

WYOMING COMMUNITY FOUNDATION

FINANCIAL REPORT
December 31, 2007 and 2006

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Mader Tschacher Peterson & Co., LLC

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wyoming Community Foundation
Laramie, Wyoming

We have audited the accompanying statements of financial position of Wyoming Community Foundation (a non-profit organization) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wyoming Community Foundation as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Mader Tschacher Peterson & Co., LLC

Laramie, Wyoming
May 27, 2008

WYOMING COMMUNITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash and cash equivalents	\$ 3,420,665	\$ 3,293,978
Investments (Note 2)	60,383,161	54,619,701
Investment income receivable	16,846	53,555
Pledges receivable (Note 3)	277,938	345,217
Other receivables	28,788	41,229
Other assets	29,353	25,960
Property and equipment (Note 4)	<u>94,635</u>	<u>106,111</u>
 Total Assets	 <u>\$ 64,251,386</u>	 <u>\$ 58,485,751</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 49,978	\$ 51,244
Grants payable	666,427	569,697
Accrued expenses	6,547	4,805
Deferred revenue (Note 7)	17,500	26,250
Funds held as agency endowments (Note 9)	<u>8,727,404</u>	<u>7,189,405</u>
 Total Liabilities	 <u>9,467,856</u>	 <u>7,841,401</u>
 Net Assets (Notes 10 and 11)		
Unrestricted	54,459,958	50,318,525
Temporarily restricted	<u>323,572</u>	<u>325,825</u>
 Total Net Assets	 <u>54,783,530</u>	 <u>50,644,350</u>
 Total Liabilities and Net Assets	 <u>\$ 64,251,386</u>	 <u>\$ 58,485,751</u>

See Notes to Financial Statements.

WYOMING COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2007

	<u>For the Year Ended December 31, 2007</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support			
Contributions	\$ 5,838,615	\$ -	\$ 5,838,615
Less: Amounts received for agency endowments (Note 9)	(1,351,640)	-	(1,351,640)
Pledge revenue, net of write offs	-	8,900	8,900
Interest and dividends	1,474,745	-	1,474,745
Unrealized and realized gains	2,381,831	-	2,381,831
Other income	615,976	-	615,976
Net assets released from restrictions			
Satisfaction of donor restrictions	11,153	(11,153)	-
Total revenue and other support	<u>8,970,680</u>	<u>(2,253)</u>	<u>8,968,427</u>
Expenses			
Grants	3,338,445	-	3,338,445
Less: Grants made from agency endowments (Note 9)	(285,439)	-	(285,439)
Program expense	462,049	-	462,049
Supporting service expenses			
General and administrative	909,449	-	909,449
Fundraising	251,329	-	251,329
Investment fees	153,414	-	153,414
Total expenses	<u>4,829,247</u>	<u>-</u>	<u>4,829,247</u>
Change in net assets	4,141,433	(2,253)	4,139,180
Net assets at beginning of year	<u>50,318,525</u>	<u>325,825</u>	<u>50,644,350</u>
Net assets at end of year	<u>\$ 54,459,958</u>	<u>\$ 323,572</u>	<u>\$ 54,783,530</u>

See Notes to Financial Statements.

WYOMING COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2006

	For the Year Ended December 31, 2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support				
Contributions	\$ 5,877,690	\$ -	\$ -	\$ 5,877,690
Less: Amounts received for agency endowments (Note 9)	(124,576)	-	-	(124,576)
Pledge revenue, net of write offs	-	325,825	-	325,825
Interest and dividends	1,347,339	-	-	1,347,339
Unrealized and realized gains	4,346,445	-	-	4,346,445
Other income	650,491	-	-	650,491
Net assets released from restrictions				
Satisfaction of donor restrictions	-	(175)	-	(175)
Total revenue and other support	12,097,389	325,650	-	12,423,039
Expenses				
Grants	2,556,567	-	-	2,556,567
Less: Grants made from agency endowments (Note 9)	(221,724)	-	-	(221,724)
Program expense	360,230	-	-	360,230
Supporting service expenses				
General and administrative	868,750	-	-	868,750
Fundraising	263,247	-	-	263,247
Investment fees	120,004	-	-	120,004
Total expenses	3,947,074	-	-	3,947,074
Change in net assets	8,150,315	325,650	-	8,475,965
Net assets at beginning of year	1,277,246	6,107,904	34,593,238	41,978,388
Reclassification of restriction (Note 10)	40,701,142	(6,107,729)	(34,593,238)	175
Restatement of agency fund balance (Note 11)	189,822	-	-	189,822
Net assets, as restated, at beginning of year	42,168,210	175	-	42,168,385
Net assets at end of year	\$ 50,318,525	\$ 325,825	\$ -	\$ 50,644,350

See Notes to Financial Statements.

