Grants, awards and scholarships | 3,842,143 | - | - | 3,842,143 |
| Fundraising | 348,402 | - | - | 348,402 |
| Administrative expenses | 688,198 | - | - | 688,198 |
| Program expenses | <u>2,712,162</u> | <u>-</u> | <u>-</u> | <u>2,712,162</u> |
| Total expenses | <u>7,590,905</u> | <u>-</u> | <u>-</u> | <u>7,590,905</u> |
| Change in net assets | (699,719) | (1,531,438) | 97,078 | (2,134,079) |
| Net assets at beginning of year | 52,825,319 | 30,960,711 | 3,448,505 | 87,234,535 |
| Reclassifications and transfers | <u>(258,933)</u> | <u>258,933</u> | <u>-</u> | <u>-</u> |
| Net assets at end of year | <u>\$51,866,667</u> | <u>\$29,688,206</u> | <u>\$3,545,583</u> | <u>\$85,100,456</u> |

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 COMBINED STATEMENT OF ACTIVITIES
 AND CHANGE IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Revenues and support | | | | |
| Contributions, gifts, and bequests | \$ 302,236 | \$ 1,296,910 | \$ 8,715 | \$ 1,607,861 |
| Non-cash contributions | 12,044 | - | - | 12,044 |
| Investment income (net of trust administrative expenses of \$719,923) | 1,293,886 | 569,626 | - | 1,863,512 |
| Leases, rentals and royalty income | 570,394 | - | - | 570,394 |
| Administrative fees earned | 476,772 | (455,198) | - | 21,574 |
| Unrealized losses on investments | (1,257,844) | (1,248,239) | - | (2,506,083) |
| Realized gains on investments and sale of assets | 3,393,787 | 1,707,843 | - | 5,101,630 |
| Partnership interest, net | 3,113 | - | - | 3,113 |
| Project and other income | <u>26,017</u> | <u>186,556</u> | <u>-</u> | <u>212,573</u> |
| | 4,820,405 | 2,057,498 | 8,715 | 6,886,618 |
| Net assets released from restrictions | <u>3,170,642</u> | <u>(3,170,642)</u> | <u>-</u> | <u>-</u> |
| Total revenues and support | <u>7,991,047</u> | <u>(1,113,144)</u> | <u>8,715</u> | <u>6,886,618</u> |
| Expenses | | | | |
| Grants, awards and scholarships | 6,910,988 | - | - | 6,910,988 |
| Fundraising | 342,928 | - | - | 342,928 |
| Administrative expenses | 668,762 | - | - | 668,762 |
| Program expenses | <u>2,554,861</u> | <u>-</u> | <u>-</u> | <u>2,554,861</u> |
| Total expenses | <u>10,477,539</u> | <u>-</u> | <u>-</u> | <u>10,477,539</u> |
| Change in net assets | (2,486,492) | (1,113,144) | 8,715 | (3,590,921) |
| Net assets at beginning of year | 55,069,265 | 32,318,901 | 3,437,290 | 90,825,456 |
| Reclassifications and transfers | <u>242,546</u> | <u>(245,046)</u> | <u>2,500</u> | <u>-</u> |
| Net assets at end of year | <u>\$52,825,319</u> | <u>\$30,960,711</u> | <u>\$3,448,505</u> | <u>\$87,234,535</u> |

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 DECEMBER 31, 2015

| | <u>Grants, Awards & Scholarships</u> | <u>Fundraising</u> | <u>Administrative Expenses</u> | <u>Program Expense</u> | <u>Total</u> |
|---|--|--------------------|------------------------------------|----------------------------|---------------------|
| Salaries | \$ - | \$176,150 | \$ 319,575 | \$ 577,477 | \$1,073,202 |
| Benefits and payroll taxes | - | 83,850 | 166,479 | 260,119 | 510,448 |
| Grants, awards and scholarships | 3,842,143 | - | - | - | 3,842,143 |
| Project expenses | - | - | - | 755,907 | 755,907 |
| Professional fees | - | 20,378 | 60,060 | 443,498 | 523,936 |
| Rent and utilities | - | 21,864 | 40,928 | 214,016 | 276,808 |
| Professional development | - | 956 | 1,789 | 28,230 | 30,975 |
| Publication and distribution | - | 4,613 | 8,636 | 35,723 | 48,972 |
| Meetings, workshops and donor Activities | - | 17,407 | 40,671 | 56,272 | 114,350 |
| Office supplies and expenses | - | 4,408 | 8,252 | 38,159 | 50,819 |
| Telephone | - | 2,423 | 4,536 | 7,816 | 14,775 |
| Insurance | - | 4,353 | 14,810 | 35,828 | 54,991 |
| Equipment lease maintenance | - | 739 | 1,383 | 2,384 | 4,506 |
| Postage and delivery | - | 800 | 1,496 | 2,577 | 4,873 |
| Miscellaneous | - | - | - | 139 | 139 |
| Interest | - | 210 | 394 | 124,226 | 124,830 |
| Permit, taxes, fees | - | - | - | 46,297 | 46,297 |
| Advertising | - | - | - | 2,040 | 2,040 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total expenses before Depreciation | 3,842,143 | 338,151 | 669,009 | 2,630,708 | 7,480,011 |
| Depreciation | <u> </u> | <u>10,251</u> | <u>19,189</u> | <u>81,454</u> | <u>110,894</u> |
| Total expenses | <u>\$3,842,143</u> | <u>\$348,402</u> | <u>\$ 688,198</u> | <u>\$2,712,162</u> | <u>\$ 7,590,905</u> |

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 DECEMBER 31, 2014

| | <u>Grants, Awards & Scholarships</u> | <u>Fundraising</u> | <u>Administrative Expenses</u> | <u>Program Expense</u> | <u>Total</u> |
|---|--|--------------------|------------------------------------|----------------------------|---------------------|
| Salaries | \$ - | \$177,721 | \$ 329,249 | \$ 492,384 | \$ 999,354 |
| Benefits and payroll taxes | - | 83,355 | 164,206 | 236,410 | 483,971 |
| Grants, awards and scholarships | 6,910,988 | - | - | - | 6,910,988 |
| Project expenses | - | - | - | 867,077 | 867,077 |
| Professional fees | - | 17,711 | 43,875 | 254,232 | 315,818 |
| Rent and utilities | - | 24,534 | 46,419 | 202,820 | 273,773 |
| Professional development | - | 1,658 | 3,138 | 13,600 | 18,396 |
| Publication and distribution | - | 1,903 | 3,601 | 9,390 | 14,894 |
| Meetings, workshops and donor Activities | - | 11,829 | 25,796 | 85,620 | 123,245 |
| Office supplies and expenses | - | 4,285 | 8,107 | 30,734 | 43,126 |
| Telephone | - | 2,589 | 4,898 | 7,224 | 14,711 |
| Insurance | - | 4,341 | 14,874 | 29,310 | 48,525 |
| Equipment lease maintenance | - | 719 | 1,359 | 2,006 | 4,084 |
| Postage and delivery | - | 1,715 | 3,245 | 4,785 | 9,745 |
| Miscellaneous | - | - | - | 127 | 127 |
| Interest | - | 678 | 1,282 | 189,171 | 191,131 |
| Permit, taxes, fees | - | - | - | 57,575 | 57,575 |
| Advertising | - | 286 | 542 | 799 | 1,627 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total expenses before Depreciation | 6,910,988 | 333,324 | 650,591 | 2,483,264 | 10,378,167 |
| Depreciation | <u> </u> | <u>9,604</u> | <u>18,171</u> | <u>71,597</u> | <u>99,372</u> |
| Total expenses | <u>\$6,910,988</u> | <u>\$342,928</u> | <u>\$ 668,762</u> | <u>\$2,554,861</u> | <u>\$10,477,539</u> |

