

**EL PASO COMMUNITY FOUNDATION
AND AFFILIATES**

COMBINED FINANCIAL STATEMENTS

**DECEMBER 31, 2018 AND 2017
TOGETHER WITH AUDITOR'S REPORT**

**EL PASO COMMUNITY FOUNDATION
AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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600 SUNLAND PARK, 6-300
EL PASO, TX 79912

P 915 356-3700
F 915 356-3779
W GRP-CPA.COM



Independent Auditor's 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, 2018 and 2017, 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 \$19,814,664 and \$18,415,999 as of December 31, 2018 and 2017 respectively, and support and revenues of \$2,255,971 and \$2,911,010 for those 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, 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.

Gilson Ruddock Patterson LLC

El Paso, Texas
September 26, 2019

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 4,712,743	\$ 4,570,537
Accounts receivable	359,443	106,290
Accrued interest and dividends receivable	148,945	178,695
Contributions receivable	472,963	202,007
Inventory	17,720	17,720
Other current assets	40,499	80,323
	<hr/>	<hr/>
Total current assets	5,752,313	5,155,572
Noncurrent Assets		
Investments - marketable securities	87,590,042	99,452,848
Investment in local businesses	145,833	145,833
Investment in land and mineral interest	9,751,318	3,354,134
Assets held in charitable remainder uni-trust	1,822,648	2,102,577
Other investments	214,609	200,005
Contributions receivable	1,650,000	20,000
Property, furniture and equipment, net	762,768	930,487
Other assets	161,192	160,564
	<hr/>	<hr/>
Total noncurrent assets	102,098,410	106,366,448
	<hr/>	<hr/>
Total assets	\$ 107,850,723	\$ 111,522,020

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

LIABILITIES AND NET ASSETS	<u>2018</u>	<u>2017</u>
Current Liabilities		
Accounts payable and accrued liabilities	\$ 308,842	\$ 166,054
Note payable	11,040,127	11,013,864
Liability under charitable remainder trust-current portion	136,699	157,693
Grants payable-current portion	456,095	387,989
	<u>11,941,763</u>	<u>11,725,600</u>
Total current liabilities		
Noncurrent Liabilities		
Deferred compensation	214,609	200,005
Liability under charitable remainder uni-trust	1,060,010	1,318,945
Agency funds	1,724,580	1,905,661
Grants payable	225,000	249,997
	<u>3,224,199</u>	<u>3,674,608</u>
Total noncurrent liabilities		
Total liabilities	<u>15,165,962</u>	<u>15,400,208</u>
Net Assets		
Without donor restrictions	49,487,552	48,075,447
With donor restrictions	43,197,209	48,046,365
	<u>92,684,761</u>	<u>96,121,812</u>
Total net assets		
Total liabilities and net assets	<u>\$ 107,850,723</u>	<u>\$ 111,522,020</u>

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINED STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions, gifts, and bequests	\$ 3,672,667	\$ 3,007,736	\$ 6,680,403
Non-cash contributions	3,087,000	-	3,087,000
Net investment return	40,661	(2,985,487)	(2,944,826)
Leases, rentals and royalty income	280,534	-	280,534
Administrative fees	1,000,876	(957,812)	43,064
Project and other income	556,213	244,537	800,750
	8,637,951	(691,026)	7,946,925
Net assets released from restrictions	4,464,514	(4,464,514)	-
Total revenues and support	13,102,465	(5,155,540)	7,946,925
Expenses			
Grants, awards and scholarships	5,125,570	-	5,125,570
Program expenses	5,089,136	-	5,089,136
Administrative expenses	826,278	-	826,278
Fundraising expenses	342,992	-	342,992
Total expenses	11,383,976	-	11,383,976
Change in net assets	1,718,489	(5,155,540)	(3,437,051)
Net assets - beginning of year	48,075,447	48,046,365	96,121,812
Current changes in net assets	1,718,489	(5,155,540)	(3,437,051)
Reclassifications and other transfers	(306,384)	306,384	-
Net assets - end of year	\$ 49,487,552	\$ 43,197,209	\$ 92,684,761

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINED STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions, gifts, and bequests	\$ 494,136	\$ 3,765,441	\$ 4,259,577
Non-cash contributions	-	24,564	24,564
Net investment return	8,903,884	6,346,006	15,249,890
Leases, rentals and royalty income	213,198	840	214,038
Administrative fees	40,095	-	40,095
Project and other income	147,129	283,560	430,689
	9,798,442	10,420,411	20,218,853
Net assets released from restrictions	6,407,844	(6,407,844)	-
Total revenues and support	16,206,286	4,012,567	20,218,853
Expenses			
Grants, awards and scholarships	3,171,504	-	3,171,504
Program expenses	4,457,197	-	4,457,197
Administrative expenses	737,735	-	737,735
Fundraising expenses	352,714	-	352,714
Total expenses	8,719,150	-	8,719,150
Change in net assets	7,487,136	4,012,567	11,499,703
Net assets - beginning of year	40,758,801	43,863,308	84,622,109
Current changes in net assets	7,487,136	4,012,567	11,499,703
Reclassifications and other transfers	(170,490)	170,490	-
Net assets - end of year	\$ 48,075,447	\$ 48,046,365	\$ 96,121,812