WYOMING COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Change in net assets	\$ 4,139,180	\$ 8,475,965
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	48,500	44,879
Unrealized/realized (gain) on investments	(2,381,831)	(4,346,445)
(Increase) or decrease in:		
Investment income receivable	36,709	39,272
Pledges receivable	67,279	(258,214)
Other receivables	12,441	171,696
Other assets	(3,393)	(5,132)
Increase or (decrease) in:		
Accounts payable	(1,266)	(69,025)
Grants payable	96,730	63,626
Accrued expenses	1,742	(2,892)
Deferred revenue	(8,750)	(8,750)
Funds held as agency endowments	<u>1,537,999</u>	<u>496,017</u>
Net cash from operating activities	<u>3,545,340</u>	<u>4,600,997</u>
Cash flows from investing activities:		
Purchase of property and equipment	(37,024)	(38,418)
Proceeds from sale of investments	9,704,507	7,775,166
Purchase of investments	<u>(13,086,136)</u>	<u>(11,568,863)</u>
Net cash from investing activities	<u>(3,418,653)</u>	<u>(3,832,115)</u>
Net change in cash	126,687	768,882
Cash at beginning of year	<u>3,293,978</u>	<u>2,525,096</u>
Cash at end of year	<u>\$ 3,420,665</u>	<u>\$ 3,293,978</u>

See Notes to Financial Statements.

WYOMING COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Wyoming Community Foundation is a non-profit, public charity exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and incorporated under the laws of the State of Wyoming. The Foundation is a statewide organization whose purpose is to receive property to be administered exclusively for charitable purposes, to make distributions to qualified charitable organizations or for charitable purposes and to manage investments of endowment funds which support these purposes. The Foundation has affiliate and local advisory committees throughout the state.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States. Under generally accepted accounting principles, non-profit organizations are required to report information regarding their financial position and activities according to three classes of net assets: permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. Under the Foundation's governing documents and applicable laws, the Foundation has the right and power to vary the use of certain gifts from their original donor-prescribed purpose. Based on this variance power, the Foundation classifies all net assets as unrestricted, other than those on which time or purpose restrictions have been placed by the donor. Accordingly, the Foundation reports its assets in the following classes:

NOTES TO FINANCIAL STATEMENTS

Unrestricted Net Assets

Unrestricted net assets are those over which the Board of Directors of the Foundation retains control to use in achieving its institutional mission.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those on which a time restriction has been placed by a donor. When a donor restriction expires, that is, when a stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted.

Accounting Standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contribution should be classified as unrestricted.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions received are recorded as unrestricted or temporarily restricted, depending on the existence and/or nature of any donor restrictions. The Foundation has not received any permanently restricted support.

Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and its interpretations provide that if the governing body of an organization has the ability to remove a donor restriction (i.e., variance power), the contribution should be classified as an unrestricted net asset. To ensure tax deductibility of donors' gifts, the Foundation is required by the IRS to exercise final discretion concerning expenditures from its funds. Accordingly, all net assets and related activity over which the management of the Foundation exercises direct control are classified as unrestricted net assets in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS

However, if the donor has indicated a desire to support a particular area of interest or organization, Foundation management will designate the contribution for that use.

The Foundation solicits a variety of contributions to fund its grants including donor advised funds. Donor advised funds allow for the donor to recommend distributions to Foundation beneficiaries or other charitable organization approved by the Foundation. Although they generally fulfill the donor's recommendation, use of donor-advised funds are subject to approval by the Foundation's Board and are therefore classified as unrestricted net assets.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other time- or purpose-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Pledges Receivable (Promises to Give)

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions receivable are the most common type of gifts with time restrictions and should be classified as temporarily restricted.

Deferred Revenue

Revenue received for future years is deferred and will be recognized in the periods to which it relates.

Advertising Costs

Advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2007 and 2006 amounted to \$30,479 and \$5,669, respectively.

NOTES TO FINANCIAL STATEMENTS

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

The Foundation accounts for investments under Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. Realized and unrealized gains and losses are reflected in the Statement of Activities in the year earned.

Fixed Assets and Depreciation

Property and equipment are stated at cost, net of any applicable depreciation. All expenditures for furniture, equipment and vehicles in excess of \$500 are capitalized. Items that are less than the capitalization threshold are expensed in the year acquired. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Furniture and equipment	3-5 years
Vehicle	4 years

Functional Expense Allocations

Expenses relating to more than one function are allocated to program service, general and administrative and fundraising costs based on employee time estimates or other appropriate usage factors.

Total Columns

Total columns are presented to facilitate financial analysis. Amounts in these columns do not present financial position and results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTES TO FINANCIAL STATEMENTS

Concentrations

The Foundation maintains certain cash balances on deposit with several financial institutions. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. In the event that an account exceeds the FDIC limit, the balances are then covered by pledged securities or a repurchase investment sweep account.

Note 2. Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. The Foundation carries its real estate investments at fair market value as of the dates the investments were donated to the Foundation. Cost at December 31, 2007 and 2006 was \$57,991,811 and \$48,084,455, respectively. Unrealized gains for the year ending December 31, 2007 and 2006 were \$1,490,263 and \$3,098,504, respectively.

Note 3. Pledges Receivable (Promises to Give)

Contributions receivable represent promises to give which have been made by donors but have not yet been received by the Foundation.