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 COMBINED STATEMENTS OF CASH FLOWS
 DECEMBER 31, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|--|--------------------|--------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$(2,134,079) | \$(3,590,921) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 110,894 | 99,372 |
| (Increase) decrease in accrued interest and dividends receivable | 13,422 | (50,605) |
| (Increase) decrease in accounts receivable | (7,994) | 34,392 |
| (Increase) decrease in other assets | 12,661 | (52,353) |
| Decrease in contributions receivable | 72,488 | 116,494 |
| (Increase) decrease in inventory | 200 | (8,200) |
| Decrease in accounts payable and accrued liabilities | (9,911) | (8,219) |
| Increase (decrease) in grants payable | (2,398,578) | 2,021,560 |
| Non-cash contributions | (30,335) | (12,044) |
| Realized gain on sale of investments and assets | (5,011,829) | (5,101,630) |
| Unrealized loss on investments | <u>7,008,597</u> | <u>2,506,083</u> |
| Net cash from operating activities | <u>(2,374,464)</u> | <u>(4,046,071)</u> |
| Cash flows from investing activities: | | |
| Net sales of investments | 2,863,363 | 4,664,229 |
| Purchases of equipment and leasehold improvements | (40,995) | (122,975) |
| Distributions to charitable remainder trust beneficiaries | <u>(159,807)</u> | <u>(165,391)</u> |
| Net cash from investing activities | <u>2,662,561</u> | <u>4,375,863</u> |

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 COMBINED STATEMENTS OF CASH FLOWS, CONTINUED
 DECEMBER 31, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Cash flows from financing activities: | | |
| Borrowings on note payable | 1,823,547 | 187,280 |
| Payments on settlement payable | (110,000) | (110,000) |
| Payments on note payable | <u>(2,614,913)</u> | <u>-</u> |
| Net cash from financing activities | <u>(901,366)</u> | <u>77,280</u> |
| Net increase (decrease) in cash and cash equivalents | (613,269) | 407,072 |
| Cash and cash equivalents, beginning of year | <u>4,125,469</u> | <u>3,718,397</u> |
| Cash and cash equivalents, end of year | <u>\$ 3,512,200</u> | <u>\$ 4,125,469</u> |
| Cash paid during the year for interest | <u>\$ 125,747</u> | <u>\$ 191,681</u> |

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

(1) PURPOSE OF FOUNDATION

The El Paso Community Foundation (the Foundation) is a Texas nonprofit corporation that has no capital and is responsible for charitable funds and the income generated by funds of many donors. The Foundation is organized and operated to serve the general charitable, educational and scientific needs of the inhabitants of El Paso, Southern New Mexico, and Ciudad Juarez, Mexico through charitable grants and various charitable programs at the discretion of the Board of Directors (the Board).

(2) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Financial Statement Presentation

The combined financial statements include the El Paso Community Foundation and following entities:

- The Cardwell Foundation
- Walter Hightower Foundation
- The Burkitt Foundation
- The J. Edward and Helen M.C. Stern Foundation
- La Frontera Conservation Fund
- Companeros International
- Border Art Residency
- LOVE P.A.R.K. LLC
- Newspaper Tree Corp.

The entities listed above are supporting organizations (Affiliates) of El Paso Community Foundation. The Affiliates operate for the benefit of, and carry out the purposes of El Paso Community Foundation. The Foundation has significant control over the functions of the Affiliates. All intercompany transactions and balances have been eliminated in combination.

Unrestricted Net Assets

Unrestricted net assets include all resources over which the Boards of Directors have discretionary control to use in carrying on the operations of the Foundation and Affiliates in accordance with the limitations of their charters and bylaws.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of unconditional promises to give that are to be used in future years as well as contributions restricted for specific purposes.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES, CONTINUED

Temporarily Restricted Net Assets, Continued

Temporarily restricted net assets include irrevocable charitable trusts, lead trusts, restricted contributions receivable, and the portion of donor-restricted endowment funds that are not permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets consist of contributions which the donor has stipulated must be invested in perpetuity. Income from the permanently restricted net assets is expended or accumulated as designated by the donor. The expendable portion is classified as temporarily restricted until those amounts are appropriated for expenditure.

Endowment Classifications

The Foundation endowments consist of individual funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriate for expenditure by the Organization in manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES, CONTINUED

Endowment Investment and Spending Policies

The Foundation and Affiliates have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by their endowments while seeking to maintain the purchasing power of the endowment assets. The Foundation's and Affiliates' spending and investment policies work together to achieve this objective. The investment policies establish an achievable return objective through diversification of asset classes. The current long-term return objectives are based upon the Boards of Directors' assessment of current and future economic conditions and the needs of the organizations.

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

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grant making and administration. The current spending guideline is to distribute approximately 4%-7%.

Contributions

The Foundation and Affiliates report gifts of cash and other assets as temporary or permanently restricted support if they are received with donor stipulations that limit or designate the use of the donated assets.

Gifts of non-cash assets are recorded at their fair value on the date of the gift.

Contributions of Long-Lived Assets

The Foundation and Affiliates report gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation and Affiliates report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES, CONTINUED

Gifts of Remainder Interests

Remainder interest gifts are donations whereby the donor stipulates that the Foundation pay a fixed amount of money to a specified beneficiary periodically. The Foundation records an actuarially determined liability for the beneficiary payments on the date of the gift. The excess or deficiency of the fair value of the gift over the liability is recognized as temporarily restricted support when the gift is received. When the terms of the gift have been met, absent donor restrictions on the use of the residual, the Foundation reclassifies the remaining amount of the gift, net of any actuarial gains or losses, to unrestricted net assets.

Investment Securities

The Foundation has adopted the following policies as a basis for valuing investment securities.

- A. Investments acquired through gift or bequest with readily determinable fair values are recorded at fair value as of the acquisition date.
- B. Investments in money market funds are stated at cost, which approximates fair value. Investments in marketable securities are stated at fair value in the statement of financial position. The change in value of investments held at the end of each year is included in unrealized gains and losses on investments in the statement of activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes savings accounts, certificates of deposit, money market accounts and all investments with an original maturity of three months or less when purchased.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES, CONTINUED

Accounts Receivable

Accounts receivable are considered by management to be fully collectible and accordingly no allowance for doubtful accounts is considered necessary at December 31, 2015 and 2014.

Inventory

Inventories are stated at the lower of cost (first-in, first-out) or market.

Property, Furniture and Equipment

All fixed assets acquired with a value of \$1,500 or greater are capitalized and are recorded as property, furniture and equipment and are stated at cost or estimated fair value at date of donation. Depreciation is computed based on expected useful lives as follows:

| <u>Assets</u> | <u>Lives</u> | <u>Method</u> |
|--------------------------------|--------------|---------------|
| Office equipment and furniture | 1 - 15 years | Straight-line |
| Leasehold improvements | 15 years | Straight-line |

Maintenance, repairs and minor replacements are charged to operations as incurred; major replacements and betterments are capitalized. The cost and accumulated depreciation of property retired or sold is removed from the respective accounts and gains and losses are included in the combined statement of activities.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES, CONTINUED

Income Tax Status

The Foundation and its affiliates are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, therefore, have no provision for federal income taxes.

The Foundation and its affiliates evaluate all significant tax positions as required by generally accepted accounting principles in the United States of America. The Foundation and its affiliates tax returns are subject to examination by the appropriate regulatory authorities. Generally, the statute of limitations runs three years after the date the return is due or filed, whichever is later.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$2,040 and \$1,627 for the years ended December 31, 2015 and 2014, respectively.

Evaluation of Subsequent Events

The Foundation and Affiliates have evaluated subsequent events through September 27, 2016, the date on which the financial statements were available to be issued.