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

DECEMBER 31, 2018

	Grants, Awards & Scholarships	Program	Administrative	Fundraising	Total
Salaries	\$ -	\$ 1,231,644	\$ 388,215	\$ 176,106	\$ 1,795,965
Benefits and payroll taxes	-	429,745	204,612	86,637	720,994
Grants, awards and scholarships	5,125,570	-	-	-	5,125,570
Project expenses	-	645,721	-	-	645,721
Professional fees	-	1,087,361	77,167	26,186	1,190,714
Rent and utilities	-	257,532	42,137	18,651	318,320
Professional development	-	38,044	7,140	3,160	48,344
Publication and distribution	-	102,070	3,824	2,021	107,915
Meetings, workshops and donor activities	-	549,021	19,367	8,572	576,960
Office supplies and expenses	-	73,039	15,700	6,949	95,688
Telephone	-	7,711	4,200	1,859	13,770
Insurance	-	59,407	15,160	3,807	78,374
Equipment lease maintenance	-	7,216	1,314	582	9,112
Postage and delivery	-	3,192	1,738	770	5,700
Interest	-	351,149	-	-	351,149
Permit, taxes, fees	-	2,288	-	-	2,288
Advertising	-	34,833	740	-	35,573
Administrative fees	-	-	-	-	-
Other	-	2,652	27,586	-	30,238
Total expenses before depreciation	5,125,570	4,882,625	808,900	335,300	11,152,395
Depreciation	-	206,511	17,378	7,692	231,581
Total expenses	\$ 5,125,570	\$ 5,089,136	\$ 826,278	\$ 342,992	\$ 11,383,976

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

DECEMBER 31, 2017

	Grants, Awards & Scholarships	Program	Administrative	Fundraising	Total
Salaries	\$ -	\$ 1,013,510	\$ 334,857	\$ 179,968	\$ 1,528,335
Benefits and payroll taxes	-	387,501	183,080	89,455	660,036
Grants, awards and scholarships	3,171,504	-	-	-	3,171,504
Project expenses	-	521,299	-	-	521,299
Professional fees	-	1,112,004	70,174	25,672	1,207,850
Rent and utilities	-	240,270	37,830	19,666	297,766
Professional development	-	65,913	4,557	2,369	72,839
Publication and distribution	-	84,089	4,657	2,421	91,167
Meetings, workshops and donor activities	-	433,286	21,161	11,001	465,448
Office supplies and expenses	-	60,208	10,885	5,659	76,752
Telephone	-	8,943	4,278	2,224	15,445
Insurance	-	56,276	14,231	3,863	74,370
Equipment lease maintenance	-	10,459	1,251	650	12,360
Postage and delivery	-	3,113	1,489	774	5,376
Interest	-	281,484	-	-	281,484
Permit, taxes, fees	-	2,896	-	-	2,896
Advertising	-	25,105	-	-	25,105
Administrative fees	-	-	-	-	-
Other	-	4,877	31,988	-	36,865
Total expenses before depreciation	3,171,504	4,311,233	720,438	343,722	8,546,897
Depreciation	-	145,964	17,297	8,992	172,253
Total expenses	\$ 3,171,504	\$ 4,457,197	\$ 737,735	\$ 352,714	\$ 8,719,150

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINED STATEMENTS OF CASH FLOWS

DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Changes in net assets	\$ (3,437,051)	\$ 11,499,703
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Non-cash contributions	(3,087,000)	(24,564)
Realized gain on sale of investments	(3,796,438)	(5,633,079)
Unrealized (gain) loss on investments	8,488,549	(7,618,679)
Loss on disposal of equipment	6,533	-
Depreciation	231,581	172,253
(Increase) decrease in:		
Accrued interest and dividends receivable	29,750	83,734
Accounts receivable	(253,153)	(48,153)
Other assets	39,196	59,345
Contributions receivable	(1,900,956)	(397,143)
Increase (decrease) in:		
Accounts payable and accrued liabilities	142,787	33,922
Grants payable	43,109	(365,262)
Net cash used by operating activities	(3,493,093)	(2,237,923)
Cash flows from investing activities:		
Net sales of investments	3,587,196	1,522,656
Purchases of equipment	(70,395)	(227,499)
Distributions to charitable remainder trust beneficiaries	(158,046)	(145,652)
Net cash provided by investing activities	3,358,755	1,149,505
Cash flows from financing activities:		
Capital transfer	250,281	-
Borrowings on note payable	392,571	291,020
Payments on note payable	(366,308)	(275,679)
Net cash provided by financing activities	276,544	15,341
Net increase (decrease) in cash and cash equivalents	142,206	(1,073,077)
Cash and cash equivalents, beginning of year	4,570,537	5,643,614
Cash and cash equivalents, end of year	\$ 4,712,743	\$ 4,570,537
Cash paid during the year for interest	\$ 360,747	\$ 281,702

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Nature of Operations

The El Paso Community Foundation is a Texas nonprofit corporation responsible for charitable funds contributed by various donors and the related income generated by those funds. 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). The various Affiliate organizations serve to support El Paso Community Foundation in its charitable purpose.

Basis of Accounting

The financial statements of El Paso Community Foundation and Affiliates (the Foundation) are prepared on the accrual basis of accounting.

Financial Statement Presentation

The combined financial statements include the El Paso Community Foundation and following entities, or "Affiliates":

- The Cardwell Foundation
- The Burkitt Foundation
- The J. Edward and Helen M.C. Stern Foundation
- La Frontera Conservation Fund
- El Paso Festivals, Inc.
- Compañeros International
- Border Art Residency
- El Paso Museum of History Foundation
- The EPC Museum
- El Paso Special Needs Education Center
- EPCM Construction LLC
- Love P.A.R.K. LLC

Substantially all the above entities are supporting organizations of El Paso Community Foundation, and operate for the benefit of, and carry out the purposes of El Paso Community Foundation. EPCM Construction LLC and Love P.A.R.K. LLC are wholly owned by El Paso Community Foundation and another Affiliate. The Foundation has significant control over the functions of the Affiliates. All intercompany transactions and balances have been eliminated in combination.

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EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

Under the Presentation of Financial Statements of FASB Accounting Standards Codification (ASC), El Paso Community Foundation and its Affiliates classifies its net assets, revenues, gains and losses based upon the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions. The governing board has also designated, from net assets without donor restrictions, net assets for board-designated endowments.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposes for which the resource was restricted has been fulfilled, or both.