Total promises to give were as follows at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Due within 1 year	\$ 277,938	\$ 323,442
Due 1 to 5 years	-	21,775
Due 5 years and later	-	-
Total pledges receivable	<u>\$ 277,938</u>	<u>\$ 345,217</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Fixed Assets

At December 31, 2007 and 2006, the costs and related accumulated depreciation of fixed assets consisted of the following:

	2007		
	Cost	Accumulated Depreciation	Net
Furniture and equipment	\$ 195,223	\$ 129,873	\$ 65,350
Vehicles	36,681	7,396	29,285
	\$ 231,904	\$ 137,269	\$ 94,635
	2006		
	Cost	Accumulated Depreciation	Net
Furniture and equipment	\$ 205,664	\$ 105,079	\$ 100,585
Vehicles	25,154	19,628	5,526
	\$ 230,818	\$ 124,707	\$ 106,111

Depreciation expense for the year ended December 31, 2007 and 2006 was \$48,500 and \$44,879, respectively, and is reported in general and administrative expense in the unrestricted fund category.

Note 5. Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Note 6. Pension Plan

The employees of the Foundation are covered by a Simplified Employee Retirement Plan (SEP). Employees are eligible to participate in this plan on the first of the month following their hire date and after attaining the age of 21. The Foundation's SEP contribution rate for 2007 and 2006 was 6%.

NOTES TO FINANCIAL STATEMENTS

Contributions to the SEP plan for the years ended December 31, 2007 and 2006 were \$22,701 and \$18,409, respectively.

Note 7. Deferred Revenue

The Foundation was awarded \$50,000 in 2005 from the Tom Thorne fund to cover training and to create a board advisory committee for Tom Thorne and the Upper Green River Sustainable Communities Endowment Fund (UGR). In 2005, the Foundation received \$15,000. The remaining funds are being received evenly until 2009. The deferred revenue for the years ended December 31, 2007 and 2006 were \$17,500 and \$26,250, respectively.

Note 8. Commitments

On May 15, 2006 the Foundation entered into a three-year lease of office facilities located in downtown Laramie, Wyoming for \$1,400 per month. On February 1, 2007, the Foundation signed an amendment to their original lease to lease the remainder of the ground floor at an additional cost of \$350 per month. Rent expense was \$21,690 and \$15,727 for the year ended December 31, 2007 and 2006, respectively.

Note 9. Agency Endowment Funds

The Foundation has adopted Statement of Financial Accounting Standard No. 136. *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others* (SFAS 136). This statement establishes standards for transactions in which a foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. SFAS 136 specifically requires that if a Not-for-Profit Organization (NPO) establishes a fund at a foundation with its own funds and specifies itself as a beneficiary of that fund, the foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, in accordance with SFAS 136, a liability has been established for the fair value of the funds,

NOTES TO FINANCIAL STATEMENTS

which is generally equivalent to the present value of future payments expected to be made to the NPOs.

The Foundation elected to adopt SFAS 136 as a cumulative effect of a change in accounting principle during the fiscal year ended June 30, 2004. All additions and reductions to the agency endowment funds previously recorded as contribution revenue, investment income or grant expense have been reclassified to the agency endowment liability.

The following table summarizes activity in the agency endowment fund during the years ended December 31, 2007 and 2006:

	2007	2006
Agency endowment fund balances		
at January 1	\$ 7,189,405	\$ 6,693,388
New contributions	1,351,640	124,576
Investment income	209,202	204,542
Net unrealized and realized		
investment gains and losses	370,629	673,250
Grants made	(285,439)	(221,724)
Investment fees	(25,395)	(21,616)
Administrative fees	(82,638)	(73,153)
Miscellaneous expenses	-	(36)
Restatement (Note 11)	-	(189,822)
Agency endowment fund balances		
at December 31	\$ 8,727,404	\$ 7,189,405

Note 10. Reclassification of restriction

During the year ended December 31, 2006, the Foundation changed its method of accounting for endowment funds, which were previously classified as permanently and temporarily restricted net assets. As all of the Foundation's gift instruments explicitly grant the Foundation variance power (as defined in Note 1), the Foundation has deemed it proper to reclassify endowment assets as unrestricted.

These funds continue to be internally designated as endowment funds and are managed accordingly. In accordance with SFAS No.

NOTES TO FINANCIAL STATEMENTS

154, the effect of this change has resulted in reclassification of endowment funds totaling \$34,593,238 and \$6,107,729 from permanently and temporarily restricted to unrestricted net assets as of December 31, 2005. There was no impact on the change in net assets.

Note 11. Restatement of Agency Fund Balance

Net assets at the beginning of 2006 were adjusted for an understatement of agency revenue that was found during conversion to a new accounting software program. The correction had no effect on the results of the 2006 activities; however, the cumulative effect increased net assets by \$189,822 at December 31, 2005.

Note 12. Financial Instruments

The carrying amount reported in the statements of financial position for cash, pledges receivable, other receivables, and accounts payable approximate fair value because of the immediate or short term maturities of these financial instruments.