(3) CASH AND CASH EQUIVALENTS

The Foundation's cash and cash equivalents include the following at December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|--------------------|--------------------|--------------------|
| Cash in banks | \$ 602,533 | \$ 386,299 |
| Money market funds | <u>2,909,667</u> | <u>3,739,170</u> |
| | <u>\$3,512,200</u> | <u>\$4,125,469</u> |

The Foundation maintains cash accounts at several banks. These accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation's cash balances at the banks periodically exceed the FDIC limit.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 DECEMBER 31, 2015 AND 2014

(4) CONTRIBUTIONS RECEIVABLE

Contributions receivable represent promises to give which have been made by the donors, but have not yet been received by the Foundation. The Foundation considers the contributions receivable balance to be fully collectible, and accordingly, has no provision for allowance for uncollectible contributions.

| | <u>2015</u> | <u>2014</u> |
|--|-----------------|------------------|
| Contributions receivable in less than one year | \$44,827 | \$109,815 |
| Contributions receivable in one to five years | <u>-</u> | <u>7,500</u> |
| Total contributions receivable | <u>\$44,827</u> | <u>\$117,315</u> |

(5) GRANTS PAYABLE

The Foundation made current and long-term unconditional promises to give to organizations in 2015 and prior years. The amounts payable in one to five years at December 31, 2015 is as follows:

| | |
|------------------------------|------------------|
| Year ended December 31, 2016 | \$690,041 |
| 2017 | 62,500 |
| 2018 | <u>25,000</u> |
| | <u>\$777,541</u> |

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2015 AND 2014

(6) FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three levels:

Level 1 inputs have the highest priority and consist of unadjusted quoted prices for identical assets in active markets that the Organization has the ability to access.

Level 2 inputs consist of quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, inputs other than quoted prices that are observable for the asset, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs have the lowest priority and are unobservable and significant to the fair value measurement.

The asset's and liability's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for the assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Marketable Securities - Equities and Mutual Funds

Equities and mutual funds are valued using quoted market prices for identical securities.

Marketable Securities - Corporate and Mortgage-backed bonds

Corporate and mortgage-backed bond valuations are obtained using the market and model approaches, and are valued based upon quoted prices for similar instruments in active markets, and model-based valuations using inputs such as yield curves and indices.

Investment in Land and Mineral Interest

Land held for investment valuations are based upon independent appraisals conducted as of December 31, 2012 and as of May 2016. Mineral rights valuations are based upon independent valuations conducted as of December 31, 2015.

Liability Under Charitable Remainder Unitrust

The liability under charitable remainder unitrust is valued based upon certain actuarial assumptions, including beneficiary life expectancies.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2015 AND 2014

(6) FAIR VALUE MEASUREMENTS, CONTINUED

Fair value of certain assets and liabilities in the statement of financial position consisted of the following at December 31, 2015 and 2014:

As of December 31, 2015

| | Quoted Price in Active Markets For Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | <u>Total</u> |
|---|--|---|-------------------------------------|---------------------|
| <u>Recurring fair value measurements:</u> | | | | |
| Marketable securities | \$77,546,533 | \$10,167,257 | \$ - | \$87,713,790 |
| Assets held in charitable remainder trust | 1,724,855 | 247,018 | - | 1,971,873 |
| Liability under charitable remainder trust | <u>-</u> | <u>(1,345,934)</u> | <u>-</u> | <u>(1,345,934)</u> |
| | <u>\$79,271,388</u> | <u>\$ 9,068,341</u> | <u>\$ -</u> | <u>\$88,339,729</u> |

Nonrecurring fair value measurements:

| | | | | |
|--|-------------|---------------------|-------------|---------------------|
| Investment in land and mineral interest | <u>\$ -</u> | <u>\$ 3,337,128</u> | <u>\$ -</u> | <u>\$ 3,337,128</u> |
|--|-------------|---------------------|-------------|---------------------|

As of December 31, 2014

| | Quoted Price in Active Markets For Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | <u>Total</u> |
|---|--|---|-------------------------------------|---------------------|
| <u>Recurring fair value measurements:</u> | | | | |
| Marketable securities | \$86,240,777 | \$ 7,148,322 | \$ - | \$93,389,099 |
| Assets held in charitable remainder trust | 1,979,265 | 151,482 | - | 2,130,747 |
| Liability under charitable remainder trust | <u>-</u> | <u>(1,504,808)</u> | <u>-</u> | <u>(1,504,808)</u> |
| | <u>\$88,220,042</u> | <u>\$ 5,794,996</u> | <u>\$ -</u> | <u>\$94,015,038</u> |

Nonrecurring fair value measurements:

| | | | | |
|--|-------------|---------------------|-------------|---------------------|
| Investment in land and mineral interest | <u>\$ -</u> | <u>\$ 2,325,527</u> | <u>\$ -</u> | <u>\$ 2,325,527</u> |
|--|-------------|---------------------|-------------|---------------------|

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2015 AND 2014

(7) INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities at December 31, 2015 and 2014, stated at fair value, consisted of the following:

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Corporate bonds | \$ <u>5,528,134</u> | \$ <u>3,835,440</u> |
| Government and agency obligations | | |
| US Treasury notes | 9,358,146 | 10,376,392 |
| US government agency mortgage-backed bonds | 4,639,123 | 3,286,520 |
| Municipal Bonds | - | <u>26,362</u> |
| | <u>13,997,269</u> | <u>13,689,274</u> |
| Equities | | |
| Domestic equities | 39,113,847 | 44,933,533 |
| Foreign equities | <u>14,179,928</u> | <u>15,001,142</u> |
| | <u>53,293,775</u> | <u>59,934,675</u> |
| Mutual funds | | |
| Fixed income | 6,440,676 | 8,251,674 |
| Equity | <u>8,453,936</u> | <u>7,678,036</u> |
| | <u>14,894,612</u> | <u>15,929,710</u> |
| | <u>\$87,713,790</u> | <u>\$93,389,099</u> |

(8) PROPERTY, FURNITURE, AND EQUIPMENT

Property, furniture, and equipment in consisted of the following at December 31, 2015 and 2014:

| | Balance at December 31, <u>2014</u> | Net Additions & Deletions | Balance at December 31, <u>2015</u> |
|---|---|------------------------------|---|
| Office equipment and furniture | \$ 406,088 | \$ 16,950 | \$ 423,038 |
| Leasehold improvements | <u>1,196,043</u> | <u>24,045</u> | <u>1,220,088</u> |
| | 1,602,131 | 40,995 | 1,643,126 |
| Less accumulated depreciation | <u>(549,605)</u> | <u>(110,894)</u> | <u>(660,499)</u> |
| Total property, furniture and equipment | <u>\$1,052,526</u> | <u>\$ (69,899)</u> | <u>\$ 982,627</u> |

Depreciation expense was \$110,894 and \$99,372 in 2015 and 2014, respectively.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 DECEMBER 31, 2015 AND 2014

(9) CASH SURRENDER VALUE OF INSURANCE TRUST AND LIFE INSURANCE

The Foundation has a beneficial interest in the cash surrender value of four insurance policies. The cash surrender value was \$85,734 and \$89,005 at December 31, 2015 and 2014 respectively and is recorded in other assets. During 2001, the Foundation was named beneficiary of a \$500,000 variable survivorship life insurance policy insuring the lives of the donors. The donors have designated distributions from this amount upon the death of the last surviving donor.