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. Actual results could differ from those estimates, and those differences could be material.

Revenues and Support Recognition

Contributions are recognized and recorded as support when received or unconditionally promised. Investment income and gains, project income, lease income, rental income and royalty income are recognized and recorded as revenue when earned.

Contributions

The Foundation and Affiliates report gifts of cash and other assets as support with restrictions 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.

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

Contributions of Long-Lived Assets

The Foundation and Affiliates report gifts of land, buildings, and equipment as support without restrictions 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 support with restrictions. 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.

Gifts of Remainder Interests

Remainder interest gifts are donations whereby the donor stipulates that the Foundation periodically pay a fixed amount of money to a specified beneficiary. 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 net assets without donor restrictions.

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. The allocations are determined by management on an equitable basis.

Advertising

Advertising costs are expensed as incurred. Advertising expenses were \$35,573 and \$25,105 for the years ended December 31, 2018 and 2017, respectively.

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.

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, 2018 and 2017.

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

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 and vehicles	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.

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.

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.

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

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 retains in perpetuity (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 is appropriated for expenditure by the Organization in manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation 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.

Endowment Investment and Spending Policies

The Foundation has 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 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 relies 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 policy is to generally expend only the income earned on endowed funds to the extent necessary for the needs of the Foundation, while preserving the endowment assets.

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

Income Tax Status

El Paso Community Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, have no provision for federal income taxes.

El Paso Community Foundation and its Affiliates evaluate significant tax positions as required by generally accepted accounting principles in the United States of America. Their 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.

2. LIQUIDITY AND AVAILABILITY

Foundation financial assets at December 31, 2018 available for general expenditure -- that is, without donor, debt, or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	<u>\$ 1,180,222</u>
	<u><u>\$ 1,180,222</u></u>

The El Paso Community Foundation and its Affiliates review their budgets at least annually. The organizations regularly monitor their liquidity requirements to meet annual financial obligations, while striving to preserve and maximize the numerous fund investment values. The Foundation's and various Affiliates' general spending policies permit the expenditure in a general range of 3% - 5% of the value of assets related to donor restricted funds, and 100% of general assets. The boards of directors have discretion in allowing higher spending rates when necessary.

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

3. CASH AND CASH EQUIVALENTS

The Foundation's cash and cash equivalents include the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Cash in banks	\$ 1,933,422	\$ 2,163,222
Money market funds	<u>2,779,321</u>	<u>2,407,315</u>
	<u>\$ 4,712,743</u>	<u>\$ 4,570,537</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.

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>2018</u>	<u>2017</u>
Contributions receivable in less than one year	\$ 472,963	\$ 202,007
Contributions receivable in one to five years	<u>1,650,000</u>	<u>20,000</u>
Total contributions receivable	<u>\$ 2,122,963</u>	<u>\$ 222,007</u>

5. GRANTS PAYABLE

The Foundation made current and long-term unconditional promises to give to organizations in 2018 and prior years. The amounts payable in one to five years at December 31, 2018 is as follows:

<u>Year ended December 31,</u>	
2020	\$ 125,000
2021	<u>100,000</u>
	<u>\$ 225,000</u>

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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, 2018 and 2017.

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 using model-based valuations.

Investment in Land and Mineral Interest

Land held for investment valuations are based upon independent appraisals conducted for the various parcels as of May 1, 2018, December 28, 2018 and December 31, 2018. Mineral rights valuations are based upon independent valuations conducted as of December 31, 2018.

Liability Under Charitable Remainder Unitrust

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

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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, 2018 and 2017:

2018	Quoted Price in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>Recurring fair value measurements:</u>				
Marketable securities	\$ 80,112,938	\$ 7,477,104	\$ -	\$ 87,590,042
Assets held in charitable remainder trust	-	1,822,648	-	1,822,648
Liability under charitable remainder trust	-	(1,196,709)	-	(1,196,709)
	<u>\$ 80,112,938</u>	<u>\$ 8,103,043</u>	<u>\$ -</u>	<u>\$ 88,215,981</u>

Nonrecurring fair value measurements:

Investment in land and mineral interest	\$ -	\$ 9,751,318	\$ -	\$ 3,354,134
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2017	Quoted Price in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>Recurring fair value measurements:</u>				
Marketable securities	\$ 92,696,821	\$ 6,756,027	\$ -	\$ 99,452,848
Assets held in charitable remainder trust	-	2,102,577	-	2,102,577
Liability under charitable remainder trust	-	(1,476,638)	-	(1,476,638)
	<u>\$ 92,696,821</u>	<u>\$ 7,381,966</u>	<u>\$ -</u>	<u>\$ 100,078,787</u>

Nonrecurring fair value measurements:

Investment in land and mineral interest	\$ -	\$ 3,354,134	\$ -	\$ 3,354,134
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(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

7. INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities at December 31, 2018 and 2017, stated at fair value, consisted of the following:

	<u>2018</u>	<u>2017</u>
Corporate bonds	<u>\$ 2,379,166</u>	<u>\$ 2,264,388</u>
Government and agency obligations		
US Treasury notes	5,518,839	6,572,926
US government agency mortgage-backed bonds	<u>5,097,938</u>	<u>4,491,639</u>
	<u>10,616,777</u>	<u>11,064,565</u>
Equities		
Domestic equities	24,514,265	30,309,641
Foreign equities	<u>11,332,098</u>	<u>13,993,667</u>
	<u>35,846,363</u>	<u>44,303,308</u>
Mutual funds		
Fixed income	10,185,479	9,556,994
Alternative and real asset	2,867,556	2,188,915
Equity	<u>25,694,701</u>	<u>30,074,678</u>
	<u>38,747,736</u>	<u>41,820,587</u>
	<u>\$ 87,590,042</u>	<u>\$ 99,452,848</u>

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

8. NET INVESTMENT RETURN

Net investment return for the years ended December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Dividend and interest income	\$ 2,401,715	\$ 2,618,065
Realized gain on sale of investments	3,796,438	5,633,079
Unrealized gain (loss)	(8,488,549)	7,618,679
Investment manager fees	(654,430)	(619,933)
	<u>\$ (2,944,826)</u>	<u>\$ 15,249,890</u>

9. PROPERTY, FURNITURE, AND EQUIPMENT

Property, furniture, and equipment in consisted of the following at December 31, 2018 and 2017:

	Balance at 12/31/2017	Net Additions & Disposals	Balance at 12/31/2018
Office equipment and furniture	\$ 503,447	\$ 35,048	\$ 538,495
Vehicles	19,902	(10,441)	9,461
Leasehold improvements	1,348,299	40,128	1,388,427
	1,871,648	64,735	1,936,383
Less accumulated depreciation	(941,161)	(232,454)	(1,173,615)
Total property, furniture and equipment	<u>\$ 930,487</u>	<u>\$ (167,719)</u>	<u>\$ 762,768</u>

Depreciation expense was \$231,581 and \$172,253 for the years ended 2018 and 2017, respectively.

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

10. 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 values were \$91,256 and \$94,146 at December 31, 2018 and 2017, 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.

11. 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 \$26,034,823 and \$29,816,810 at December 31, 2018 and 2017, respectively. Advances under the line of credit at December 31, 2018 and 2017 were:

	<u>2018</u>	<u>2017</u>
Fixed rate advance bearing interest at 2.69% through December 3, 2018. Interest payable monthly.	\$ -	\$ 8,000,000
Fixed rate advance bearing interest at 4.07% through March 3, 2022. Interest payable quarterly.	3,008,317	-
Fixed rate advance bearing interest at 4.20% through November 9, 2023. Interest payable quarterly.	8,000,000	-
Variable rate advance bearing interest at LIBOR+ 1% (3.44 % at December 31, 2018), interest payable monthly.	31,810	3,013,864
	<u>\$ 11,040,127</u>	<u>\$ 11,013,864</u>

The Foundation has drawn on 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.

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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 \$18,500 or 10% of compensation during any calendar year. The Foundation contributes a percentage of the eligible employees' annual compensation to the Plan. All contributions made to the Plan are placed in a group annuity contract issued by Voya Retirement Insurance and Annuity Company. The Foundation contributed \$295,080 and \$293,302 to the Plan for the years ended December 31, 2018 and 2017, respectively, and the employees contributed \$58,850 and \$59,808 for the those years then ended.

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:

<u>Year ended December 31,</u>	
2019	\$ 228,854
2020	232,287
2021	235,771
2022	239,307
After December 31, 2022	<u>908,162</u>
	<u>\$ 1,844,381</u>

Rent expenses charged to activities in 2018 and 2017, including provisions for storage and parking, were \$ 253,138 and \$239,229, respectively.

The Foundation subscribes to remote information services for its accounting and reporting functions, requiring yearly subscription fees of \$47,341. The annual subscription term automatically renews without written notice.

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted at December 31, 2018 and 2017 for the following purposes:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Health/Disabilities	\$ 14,993,037	\$ 16,306,497
Human services	12,900,986	14,559,803
Education	7,076,350	7,672,921
Civic/Public affairs	1,272,952	1,106,564
Arts/Humanities	672,271	611,322
Environment/Animals	304,327	286,930
Project expenses	439,311	1,997,982
	<u>37,659,234</u>	<u>42,542,019</u>
Subject to the passage of time:		
Net assets held in charitable remainder uni-trust	625,939	625,939
Promises to give	121,513	222,007
	<u>747,452</u>	<u>847,946</u>
Endowments:		
Subject to Foundation spending policy and appropriation:		
Health/General	1,386,514	1,385,044
Human Services	1,365,294	1,363,772
Education	1,810,197	1,720,363
Arts/Humanities	116,340	74,381
Environment/Animals	45,975	45,975
Project expenses	66,203	66,865
	<u>4,790,523</u>	<u>4,656,400</u>
	<u>\$ 43,197,209</u>	<u>\$ 48,046,365</u>

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

15. CHANGES IN ENDOWMENT NET ASSETS AND ENDOWMENT NET ASSET COMPOSITION

Below is a schedule of changes in endowment assets for the year ended December 31, 2018. The temporarily restricted portion of the endowment has been appropriated.

	Without Donor Restrictions (Board Designated)	With Donor Restrictions	2018 Total	2017 Total
Net assets, beginning of year	\$ 1,281,410	\$ 4,656,400	\$ 5,937,810	\$ 4,491,030
Net investment return	(80,428)	(356,408)	(436,836)	891,395
Contributions	227,423	134,124	361,547	1,322,802
Amounts appropriated for expenditure	(30,086)	(269,858)	(299,944)	(172,445)
Reclassifications	-	626,265	626,265	(594,972)
Change in net assets	116,909	134,123	251,032	1,446,780
Endowment net assets, end of year	\$ 1,398,319	\$ 4,790,523	\$ 6,188,842	\$ 5,937,810

16. 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, 2018 and 2017 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 2018 is as follows:

Asset value at January 1, 2018	\$ 2,102,577
Gain (loss), net	(121,883)
Distributions to beneficiaries	<u>(158,046)</u>
Asset value at December 31, 2018	<u>\$ 1,822,648</u>

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

17. AGENCY FUNDS

From time to time, organizations provide funds to The Foundation for their own benefit. These transfers are considered reciprocal transactions under the accounting literature, and are recorded as a liability by the Foundation. The liability represents an obligation to pay specified future distributions. The Foundation's legal ownership of the funds is granted through variance power, and is governed by the gift instruments. The changes in the agency liability for the years ended December 31, 2018 and 2017 were:

	<u>2018</u>	<u>2017</u>
Agency liability, beginning of year	\$ 1,905,661	\$ 1,705,053
Investment income, net	30,106	27,549
Gain (loss), net	(146,397)	235,596
Distributions	<u>(64,790)</u>	<u>(62,537)</u>
Agency liability, end of year	<u>\$ 1,724,580</u>	<u>\$ 1,905,661</u>

18. 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.