(10) NOTE PAYABLE

The Foundation has a \$15 million revolving credit line agreement with UBS Bank that provides for fixed rate and variable rate advances. The credit line is due on demand and is secured by the Foundation's investment accounts at UBS Financial Services, of which the fair value totaled \$27,087,992 and \$29,497,655 at December 31, 2015 and 2014, respectively. Advances under the line of credit at December 31, 2015 and 2014 were:

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Fixed rate advance bearing interest at 2.69% through December 3, 2018. Interest payments due quarterly. | \$ 5,000,000 | \$ - |
| Variable rate advance bearing interest at LIBOR + 1% (1.43% at December 31, 2015), interest payable monthly. | <u>5,998,229</u> | <u>11,789,595</u> |
| | <u>\$10,998,229</u> | <u>\$11,789,595</u> |

The Foundation obtained the line of credit to fund a grant to the City of El Paso, Texas for purposes of construction and renovation of the Plaza Theatre Performing Arts Center, and to fund the Artspace El Paso project.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 DECEMBER 31, 2015 AND 2014

(11) LIABILITY UNDER SETTLEMENT AGREEMENT

In 2011, the El Paso Community Foundation entered into a settlement agreement, whereby the Foundation agreed to pay \$550,000, payable over a five-year period ending in 2015.

(12) RETIREMENT PLAN

El Paso Community Foundation Tax Deferred Annuity Plan (Plan) is a defined contribution retirement plan authorized under Internal Revenue Code Section 403(b). Eligible employees who wish to participate in the Plan may enter into a salary reduction agreement not to exceed the lesser of \$18,000 or 10% of compensation during any calendar year. The Foundation contributes a percentage of the eligible employees' annual compensation to the Plan. Contributions may not exceed \$53,000 for any one employee. All contributions made to the Plan are placed in a group annuity contract issued by Voya Retirement Insurance and Annuity Company. The Foundation contributed \$249,857 and \$233,221 to the Plan and the employees contributed \$55,555 and \$52,611 during the years ended December 31, 2015 and 2014, respectively.

(13) OPERATING LEASES

The Foundation is under obligation for rent relating to its office facilities, requiring initial monthly payments of \$17,098 beginning in 2011, increasing 1.5% each year, until its expiration in September 2026.

Minimum future lease payments are as follows:

| | |
|------------------------------|--------------------|
| Year ended December 31, 2016 | \$ 218,857 |
| 2017 | 222,140 |
| 2018 | 225,471 |
| 2019 | 228,854 |
| 2020 | 232,287 |
| After December 31, 2020 | <u>1,383,240</u> |
| | <u>\$2,510,849</u> |

Rent expense charged to activities in 2015 and 2014, including provisions for parking, was \$241,281 and \$236,631, respectively.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 DECEMBER 31, 2015 AND 2014

(13) OPERATING LEASES, CONTINUED

The Foundation subscribes to remote information services for its accounting and reporting functions, requiring yearly subscription fees of \$44,797. The subscription term is non-cancellable, is active for a period of five years ending December 2017, and automatically renews without written notice.

Minimum future lease payments are as follows:

| | |
|------------------------------|-----------------|
| Year ended December 31, 2016 | \$44,797 |
| 2017 | <u>44,797</u> |
| | <u>\$89,594</u> |

(14) TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available at December 31, 2015 and 2014 for the following purposes:

| | <u>2015</u> | <u>2014</u> |
|----------------------|---------------------|---------------------|
| Health/Disabilities | \$ 4,694,498 | \$ 4,176,099 |
| Human services | 12,861,678 | 14,627,814 |
| Education | 7,413,509 | 7,751,949 |
| Civic/Public affairs | 977,507 | 946,952 |
| Arts/Humanities | 1,066,523 | 901,376 |
| Environment/Animals | 595,706 | 484,867 |
| Project expenses | 2,052,430 | 2,064,154 |
| Passage of time | <u>26,355</u> | <u>7,500</u> |
| | <u>\$29,688,206</u> | <u>\$30,960,711</u> |

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2015 AND 2014

(14) TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS, CONTINUED

Permanently restricted net assets are restricted to the following at December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|---------------------|--------------------|--------------------|
| Health/Disabilities | \$ 322,089 | \$ 243,522 |
| Human services | 1,369,660 | 1,351,149 |
| Education | 1,720,363 | 1,720,363 |
| Arts/Humanities | 21,881 | 21,881 |
| Environment/Animals | 45,975 | 45,975 |
| Project expenses | <u>65,615</u> | <u>65,615</u> |
| | <u>\$3,545,583</u> | <u>\$3,448,505</u> |

(15) CHANGES IN ENDOWMENT NET ASSETS AND ENDOWMENT NET ASSET COMPOSITION

Below is a schedule of changes in endowment assets for the years of 2015 and 2014. The temporarily restricted portion of the endowment has been appropriated.

| <u>Changes in Endowment Net Assets</u> | Board Designated <u>Unrestricted</u> | Donor Permanently <u>Restricted</u> | <u>Total</u> |
|---|--|---|---------------------|
| For the year ended December 31, 2015 | | | |
| Net assets, beginning of year | \$ <u>681,127</u> | \$ <u>3,448,505</u> | \$ <u>4,129,632</u> |
| Interest and dividends | 51,903 | 127,314 | 179,217 |
| Net appreciation (depreciation) | (51,390) | (113,680) | (165,070) |
| Contributions | 21,152 | 97,078 | 118,230 |
| Amounts appropriated for expenditure | (4,479) | (226,718) | (231,197) |
| Other income | 278 | - | 278 |
| Net activity reclassified from temporarily restricted or unrestricted | <u>-</u> | <u>213,084</u> | <u>213,084</u> |
| Change in net assets | <u>17,464</u> | <u>97,078</u> | <u>114,542</u> |
| Endowment net assets, end of year | \$ <u>698,591</u> | \$ <u>3,545,583</u> | \$ <u>4,244,174</u> |

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2015 AND 2014

(15) CHANGES IN ENDOWMENT NET ASSETS AND ENDOWMENT NET ASSET COMPOSITION, CONTINUED

| For the year ended December 31, 2014 | <u>Board Designated Unrestricted</u> | <u>Donor Permanently Restricted</u> | <u>Total</u> |
|---|--|---|---------------------|
| Net assets, beginning of year | \$ <u>901,282</u> | \$ <u>3,437,290</u> | \$ <u>4,338,572</u> |
| Interest and dividends | 33,892 | 120,463 | 154,355 |
| Net appreciation (depreciation) | (6,664) | 136,321 | 129,657 |
| Contributions | 73,430 | 8,714 | 82,144 |
| Amounts appropriated for expenditure | (5,537) | (244,681) | (250,218) |
| Other income | 2,548 | 2,500 | 5,048 |
| Net activity reclassified as temporarily restricted or unrestricted net | <u>(317,824)</u> | <u>(12,102)</u> | <u>(329,926)</u> |
| Change in net assets | <u>(220,155)</u> | <u>11,215</u> | <u>(208,940)</u> |
| Endowment net assets end of year | \$ <u>681,127</u> | \$ <u>3,448,505</u> | \$ <u>4,129,632</u> |

(16) EMPLOYMENT AGREEMENTS

During 2008, the Foundation entered into an employment agreement with its former President. From 2009 to 2019 the former President will be employed full time as Senior Advisor to the President.

(17) RELATED PARTY TRANSACTIONS

A member of the Board of Directors of the Foundation is a director of a local bank at which the Foundation and Affiliates maintain cash and investments comprising approximately 23% of the total combined cash and marketable securities balances at December 31, 2015 and 2014. Investment manager fees paid by the Foundation and Affiliates to the bank were \$182,956 and \$184,987 for the years ended December 31, 2015 and 2014, respectively.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2015 AND 2014

(18) ASSETS HELD IN CHARITABLE REMAINDER TRUST

The Foundation was named remainder beneficiary of a charitable remainder unitrust in 2008. Under the terms of the split-interest agreement, the Foundation is designated as trustee, and will receive any remaining trust assets upon the death of the donors. In the interim, the Foundation is required to distribute to the donor-beneficiaries 7.5% of the fair market value of the trust's assets each year until death of the donors.