(Continued)

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

19. CHANGE IN ACCOUNTING PRINCIPLE

The Foundation adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*, during 2018. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the financial statement presentation retrospectively to address all periods presented.

20. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through September 26, 2019, the date on which the financial statements were available to be issued.

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

600 SUNLAND PARK, 6-300
EL PASO, TX 79912

P 915 356-3700
F 915 356-3779
W GRP-CPA.COM



**Independent Auditor's 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, 2018 and 2017, and have issued our report thereon dated September 26, 2019, 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 \$19,814,664 and \$18,415,999 as of December 31, 2018 and 2017, respectively, and total support and revenues of \$2,255,971 and \$2,911,010 for those 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 audit was 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 audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gibson Ruddock Patterson LLC

El Paso, Texas
September 26, 2019

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS	El Paso Community Foundation	The Cardwell Foundation	The Burkitt Foundation	The J. Edward & Helen M.C. Stern Foundation	La Frontera Conservation Fund	El Paso Festivals, Inc.	Compañeros International	Border Art Residency	El Paso Museum of History Foundation	The EPC Museum	El Paso Special Needs Education Center	EPCM Construction, LLC	Love P.A.R.K., LLC	Eliminations	Combined
Current Assets:															
Cash and cash investments (including investment amounts held by custodians of \$2,779,321)	\$ 2,867,688	\$ 788,996	\$ 75,033	\$ 108,927	\$ 1,411	\$ 152,669	\$ 89,372	\$ 8,283	\$ 60,443	\$ 458,932	\$ 16,612	\$ 80,118	\$ 4,259	\$ -	\$ 4,712,743
Accounts receivable	13,786	-	7,245	5,973	-	8,923	-	-	52,929	270,841	9,183	-	-	(9,437)	359,443
Accrued interest and dividend receivable	104,400	37,865	4	6,676	-	-	-	-	-	-	-	-	-	-	148,945
Contributions receivable	546,513	20,000	-	-	-	-	31,450	-	-	300,000	-	-	-	(425,000)	472,963
Inventory	17,720	-	-	-	-	-	-	-	-	-	-	-	-	-	17,720
Other current assets	33,027	-	6,266	151	-	786	-	-	269	-	-	-	-	-	40,499
Total current assets	3,583,134	846,861	88,548	121,727	1,411	162,378	120,822	8,283	113,641	1,029,773	25,795	80,118	4,259	(434,437)	5,752,313
Noncurrent Assets:															
Investments - marketable securities	51,494,994	17,169,488	14,323,913	4,601,647	-	-	-	-	-	-	-	-	-	-	87,590,042
Investments in local businesses	145,833	-	-	-	-	-	-	-	-	250,281	-	-	-	(250,281)	145,833
Investment in land and mineral interests	17,000	-	5,402,203	-	4,332,115	-	-	-	-	-	-	-	-	-	9,751,318
Assets held in charitable remainder trust	1,822,648	-	-	-	-	-	-	-	-	-	-	-	-	-	1,822,648
Other investments	214,609	-	-	-	-	-	-	-	-	-	-	-	-	-	214,609
Contributions receivable	275,000	-	-	-	-	-	-	-	-	2,380,435	-	-	-	(1,005,435)	1,650,000
Property, furniture, and equipment (net of accumulated depreciation of \$1,173,615)	699,330	-	-	-	-	-	-	-	-	2,787	60,651	-	-	-	762,768
Other assets	157,674	-	-	-	-	-	-	-	-	2,473	1,045	-	-	-	161,192
Total noncurrent assets	54,827,088	17,169,488	19,726,116	4,601,647	4,332,115	-	-	-	-	2,635,976	61,696	-	-	(1,255,716)	102,098,410
Total assets	\$ 58,410,222	\$ 18,016,349	\$ 19,814,664	\$ 4,723,374	\$ 4,333,526	\$ 162,378	\$ 120,822	\$ 8,283	\$ 113,641	\$ 3,665,749	\$ 87,491	\$ 80,118	\$ 4,259	\$ (1,690,153)	\$ 107,850,723

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

	El Paso Community Foundation	The Cardwell Foundation	The Burkitt Foundation	The J. Edward & Helen M.C. Stern Foundation	La Frontera Conservation Fund	El Paso Festivals, Inc.	Compañeros International	Border Art Residency	El Paso Museum of History Foundation	The EPC Museum	El Paso Special Needs Education Center	EPCM Construction, LLC	Love P.A.R.K., LLC	Eliminations	Combined
LIABILITIES AND NET ASSETS															
Current Liabilities:															
Accounts payable and accrued liabilities	\$ 228,987	\$ -	\$ 2,167	\$ 3,962	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 3,780	\$ 1,983	\$ 77,398	\$ -	\$ (9,437)	\$ 308,842
Note payable	11,040,127	-	-	-	-	-	-	-	-	-	-	-	-	-	11,040,127
Liability under charitable remainder trust - current portion	136,699	-	-	-	-	-	-	-	-	-	-	-	-	-	136,699
Grants payable - current portion	440,961	425,000	-	-	-	-	15,134	-	-	-	-	-	-	(425,000)	456,095
Total current liabilities	11,846,774	425,000	2,167	3,962	-	-	15,134	-	2	3,780	1,983	77,398	-	(434,437)	11,941,763
Noncurrent Liabilities:															
Deferred compensation	214,609	-	-	-	-	-	-	-	-	-	-	-	-	-	214,609
Liability under charitable remainder trust	1,060,010	-	-	-	-	-	-	-	-	-	-	-	-	-	1,060,010
Agency funds	1,724,580	-	-	-	-	-	-	-	-	-	-	-	-	-	1,724,580
Grants payable	955,435	275,000	-	-	-	-	-	-	-	-	-	-	-	(1,005,435)	225,000
Total noncurrent liabilities	3,954,634	275,000	-	-	-	-	-	-	-	-	-	-	-	(1,005,435)	3,224,199
Total liabilities	15,801,408	700,000	2,167	3,962	-	-	15,134	-	2	3,780	1,983	77,398	-	(1,439,872)	15,165,962
Net Assets:															
Without donor restrictions	(549,276)	17,316,349	19,812,497	4,719,412	4,333,526	145,700	105,688	8,283	91,198	3,661,969	85,508	2,720	4,259	(250,281)	49,487,552
With donor restrictions	43,158,090	-	-	-	-	16,678	-	-	22,441	-	-	-	-	-	43,197,209
Total net assets	42,608,814	17,316,349	19,812,497	4,719,412	4,333,526	162,378	105,688	8,283	113,639	3,661,969	85,508	2,720	4,259	(250,281)	92,684,761
Total liabilities and net assets	\$ 58,410,222	\$ 18,016,349	\$ 19,814,664	\$ 4,723,374	\$ 4,333,526	\$ 162,378	\$ 120,822	\$ 8,283	\$ 113,641	\$ 3,665,749	\$ 87,491	\$ 80,118	\$ 4,259	\$ (1,690,153)	\$ 107,850,723

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	El Paso Community Foundation	The Cardwell Foundation	The Burkitt Foundation	The J. Edward & Helen M.C. Stern Foundation	La Frontera Conservation Fund	El Paso Festivals, Inc.	Compañeros International	Border Art Residency	El Paso Museum of History Foundation	The EPC Museum	El Paso Special Needs Education Center	Love P.A.R.K., LLC	Eliminations	Combined
ASSETS														
Current Assets:														
Cash and cash investments (including investment amounts held by custodians of \$2,407,315)	\$ 3,222,071	\$ 600,067	\$ 88,082	\$ 147,999	\$ 1,466	\$ 160,717	\$ 59,621	\$ 21,029	\$ 93,533	\$ 89,853	\$ 81,595	\$ 4,504	\$ -	\$ 4,570,537
Accounts receivable	64,258	-	16,676	3,290	-	4,957	-	-	15,247	26,156	9,435	-	(33,729)	106,290
Accrued interest and dividend receivable	101,135	36,041	33,473	8,046	-	-	-	-	-	-	-	-	-	178,695
Contributions receivable	620,119	-	-	-	-	-	41,842	-	-	-	-	-	(459,954)	202,007
Inventory	17,720	-	-	-	-	-	-	-	-	-	-	-	-	17,720
Other current assets	64,657	-	6,266	142	-	1,516	-	-	-	2,882	4,860	-	-	80,323
Total current assets	4,089,960	636,108	144,497	159,477	1,466	167,190	101,463	21,029	108,780	118,891	95,890	4,504	(493,683)	5,155,572
Noncurrent Assets:														
Investments - marketable securities	58,896,375	19,148,518	16,179,083	5,228,872	-	-	-	-	-	-	-	-	-	99,452,848
Investments in local businesses	145,833	-	-	-	-	-	-	-	-	-	-	-	-	145,833
Investment in land and mineral interests	-	-	2,092,019	-	1,262,115	-	-	-	-	-	-	-	-	3,354,134
Assets held in charitable remainder trust	2,102,577	-	-	-	-	-	-	-	-	-	-	-	-	2,102,577
Other investments	200,005	-	-	-	-	-	-	-	-	-	-	-	-	200,005
Contributions receivable	320,000	-	-	-	-	-	-	-	-	874,689	-	-	(1,174,689)	20,000
Property, furniture, and equipment (net of accumulated depreciation of \$941,161)	785,163	-	-	-	-	-	-	-	-	-	145,324	-	-	930,487
Other assets	160,564	-	-	-	-	-	-	-	-	-	-	-	-	160,564
Total noncurrent assets	62,610,517	19,148,518	18,271,102	5,228,872	1,262,115	-	-	-	-	874,689	145,324	-	(1,174,689)	106,366,448
Total assets	\$ 66,700,477	\$ 19,784,626	\$ 18,415,599	\$ 5,388,349	\$ 1,263,581	\$ 167,190	\$ 101,463	\$ 21,029	\$ 108,780	\$ 993,580	\$ 241,214	\$ 4,504	\$ (1,668,372)	\$111,522,020