The trust assets are stated at their fair value at December 31, 2015 and 2014 in the statement of financial position. The initial contribution in 2008 and the liability for future distributions were calculated using actuarial assumptions based upon the donor-beneficiaries life expectancies and a 7.5% discount rate.

The change in the value of assets held in charitable remainder trust for 2015 is as follows:

| | |
|----------------------------------|--------------------|
| Asset value at January 1, 2015 | \$2,130,747 |
| Increase in market value | 933 |
| Distributions to beneficiaries | <u>(159,807)</u> |
| Asset value at December 31, 2015 | <u>\$1,971,873</u> |

(19) COMMITMENTS

The Burkitt Foundation entered into a Mediated Settlement Agreement dated September 17, 2009 which resolved, among other issues, an investigation of its activities by the Texas Attorney General. Pursuant to the Mediated Settlement Agreement, the Burkitt Foundation amended its Articles of Incorporation, Bylaws, Supporting Organization Agreement, Instrument of Gift and other documents as described therein. Pursuant to Section 5a of the Mediated Settlement Agreement, all Board members and directors of the Burkitt Foundation resigned effective October 13, 2009 and can never serve the Burkitt Foundation in any capacity again.

The present Burkitt Foundation directors and officers have no connection to the previous members, directors and officers and thus have no personal knowledge of the activities engaged in by the Burkitt Foundation prior to their respective appointment or election and have not been made aware of any financial inaccuracies.

(20) CONCENTRATIONS

The Foundation received a large contribution which comprised approximately 37% of total combined revenues for the year ended December 31, 2015.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2015 AND 2014

(21) RISKS AND UNCERTAINTIES

Investments in marketable securities are subject to credit, interest and market risks. The Foundation's results of activities are materially affected by the U.S. and world economies. Economic factors such as inflation, energy costs, the cost and availability of credit, and the health of the U.S. mortgage market and U.S. real estate market affect the performance and marketability of marketable securities. The Foundation could incur significant losses during a prolonged market downturn.

SUPPLEMENTARY INFORMATION

Stockton Scurry & Smith

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Boards of Directors of
El Paso Community Foundation and Affiliates:

We have audited the combined financial statements of El Paso Community Foundation and Affiliates as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon dated September 27, 2016, which contained an unmodified opinion on those financial statements. We did not audit the financial statements of The Burkitt Foundation, a local affiliate, which statements reflect total assets of \$16,404,378 and \$16,635,292 as of December 31, 2015 and 2014, respectively and total support and revenues of \$1,200,190 and \$1,240,889 for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Burkitt Foundation, is based solely on the report of the other auditors.

Our audits were performed for the purpose of forming an opinion on the combined financial statements as a whole. The following combining schedules are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audits and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.



El Paso, Texas,
September 27, 2016.

EL PASO COMMUNITY
COMBINING STATEMENT OF

| ASSETS | <u>EI Paso Community Foundation</u> | <u>Border Art Residency</u> | <u>Walter Hightower Foundation</u> | <u>LOVE P.A.R.K. LLC</u> |
|--|---|-------------------------------------|--|------------------------------|
| Current Assets: | | | | |
| Cash and cash investments (including investment amounts held by custodians totaling \$2,909,667) | \$ 1,886,870 | \$22,090 | \$ 194,903 | \$4,996 |
| Accounts receivable | 120,062 | - | - | - |
| Accrued interest and dividend receivable | 99,814 | - | 18,646 | - |
| Contributions receivable | 324,464 | - | - | - |
| Inventory | 17,720 | - | - | - |
| Other current assets | <u>74,548</u> | <u>-</u> | <u>1,593</u> | <u>-</u> |
| Total current assets | <u>2,523,478</u> | <u>22,090</u> | <u>215,142</u> | <u>4,996</u> |
| Noncurrent Assets: | | | | |
| Investments - marketable securities | 42,306,687 | - | 10,364,333 | - |
| Investments in local businesses | 145,833 | - | - | - |
| Investments in land and mineral interests | - | - | - | - |
| Assets held in charitable remainder trust | 1,971,873 | - | - | - |
| Other investments | 172,209 | - | - | - |
| Contributions receivable | 237,500 | - | - | - |
| Property, furniture, and equipment (net of accumulated depreciation of \$660,499) | 980,547 | - | - | - |
| Other assets | <u>152,151</u> | <u>-</u> | <u>100</u> | <u>-</u> |
| Total noncurrent assets | <u>45,966,800</u> | <u>-</u> | <u>10,364,433</u> | <u>-</u> |
| Total assets | <u>\$48,490,278</u> | <u>\$22,090</u> | <u>\$10,579,575</u> | <u>\$4,996</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 73,096 | \$ 235 | \$ 6,483 | \$ - |
| Note payable | 10,998,229 | - | - | - |
| Liability under charitable remainder trust - current portion | 147,890 | - | - | - |
| Grants payable - current portion | <u>677,178</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total current liabilities | <u>11,896,393</u> | <u>235</u> | <u>6,483</u> | <u>-</u> |
| Noncurrent Liabilities: | | | | |
| Deferred compensation | 172,209 | - | - | - |
| Liability under charitable remainder trust | 1,198,044 | - | - | - |
| Grants payable | <u>87,500</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total noncurrent liabilities | <u>1,457,753</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>13,354,146</u> | <u>235</u> | <u>6,483</u> | <u>-</u> |
| Net Assets: | | | | |
| Unrestricted | 3,164,458 | 21,855 | 10,573,092 | 4,996 |
| Temporarily restricted | 28,426,091 | - | - | - |
| Permanently restricted | <u>3,545,583</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total net assets | <u>35,136,132</u> | <u>21,855</u> | <u>10,573,092</u> | <u>4,996</u> |
| Total liabilities and net assets | <u>\$48,490,278</u> | <u>\$22,090</u> | <u>\$10,579,575</u> | <u>\$4,996</u> |

See accompanying notes to financial statements.