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	El Paso Community Foundation	The Cardwell Foundation	The Burkitt Foundation	The J. Edward & Helen M.C. Stern Foundation	La Frontera Conservation Fund	El Paso Festivals, Inc.	Compañeros International	Border Art Residency	El Paso Museum of History Foundation	The EPC Museum	El Paso Special Needs Education Center	Love P.A.R.K., LLC	Eliminations	Combined
LIABILITIES AND NET ASSETS														
Current Liabilities:														
Accounts payable and accrued liabilities	\$ 168,758	\$ -	\$ 1,121	\$ 4,324	\$ -	\$ 3,283	\$ -	\$ -	\$ 7,190	\$ 12,086	\$ 3,021	\$ -	\$ (33,729)	\$ 166,054
Note payable	11,013,864	-	-	-	-	-	-	-	-	-	-	-	-	11,013,864
Liability under charitable remainder trust - current portion	157,693	-	-	-	-	-	-	-	-	-	-	-	-	157,693
Grants payable - current portion	387,888	425,000	-	-	-	34,954	101	-	-	-	-	-	(459,954)	387,989
Total current liabilities	11,728,203	425,000	1,121	4,324	-	38,237	101	-	7,190	12,086	3,021	-	(493,683)	11,725,600
Noncurrent Liabilities:														
Deferred compensation	200,005	-	-	-	-	-	-	-	-	-	-	-	-	200,005
Liability under charitable remainder trust	1,318,945	-	-	-	-	-	-	-	-	-	-	-	-	1,318,945
Agency funds	1,905,661	-	-	-	-	-	-	-	-	-	-	-	-	1,905,661
Grants payable	1,124,686	300,000	-	-	-	-	-	-	-	-	-	-	(1,174,689)	249,997
Total noncurrent liabilities	4,549,297	300,000	-	-	-	-	-	-	-	-	-	-	(1,174,689)	3,674,608
Total liabilities	16,277,500	725,000	1,121	4,324	-	38,237	101	-	7,190	12,086	3,021	-	(1,668,372)	15,400,208
Net Assets:														
Without donor restrictions	2,436,969	19,059,626	18,414,478	5,384,025	1,263,581	96,833	101,362	21,029	73,353	981,494	238,193	4,504	-	48,075,447
With donor restrictions	47,986,008	-	-	-	-	32,120	-	-	28,237	-	-	-	-	48,046,365
Total net assets	50,422,977	19,059,626	18,414,478	5,384,025	1,263,581	128,953	101,362	21,029	101,590	981,494	238,193	4,504	-	96,121,812
Total liabilities and net assets	\$ 66,700,477	\$ 19,784,626	\$ 18,415,599	\$ 5,388,349	\$ 1,263,581	\$ 167,190	\$ 101,463	\$ 21,029	\$ 108,780	\$ 993,580	\$ 241,214	\$ 4,504	\$ (1,668,372)	\$111,522,020

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	El Paso Community Foundation	The Cardwell Foundation	The Burkitt Foundation	The J. Edward and Helen M.C. Stern Foundation	La Frontera Conservation Fund	El Paso Festivals, Inc.	Compañeros International	Border Art Residency	El Paso Museum of History Foundation	The EPC Museum	El Paso Special Needs Education Center	EPCM Construction, LLC	Love P.A.R.K., LLC	Eliminations	Combined
Changes in net assets without restrictions:															
Revenues and support															
Contributions, gifts, and bequests	\$ 3,403,945	\$ -	\$ -	\$ 13,328	\$ -	\$ 157,500	\$ 99,625	\$ -	\$ 63,033	\$ 2,661,500	\$ 352,448	\$ -	\$ -	\$ (3,078,712)	\$ 3,672,667
Non-cash contributions	17,000	-	-	-	3,070,000	-	-	-	-	-	-	-	-	-	3,087,000
Net investment return	(676,367)	(854,877)	1,991,937	(420,239)	-	-	-	-	34	113	60	-	-	-	40,661
Leases, rentals and royalty income	16,550	-	263,984	-	-	-	-	-	-	-	-	-	-	-	280,534
Administrative fees	1,049,421	-	-	-	-	-	-	-	-	-	-	-	-	(48,545)	1,000,876
Project and other income	52,755	-	50	-	-	123,836	-	-	10,090	346,491	22,991	-	-	-	556,213
Net assets released from restrictions and reclassifications	3,805,281	1,000,000	-	-	-	57,490	-	-	57,036	-	-	-	-	(761,677)	4,158,130
Total revenues and support	7,668,585	145,123	2,255,971	(406,911)	3,070,000	338,826	99,625	-	130,193	3,008,104	375,499	-	-	(3,888,934)	12,796,081
Expenses															
Grants, awards and scholarships	5,910,655	1,873,250	783,095	249,000	-	-	95,000	3,000	51,959	-	-	-	-	(3,840,389)	5,125,570
Program expenses	3,608,671	15,150	21,093	8,702	55	289,959	299	9,746	60,388	327,629	528,184	247,560	245	(28,545)	5,089,136
Administrative expenses	792,514	-	53,764	-	-	-	-	-	-	-	-	-	-	(20,000)	826,278
Fundraising expenses	342,992	-	-	-	-	-	-	-	-	-	-	-	-	-	342,992
Total expenses	10,654,832	1,888,400	857,952	257,702	55	289,959	95,299	12,746	112,347	327,629	528,184	247,560	245	(3,888,934)	11,383,976
Change in net assets without restrictions	(2,986,247)	(1,743,277)	1,398,019	(664,613)	3,069,945	48,867	4,326	(12,746)	17,846	2,680,475	(152,685)	(247,560)	(245)	-	1,412,105
Changes in net assets with restrictions:															
Revenues and support															
Contributions, gifts, and bequests	2,676,126	1,000,000	-	-	-	42,048	-	-	51,239	-	-	-	-	(761,677)	3,007,736
Non-cash contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net investment return	(2,985,487)	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,985,487)
Leases, rentals and royalty income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative fees	(957,812)	-	-	-	-	-	-	-	-	-	-	-	-	-	(957,812)
Project and other income	244,537	-	-	-	-	-	-	-	-	-	-	-	-	-	244,537
Net assets released from restrictions and reclassifications	(3,805,281)	(1,000,000)	-	-	-	(57,490)	-	-	(57,036)	-	-	-	-	761,677	(4,158,130)
Change in net assets with restrictions	(4,827,917)	-	-	-	-	(15,442)	-	-	-	-	-	-	-	-	(4,849,156)
Total change in net assets	\$ (7,814,164)	\$ (1,743,277)	\$ 1,398,019	\$ (664,613)	\$ 3,069,945	\$ 33,425	\$ 4,326	\$ (12,746)	\$ 17,846	\$ 2,680,475	\$ (152,685)	\$ (247,560)	\$ (245)	-	\$ (3,437,051)
Net assets at December 31, 2017	50,422,977	19,059,626	18,414,478	5,384,025	1,263,581	128,953	101,362	21,029	101,590	981,494	238,193	-	4,504	-	96,121,812
Net assets at December 31, 2018	\$ 42,608,813	\$ 17,316,349	\$ 19,812,497	\$ 4,719,412	\$ 4,333,526	\$ 162,378	\$ 105,688	\$ 8,283	\$ 119,436	\$ 3,661,969	\$ 85,508	\$ (247,560)	\$ 4,259	\$ -	\$ 92,684,761

See accompanying notes to financial statements.

EL PASO COMMUNITY FOUNDATION AND AFFILIATES

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

	El Paso Community Foundation	The Cardwell Foundation	The Burkitt Foundation	The J. Edward and Helen M.C. Stern Foundation	La Frontera Conservation Fund	El Paso Festivals, Inc.	Compañeros International	Border Art Residency	El Paso Museum of History Foundation	The EPC Museum	El Paso Special Needs Education Center	Love P.A.R.K., LLC	Eliminations	Combined
Changes in net assets without donor restrictions:														
Revenues and support														
Contributions, gifts, and bequests	\$ 2,886,730	\$ -	\$ -	\$ 10,142	\$ 8,402	\$ 150,000	\$ 97,000	\$ 24,000	\$ 76,450	\$ 1,495,902	\$ 537,779	\$ -	\$ (4,792,269)	\$ 494,136
Non-cash contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment income (net of trust administrative expenses)	230,196	276,661	451,780	110,119	-	-	-	-	26	12	54	-	-	1,068,848
Leases, rentals and royalty income	13,375	-	199,823	-	-	-	-	-	-	-	-	-	-	213,198
Realized gain (loss) on investments	607,960	757,663	2,911,718	120,662	-	-	-	-	-	-	-	-	-	4,398,003
Unrealized gain/(loss) on investments	1,451,277	2,109,723	(652,979)	529,012	-	-	-	-	-	-	-	-	-	3,437,033
Administrative fees	82,582	-	-	-	-	-	-	-	-	-	-	-	(42,487)	40,095
Project and other income	20,057	-	668	-	-	88,985	-	-	-	25,981	11,438	-	-	147,129
Net assets released from restrictions and reclassifications	5,194,326	1,000,000	-	-	-	72,675	-	-	5,480	-	-	-	(35,127)	6,237,354
Total revenues and support	10,486,503	4,144,047	2,911,010	769,935	8,402	-	97,000	24,000	81,956	1,521,895	-	-	(4,869,883)	16,035,796
Expenses														
Grants, awards and scholarships	6,080,726	1,281,200	1,024,251	207,500	-	109,954	97,000	6,000	83,001	-	-	-	(5,718,128)	3,171,504
Program expenses	3,387,274	15,325	16,250	8,980	537	168,307	319	19,236	11,731	540,401	311,078	246	(22,487)	4,457,197
Administrative expenses	699,156	-	58,579	-	-	-	-	-	-	-	-	-	(20,000)	737,735
Fundraising expenses	352,714	-	-	-	-	-	-	-	-	-	-	-	-	352,714
Total expenses	10,519,870	1,296,525	1,099,080	216,480	537	589,921	97,319	25,236	94,732	540,401	860,349	246	(5,760,615)	8,719,150
Change in net assets without donor restrictions	(33,367)	2,847,522	1,811,930	553,455	7,865	(589,921)	(319)	(1,236)	(12,776)	981,494	(860,349)	(246)	890,732	7,316,646
Changes in net assets with donor restrictions:														
Revenues and support														
Contributions, gifts, and bequests	3,606,794	1,000,000	-	-	-	56,269	-	-	28,237	-	-	-	(925,859)	3,765,441
Non-cash contributions	24,564	-	-	-	-	-	-	-	-	-	-	-	-	24,564
Investment income (net of trust administrative expenses)	929,284	-	-	-	-	-	-	-	-	-	-	-	-	929,284
Leases, rentals and royalty income	840	-	-	-	-	-	-	-	-	-	-	-	-	840
Realized gain (loss) on investments	1,235,076	-	-	-	-	-	-	-	-	-	-	-	-	1,235,076
Unrealized gain (loss) on investments	4,181,646	-	-	-	-	-	-	-	-	-	-	-	-	4,181,646
Administrative fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project and other income	283,560	-	-	-	-	-	-	-	-	-	-	-	-	283,560
Net assets released from restrictions and reclassifications	(5,194,326)	(1,000,000)	-	-	-	(72,675)	-	-	(5,480)	-	-	-	35,127	(6,237,354)
Change in net assets with donor restrictions	5,067,438	-	-	-	-	(16,406)	-	-	22,757	-	-	-	(890,732)	4,183,057
Total change in net assets	\$ 5,034,071	\$ 2,847,522	\$ 1,811,930	\$ 553,455	\$ 7,865	\$ (606,327)	\$ (319)	\$ (1,236)	\$ 9,981	\$ 981,494	\$ (860,349)	\$ (246)	\$ -	\$ 11,499,703
Net assets at December 31, 2016	45,388,906	16,212,104	16,602,548	4,830,570	1,255,716	111,960	101,681	22,265	91,609	-	-	4,750	-	84,622,109
Net assets at December 31, 2017	\$ 50,422,977	\$ 19,059,626	\$ 18,414,478	\$ 5,384,025	\$ 1,263,581	\$ (494,367)	\$ 101,362	\$ 21,029	\$ 101,590	\$ 981,494	\$ (860,349)	\$ 4,504	\$ -	\$ 96,121,812

See accompanying notes to financial statements.