FOUNDATION AND AFFILIATES

FINANCIAL POSITION

DECEMBER 31, 2015

| La Frontera Conservation Fund | The Cardwell Foundation | The Burkitt Foundation | The J. Edward & Helen M.C. Stern Foundation | Companeros International | Newspaper Tree Corp. | Eliminations | Combined |
|-------------------------------------|----------------------------|------------------------------|--|-----------------------------|-------------------------|--------------------|---------------------|
| \$ 2,401 | \$ 597,712 | \$ 575,603 | \$ 124,822 | \$102,001 | \$ 802 | \$ - | \$ 3,512,200 |
| - | - | 14,639 | - | - | - | (8,402) | 126,299 |
| - | 47,187 | 37,741 | 5,931 | - | - | - | 209,319 |
| - | - | - | - | 12,863 | - | (292,500) | 44,827 |
| - | - | - | - | - | - | - | 17,720 |
| - | 11,200 | 6,360 | 139 | - | 242 | - | 94,082 |
| <u>2,401</u> | <u>656,099</u> | <u>634,343</u> | <u>130,892</u> | <u>114,864</u> | <u>1,044</u> | <u>(300,902)</u> | <u>4,004,447</u> |
| - | 16,655,933 | 13,695,022 | 4,691,815 | - | - | - | 87,713,790 |
| - | - | - | - | - | - | - | 145,833 |
| 1,262,115 | - | 2,075,013 | - | - | - | - | 3,337,128 |
| - | - | - | - | - | - | - | 1,971,873 |
| - | - | - | - | - | - | - | 172,209 |
| - | - | - | - | - | - | (237,500) | - |
| - | - | - | - | - | 2,080 | - | 982,627 |
| - | - | - | - | - | - | - | 152,251 |
| <u>1,262,115</u> | <u>16,655,933</u> | <u>15,770,035</u> | <u>4,691,815</u> | <u>-</u> | <u>2,080</u> | <u>(237,500)</u> | <u>94,475,711</u> |
| <u>\$1,264,516</u> | <u>\$17,312,032</u> | <u>\$16,404,378</u> | <u>\$4,822,707</u> | <u>\$114,864</u> | <u>\$3,124</u> | <u>\$(538,402)</u> | <u>\$98,480,158</u> |
| \$ 8,402 | \$ - | \$ 1,533 | \$ 4,037 | \$ - | \$ 405 | \$ (8,402) | \$ 85,789 |
| - | - | - | - | - | - | - | 10,998,229 |
| - | - | - | - | - | - | - | 147,890 |
| - | 292,500 | - | - | 12,863 | - | (292,500) | 690,041 |
| <u>8,402</u> | <u>292,500</u> | <u>1,533</u> | <u>4,037</u> | <u>12,863</u> | <u>405</u> | <u>(300,902)</u> | <u>11,921,949</u> |
| - | - | - | - | - | - | - | 172,209 |
| - | - | - | - | - | - | - | 1,198,044 |
| - | 237,500 | - | - | - | - | (237,500) | 87,500 |
| - | 237,500 | - | - | - | - | (237,500) | 1,457,753 |
| <u>8,402</u> | <u>530,000</u> | <u>1,533</u> | <u>4,037</u> | <u>12,863</u> | <u>405</u> | <u>(538,402)</u> | <u>13,379,702</u> |
| (6,001) | 16,782,032 | 16,402,845 | 4,818,670 | 102,001 | 2,719 | - | 51,866,667 |
| 1,262,115 | - | - | - | - | - | - | 29,688,206 |
| - | - | - | - | - | - | - | 3,545,583 |
| <u>1,256,114</u> | <u>16,782,032</u> | <u>16,402,845</u> | <u>4,818,670</u> | <u>102,001</u> | <u>2,719</u> | <u>-</u> | <u>85,100,456</u> |
| <u>\$1,264,516</u> | <u>\$17,312,032</u> | <u>\$16,404,378</u> | <u>\$4,822,707</u> | <u>\$114,864</u> | <u>\$3,124</u> | <u>\$(538,402)</u> | <u>\$98,480,158</u> |

COMBINING STATEMENT OF

| ASSETS | El Paso Community Foundation | Border Art Residency | Walter Hightower Foundation | LOVE P.A.R.K. LLC |
|--|------------------------------------|----------------------------|-----------------------------------|----------------------|
| Current Assets: | | | | |
| Cash and cash investments (including investment amounts held by custodians totaling \$3,739,170) | \$ 2,003,608 | \$20,924 | \$ 166,711 | \$5,242 |
| Accounts receivable | 98,567 | - | - | - |
| Accrued interest and dividend receivable | 106,915 | - | 21,205 | - |
| Contributions receivable | 1,098,551 | - | - | - |
| Inventory | 17,920 | - | - | - |
| Other current assets | <u>95,456</u> | <u>-</u> | <u>1,522</u> | <u>-</u> |
| Total current assets | <u>3,421,017</u> | <u>20,924</u> | <u>189,438</u> | <u>5,242</u> |
| Noncurrent Assets: | | | | |
| Investments - marketable securities | 45,428,814 | - | 11,133,077 | - |
| Investments in local businesses | 152,114 | - | - | - |
| Investments in land and mineral interests | - | - | - | - |
| Assets held in charitable remainder trust | 2,130,747 | - | - | - |
| Other investments | 158,593 | - | - | - |
| Contributions receivable | 262,500 | - | - | - |
| Property, furniture, and equipment (net of accumulated depreciation of \$549,605) | 1,052,526 | - | - | - |
| Other assets | <u>155,423</u> | <u>-</u> | <u>100</u> | <u>-</u> |
| Total noncurrent assets | <u>49,340,717</u> | <u>-</u> | <u>11,133,177</u> | <u>-</u> |
| Total assets | <u>\$52,761,734</u> | <u>\$20,924</u> | <u>\$11,322,615</u> | <u>\$5,242</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 58,769 | \$ 41 | \$ 6,792 | \$ 21 |
| Notes payable | 11,789,595 | - | - | - |
| Liability under settlement agreement | 110,000 | - | - | - |
| Liability under charitable remainder trust - current portion | 159,806 | - | - | - |
| Grants payable - current portion | <u>2,911,921</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total current liabilities | <u>15,030,091</u> | <u>41</u> | <u>6,792</u> | <u>21</u> |
| Noncurrent Liabilities: | | | | |
| Deferred compensation | 158,593 | - | - | - |
| Liability under charitable remainder trust | 1,345,002 | - | - | - |
| Grants payable | <u>255,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total noncurrent liabilities | <u>1,758,595</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>16,788,686</u> | <u>41</u> | <u>6,792</u> | <u>21</u> |
| Net Assets: | | | | |
| Unrestricted | 2,825,947 | 20,883 | 11,315,823 | 5,221 |
| Temporarily restricted | 29,698,596 | - | - | - |
| Permanently restricted | <u>3,448,505</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total net assets | <u>35,973,048</u> | <u>20,883</u> | <u>11,315,823</u> | <u>5,221</u> |
| Total liabilities and net assets | <u>\$52,761,734</u> | <u>\$20,924</u> | <u>\$11,322,615</u> | <u>\$5,242</u> |

See accompanying notes to financial statements.

FOUNDATION AND AFFILIATES

FINANCIAL POSITION

DECEMBER 31, 2014

| <u>La Frontera Conservation Fund</u> | <u>The Cardwell Foundation</u> | <u>The Burkitt Foundation</u> | <u>The J. Edward & Helen M.C. Stern Foundation</u> | <u>Companeros International</u> | <u>Eliminations</u> | <u>Combined</u> |
|--|------------------------------------|---------------------------------------|--|-------------------------------------|----------------------|----------------------|
| \$ 2,768 | \$ 861,744 | \$ 803,075 | \$ 158,844 | \$102,553 | \$ - | \$ 4,125,469 |
| - | - | 28,140 | - | - | (8,402) | 118,305 |
| - | 46,733 | 39,260 | 8,628 | - | - | 222,741 |
| - | - | - | - | 12,264 | (1,001,000) | 109,815 |
| - | - | - | - | - | - | 17,920 |
| - | - | 6,360 | 133 | - | - | 103,471 |
| <u>2,768</u> | <u>908,477</u> | <u>876,835</u> | <u>167,605</u> | <u>114,817</u> | <u>(1,009,402)</u> | <u>4,697,721</u> |
| - | 17,079,200 | 14,695,045 | 5,052,963 | - | - | 93,389,099 |
| - | - | - | - | - | - | 152,114 |
| 1,262,115 | - | 1,063,412 | - | - | - | 2,325,527 |
| - | - | - | - | - | - | 2,130,747 |
| - | - | - | - | - | - | 158,593 |
| - | - | - | - | - | (255,000) | 7,500 |
| - | - | - | - | - | - | 1,052,526 |
| - | - | - | - | - | - | 155,523 |
| <u>1,262,115</u> | <u>17,079,200</u> | <u>15,758,457</u> | <u>5,052,963</u> | <u>-</u> | <u>(255,000)</u> | <u>99,371,629</u> |
| <u>\$1,264,883</u> | <u>\$17,987,677</u> | <u>\$16,635,292</u> | <u>\$5,220,568</u> | <u>\$114,817</u> | <u>\$(1,264,402)</u> | <u>\$104,069,350</u> |
| \$ 8,402 | \$ - | \$ 20,113 | \$ 9,941 | \$ 23 | \$ (8,402) | \$ 95,700 |
| - | - | - | - | - | - | 11,789,595 |
| - | - | - | - | - | - | 110,000 |
| - | - | - | - | - | - | 159,806 |
| - | 352,500 | 648,500 | - | 9,198 | (1,001,000) | 2,921,119 |
| <u>8,402</u> | <u>352,500</u> | <u>668,613</u> | <u>9,941</u> | <u>9,221</u> | <u>(1,009,402)</u> | <u>15,076,220</u> |
| - | - | - | - | - | - | 158,593 |
| - | - | - | - | - | - | 1,345,002 |
| - | 255,000 | - | - | - | (255,000) | 255,000 |
| - | 255,000 | - | - | - | (255,000) | 1,758,595 |
| <u>8,402</u> | <u>607,500</u> | <u>668,613</u> | <u>9,941</u> | <u>9,221</u> | <u>(1,264,402)</u> | <u>16,834,815</u> |
| (5,634) | 17,380,177 | 15,966,679 | 5,210,627 | 105,596 | - | 52,825,319 |
| 1,262,115 | - | - | - | - | - | 30,960,711 |
| - | - | - | - | - | - | 3,448,505 |
| <u>1,256,481</u> | <u>17,380,177</u> | <u>15,966,679</u> | <u>5,210,627</u> | <u>105,596</u> | <u>-</u> | <u>87,234,535</u> |
| <u>\$1,264,883</u> | <u>\$17,987,677</u> | <u>\$16,635,292</u> | <u>\$5,220,568</u> | <u>\$114,817</u> | <u>\$(1,264,402)</u> | <u>\$104,069,350</u> |

EL PASO COMMUNITY
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED

| | <u>El Paso Community Foundation</u> | <u>Border Art Residency</u> | <u>Walter Hightower Foundation</u> | <u>LOVE P.A.R.K. LLC</u> |
|---|---|-------------------------------------|--|------------------------------|
| <u>Changes in unrestricted net assets:</u> | | | | |
| Revenues and support | | | | |
| Contributions, gifts and bequest | \$ 4,686,084 | \$23,000 | \$ - | \$ - |
| Non-cash contributions | 30,335 | - | - | - |
| Investment income (net of trust administrative expenses) | 332,015 | - | 218,356 | - |
| Leases, rentals, and royalty income | 18,495 | - | - | - |
| Administrative fees | 500,362 | - | - | - |
| Unrealized gain/(loss) on investments | (1,249,069) | - | (839,849) | - |
| Realized gain/(loss) on investments and sale of assets | 989,458 | - | 330,383 | - |
| Partnership interest, net | - | - | - | - |
| Project and other income | 87,211 | 120 | - | - |
| Net assets released from restrictions and reclassifications | <u>2,429,021</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues and support | <u>7,823,912</u> | <u>23,120</u> | <u>(291,110)</u> | <u>-</u> |
| Expenses | | | | |
| Grants, awards and scholarships | 3,877,109 | 6,000 | 427,730 | - |
| Fundraising | 348,402 | - | - | - |
| Administrative expenses | 651,537 | - | - | - |
| Program expenses | <u>2,608,353</u> | <u>16,148</u> | <u>23,891</u> | <u>225</u> |
| Total expenses | <u>7,485,401</u> | <u>22,148</u> | <u>451,621</u> | <u>225</u> |
| <i>Change in unrestricted net assets</i> | <u>338,511</u> | <u>972</u> | <u>(742,731)</u> | <u>(225)</u> |
| <u>Changes in temporarily restricted net assets:</u> | | | | |
| Revenues and support | | | | |
| Contributions, gifts and bequests | 1,934,593 | - | - | - |
| Non-cash contributions | - | - | - | - |
| Administrative fees | (431,936) | - | - | - |
| Project and other income | 347,678 | - | - | - |
| Investment income (net of trust administrative expenses) | 605,505 | - | - | - |
| Unrealized gain/(loss) on investments | (2,726,301) | - | - | - |
| Realized gain/(loss) on investments and sale of assets | 1,426,977 | - | - | - |
| Partnership interest, net | - | - | - | - |
| Net assets released from restrictions and reclassifications | <u>(2,429,021)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Change in temporarily restricted net assets</i> | <u>(1,272,505)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Changes in permanently restricted net assets:</u> | | | | |
| Revenues and support | | | | |
| Contributions, gifts and bequests | 97,078 | - | - | - |
| Administrative fee | - | - | - | - |
| Project and other income | - | - | - | - |
| Investment income (net of trust administrative expenses) | - | - | - | - |
| Unrealized gain/(loss) on investments | - | - | - | - |
| Realized gain/(loss) on investments and sale of assets | - | - | - | - |
| Partnership interest, net | - | - | - | - |
| Net reclassifications and transfers | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Change in permanently restricted net assets</i> | <u>97,078</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Total change in net assets</i> | (836,916) | 972 | (742,731) | (225) |
| <i>Net assets at December 31, 2014</i> | <u>\$35,973,048</u> | <u>20,883</u> | <u>11,315,823</u> | <u>5,221</u> |
| <i>Net assets at December 31, 2015</i> | <u>\$35,136,132</u> | <u>\$21,855</u> | <u>\$10,573,092</u> | <u>\$4,996</u> |

See accompanying notes to financial statements.

FOUNDATION AND AFFILIATES

AND CHANGE IN NET ASSETS

DECEMBER 31, 2015

| <u>La Frontera Conservation Fund</u> | <u>The Cardwell Foundation</u> | <u>The Burkitt Foundation</u> | <u>The J. Edward & Helen M.C. Stern Foundation</u> | <u>Companeros International</u> | <u>Newspaper Tree Corp.</u> | <u>Eliminations</u> | <u>Combined</u> |
|--|--|---------------------------------------|--|-------------------------------------|---------------------------------|---------------------|---------------------|
| \$ 33,892 | \$ - | \$ - | \$ 6,849 | \$ 12,863 | \$17,472 | \$(1,918,534) | \$ 2,861,626 |
| - | - | - | - | - | - | - | 30,335 |
| 1 | 362,338 | 303,809 | 103,983 | - | - | - | 1,320,502 |
| - | - | 188,267 | - | - | - | - | 206,762 |
| - | - | - | - | - | - | (50,000) | 450,362 |
| - | (1,081,817) | (191,145) | (920,416) | - | - | - | (4,282,296) |
| - | 735,259 | 899,259 | 630,493 | - | - | - | 3,584,852 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 87,331 |
| - | <u>1,000,000</u> | - | - | - | - | <u>(1,056,242)</u> | <u>2,372,779</u> |
| <u>33,893</u> | <u>1,015,780</u> | <u>1,200,190</u> | <u>(179,091)</u> | <u>12,863</u> | <u>17,472</u> | <u>(3,024,776)</u> | <u>6,632,253</u> |
| - | 1,598,800 | 682,853 | 208,499 | 15,928 | - | (2,974,776) | 3,842,143 |
| - | - | - | - | - | - | - | 348,402 |
| - | - | 56,661 | - | - | - | (20,000) | 688,198 |
| <u>34,260</u> | <u>15,125</u> | <u>24,510</u> | <u>4,367</u> | <u>530</u> | <u>14,753</u> | <u>(30,000)</u> | <u>2,712,162</u> |
| <u>34,260</u> | <u>1,613,925</u> | <u>764,024</u> | <u>212,866</u> | <u>16,458</u> | <u>14,753</u> | <u>(3,024,776)</u> | <u>7,590,905</u> |
| <u>(367)</u> | <u>(598,145)</u> | <u>436,166</u> | <u>(391,957)</u> | <u>(3,595)</u> | <u>2,719</u> | <u>-</u> | <u>(958,652)</u> |
| - | 1,000,000 | - | - | - | - | (1,056,242) | 1,878,351 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | (431,936) |
| - | - | - | - | - | - | - | 347,678 |
| - | - | - | - | - | - | - | 605,505 |
| - | - | - | - | - | - | - | (2,726,301) |
| - | - | - | - | - | - | - | 1,426,977 |
| - | - | - | - | - | - | - | - |
| - | <u>(1,000,000)</u> | - | - | - | - | <u>1,056,242</u> | <u>(2,372,779)</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,272,505)</u> |
| - | - | - | - | - | - | - | 97,078 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>97,078</u> |
| (367) | (598,145) | 436,166 | (391,957) | (3,595) | 2,719 | - | (2,134,079) |
| <u>1,256,481</u> | <u>17,380,177</u> | <u>15,966,679</u> | <u>5,210,627</u> | <u>105,596</u> | <u>-</u> | <u>-</u> | <u>87,234,535</u> |
| <u>\$1,256,114</u> | <u>\$16,782,032</u> | <u>\$16,402,845</u> | <u>\$4,818,670</u> | <u>\$102,001</u> | <u>\$ 2,719</u> | <u>\$ -</u> | <u>\$85,100,456</u> |

EL PASO COMMUNITY
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED

| | <u>El Paso Community Foundation</u> | <u>Border Art Residency</u> | <u>Walter Hightower Foundation</u> | <u>LOVE P.A.R.K. LLC</u> |
|---|---|-------------------------------------|--|------------------------------|
| <u>Changes in unrestricted net assets:</u> | | | | |
| Revenues and support | | | | |
| Contributions, gifts and bequest | \$ 2,369,419 | \$23,200 | \$ - | \$ - |
| Non-cash contributions | 12,044 | - | - | - |
| Investment income (net of trust administrative expenses) | 348,561 | - | 162,707 | - |
| Leases, rentals, and royalty income | 18,958 | - | - | - |
| Administrative fees | 526,772 | - | - | - |
| Unrealized gain/(loss) on investments | (282,949) | - | (1,036,025) | - |
| Realized gain/(loss) on investments and sale of assets | 775,511 | - | 1,543,400 | - |
| Partnership interest, net | 3,113 | - | - | - |
| Project and other income | 26,017 | - | - | - |
| Net assets released from restrictions and reclassifications | <u>3,662,646</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>7,460,092</u> | <u>23,200</u> | <u>670,082</u> | <u>-</u> |
| Expenses | | | | |
| Grants, awards and scholarships | 6,940,294 | 6,000 | 407,000 | - |
| Fundraising | 342,928 | - | - | - |
| Administrative expenses | 648,323 | - | - | - |
| Program expenses | <u>2,417,729</u> | <u>16,095</u> | <u>22,815</u> | <u>414</u> |
| Total expenses | <u>10,349,274</u> | <u>22,095</u> | <u>429,815</u> | <u>414</u> |
| <i>Change in unrestricted net assets</i> | <u>(2,889,182)</u> | <u>1,105</u> | <u>240,267</u> | <u>(414)</u> |
| <u>Changes in temporarily restricted net assets:</u> | | | | |
| Revenues and support | | | | |
| Contributions, gifts and bequests | 2,046,368 | - | - | - |
| Non-cash contribution | - | - | - | - |
| Administrative fees | (455,198) | - | - | - |
| Project and other income | 186,556 | - | - | - |
| Investment income (net of trust administrative expenses) | 569,626 | - | - | - |
| Unrealized gain/(loss) on investments | (1,248,239) | - | - | - |
| Realized gain/(loss) on investments and sale of assets | 1,707,843 | - | - | - |
| Partnership interest, net | - | - | - | - |
| Net assets released from restrictions and reclassifications | <u>(3,665,146)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Change in temporarily restricted net assets</i> | <u>(858,190)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Changes in permanently restricted net assets:</u> | | | | |
| Revenues and support | | | | |
| Contributions, gifts and bequests | 8,715 | - | - | - |
| Administrative fee | - | - | - | - |
| Project and other income | - | - | - | - |
| Investment income (net of trust administrative expenses) | - | - | - | - |
| Unrealized gain/(loss) on investments | - | - | - | - |
| Realized gain/(loss) on investments and sale of assets | - | - | - | - |
| Partnership interest, net | - | - | - | - |
| Net reclassifications and transfers | <u>2,500</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Change in permanently restricted net assets</i> | <u>11,215</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Total change in net assets</i> | (3,736,157) | 1,105 | 240,267 | (414) |
| <i>Net assets at December 31, 2013</i> | <u>39,709,205</u> | <u>19,778</u> | <u>11,075,556</u> | <u>5,635</u> |
| <i>Net assets at December 31, 2014</i> | <u>\$35,973,048</u> | <u>\$20,883</u> | <u>\$11,315,823</u> | <u>\$ 5,221</u> |

See accompanying notes to financial statements.

FOUNDATION AND AFFILIATES

AND CHANGE IN NET ASSETS

DECEMBER 31, 2014

| <u>La Frontera Conservation Fund</u> | <u>The Cardwell Foundation</u> | <u>The Burkitt Foundation</u> | <u>The J. Edward & Helen M.C. Stern Foundation</u> | <u>Companeros International</u> | <u>Eliminations</u> | <u>Combined</u> |
|--|--|---------------------------------------|--|-------------------------------------|---------------------|---------------------|
| \$ 37,258 | \$ 10,000 | \$ - | \$ 5,594 | \$ 25,700 | \$(2,168,935) | \$ 302,236 |
| - | - | - | - | - | - | 12,044 |
| 1 | 359,871 | 294,515 | 128,231 | - | - | 1,293,886 |
| - | - | 551,436 | - | - | - | 570,394 |
| - | - | - | - | - | (50,000) | 476,772 |
| - | (93,706) | 164,789 | (9,953) | - | - | (1,257,844) |
| - | 604,812 | 230,149 | 239,915 | - | - | 3,393,787 |
| - | - | - | - | - | - | 3,113 |
| - | - | - | - | - | - | 26,017 |
| <u>-</u> | <u>1,200,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,449,458)</u> | <u>3,413,188</u> |
| <u>37,259</u> | <u>2,080,977</u> | <u>1,240,889</u> | <u>363,787</u> | <u>25,700</u> | <u>(3,668,393)</u> | <u>8,233,593</u> |
| - | 1,615,000 | 1,278,500 | 256,135 | 26,452 | (3,618,393) | 6,910,988 |
| - | - | - | - | - | - | 342,928 |
| - | - | 40,439 | - | - | (20,000) | 668,762 |
| <u>37,612</u> | <u>15,175</u> | <u>57,731</u> | <u>16,984</u> | <u>306</u> | <u>(30,000)</u> | <u>2,554,861</u> |
| <u>37,612</u> | <u>1,630,175</u> | <u>1,376,670</u> | <u>273,119</u> | <u>26,758</u> | <u>(3,668,393)</u> | <u>10,477,539</u> |
| <u>(353)</u> | <u>450,802</u> | <u>(135,781)</u> | <u>90,668</u> | <u>(1,058)</u> | <u>-</u> | <u>(2,243,946)</u> |
| - | 700,000 | - | - | - | (1,449,458) | 1,296,910 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | (455,198) |
| - | - | - | - | - | - | 186,556 |
| - | - | - | - | - | - | 569,626 |
| - | - | - | - | - | - | (1,248,239) |
| - | - | - | - | - | - | 1,707,843 |
| - | - | - | - | - | - | - |
| <u>-</u> | <u>(1,200,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,449,458</u> | <u>(3,415,688)</u> |
| <u>-</u> | <u>(500,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,358,190)</u> |
| - | - | - | - | - | - | 8,715 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,500</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,215</u> |
| (353) | (49,198) | (135,781) | 90,668 | (1,058) | - | (3,590,921) |
| <u>1,256,834</u> | <u>17,429,375</u> | <u>16,102,460</u> | <u>5,119,959</u> | <u>106,654</u> | <u>-</u> | <u>90,825,456</u> |
| <u>\$1,256,481</u> | <u>\$17,380,177</u> | <u>\$15,966,679</u> | <u>\$5,210,627</u> | <u>\$105,596</u> | <u>\$-</u> | <u>\$87,234,535</u> |