atkinson

ALBUQUERQUE COMMUNITY FOUNDATION AND SUBSIDIARIES

Precise.

Personal.

Proactive.

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2016 and 2015

CONTENTS

atkinson
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

ATKINSON & CO. LTD
6501 AMERICAS PARKWAY NE , SUITE 700, ALBUQUERQUE, NM 87110
PO BOX 25246, ALBUQUERQUE, NM 87125
T 505 843 6492 F 505 843 6817 ATKINSONCPA.COM

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Albuquerque Community Foundation and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Albuquerque Community Foundation (a nonprofit organization) and Subsidiaries (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated 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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Albuquerque Community Foundation and Subsidiaries as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and the consolidating statements of activities and changes in net assets on pages 30-33 are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Atkinson & Co., Ltd.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
June 8, 2017

Albuquerque Community Foundation and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	2016	2015
ASSETS		
Cash and cash equivalents	$ 908,746	$ 4,129,959
Investments	65,045,719	56,833,652
Pledge receivables, net of unamortized discount of $84 and $308 at December 31, 2016 and 2015, respectively	53,961	102,848
Bequest receivables	197,396	-
Prepaid expenses	21,487	17,398
Property held-for-sale	42,300	267,300
Other assets	152,118	122,819
Beneficial interest in charitable remainder trusts	3,009,964	3,027,509
Property and equipment, net	1,763,370	1,860,035
Total assets	$ 71,195,061	$ 66,361,520

LIABILITIES AND NET ASSETS

	2016	2015
LIABILITIES		
Accounts payable and accrued expenses	$ 36,021	$ 31,424
Grants payable	191,075	187,750
Charitable remainder trusts	2,528,704	2,562,080
Liabilities for assets held for community organizations	12,430,282	11,422,583
Total liabilities	15,186,082	14,203,837
COMMITMENTS	-	-
NET ASSETS		
Unrestricted	22,846,149	21,028,632
Temporarily restricted	32,618,830	30,585,051
Permanently restricted	544,000	544,000
Total net assets	56,008,979	52,157,683
Total liabilities and net assets	$ 71,195,061	$ 66,361,520

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

Albuquerque Community Foundation and Subsidiaries

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	$ 1,475,083	$ 3,258,690	$ -	$ 4,733,773
Gain on investments and property held-for sale	1,485,695	2,068,938	-	3,554,633
Dividends and interest	165,513	215,557	-	381,070
Special events, net of donor benefit of $30,240	21,371	185,783	-	207,154
Other income	102,538	-	-	102,538
In-kind contributions	3,733	-	-	3,733
Change in value of charitable remainder trust agreements	-	(15,913)	-	(15,913)
Total revenue and support	3,253,933	5,713,055	-	8,966,988
Net assets released from restrictions	3,699,957	(3,699,957)	-	-
EXPENSES				
Program:				
Distributions and grants	3,672,875	-	-	3,672,875
Community outreach	810,703	-	-	810,703
Support:				
Management and general	577,179	-	-	577,179
Fundraising	75,616	-	-	75,616
Total expenses	5,136,373	-	-	5,136,373
CHANGES IN NET ASSETS	1,817,517	2,013,098	-	3,830,615
Net assets, beginning of year	21,028,632	30,585,051	544,000	52,157,683
Transfer from community organization	-	20,681	-	20,681
Net assets, end of year	$ 22,846,149	$ 32,618,830	$ 544,000	$ 56,008,979

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

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS – CONTINUED

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	$ 2,221,689	$ 4,268,621	$ -	$ 6,490,310
Dividends and interest	199,490	261,377	-	460,867
Special events, net of donor benefit of $19,440	19,614	227,609	-	247,223
Other income	80,143	-	-	80,143
In-kind contributions	3,041	30,993	-	34,034
Change in value of charitable remainder trust agreements	-	(31,746)	-	(31,746)
Loss on investments	(859,949)	(1,104,972)	-	(1,964,921)
Total revenue and support	1,664,028	3,651,882	-	5,315,910
Net assets released from restrictions	3,888,965	(3,888,965)	-	-
EXPENSES				
Program:				
Distributions and grants	4,205,234	-	-	4,205,234
Community outreach	1,013,152	-	-	1,013,152
Support:				
Management and general	546,665	-	-	546,665
Fundraising	80,429	-	-	80,429
Total expenses	5,845,480	-	-	5,845,480
CHANGES IN NET ASSETS	(292,487)	(237,083)	-	(529,570)
Net assets, beginning of year	21,321,119	30,822,134	544,000	52,687,253
Net assets, end of year	$ 21,028,632	$ 30,585,051	$ 544,000	$ 52,157,683

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

Albuquerque Community Foundation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31,

Increase (Decrease) in Cash and Cash Equivalents

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 3,830,615	$ (529,570)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Transfer from community organization	20,681	-
Depreciation	96,665	113,865
(Gain) loss on investments	(3,577,150)	1,964,921
Reinvested dividends and interest	(381,070)	(460,867)
Loss on sale of property held-for-sale	22,517	-
Change in value of charitable remainder trust agreements	(15,831)	31,746
Amortization of discount on long-term pledges	(224)	(440)
Donated stock	(307,041)	(1,410,096)
Net changes in assets and liabilities		
Bequest receivables	(197,396)	1,004,197
Pledge receivables	49,111	(37,337)
Prepaid expenses	(4,089)	820
Property held-for-sale	-	(267,300)
Other assets	(29,299)	(5,603)
Accounts payable and accrued expenses	4,597	1,219
Grants payable	3,325	(345,916)
Liabilities for assets held for community organizations	73,724	13,498
Net cash provided by (used in) operating activities	(410,865)	73,137
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(23,679,790)	(3,929,151)
Proceeds from sales of investments	20,666,959	5,120,530
Proceeds from property held-for-sale	202,483	-
Purchase of property and equipment	-	(27,039)
Net cash (used in) provided by investing activities	(2,810,348)	1,164,340
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,221,213)	1,237,477
Cash and cash equivalents, beginning of year	4,129,959	2,892,482
Cash and cash equivalents, end of year	$ 908,746	$ 4,129,959

SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES

	2016	2015
Changes in charitable remainder trusts liability	$ 33,376	$ 205,939
Changes in liabilities for assets held for community organizations	$ 933,975	$ (245,485)
In-kind contributions	$ 3,733	$ 34,034

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

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

1. <u>Organization</u>

Albuquerque Community Foundation (the Foundation) is a nonprofit, publicly supported philanthropic institution in Albuquerque, New Mexico that manages a pool of charitable funds whose income is used to benefit the community through its grants to local nonprofit organizations, educational programs, and student aid awards.

Contributions and bequests are received from individuals and corporations. The Foundation coordinates receipt and investment of charitable contributions, distributes funds for community needs, and serves as a leader and educational resource by encouraging philanthropy.

During 2000, the Foundation created ACF Holdings, LLC for the purpose of acquiring, selling, and otherwise dealing with certain property interests periodically conveyed by donors to the organization. ACF Holdings, LLC is consolidated with the financial statements of the Foundation.

During 2010, the Foundation received the donation of a building to be used for the operations of the Foundation. The building is a historic building located in downtown Albuquerque. Upon completion of the renovation, the Foundation moved its operations into the building in June 2012. The Foundation created a wholly-owned subsidiary, Historic Champion Grocery Building, LLC ("HCGB LLC") to hold the building. HCGB LLC is consolidated with the financial statements of the Foundation. The renovation costs are recorded as a depreciable asset.

In 2016, the Foundation's Board of Trustees authorized a social impact investing initiative to allocate a portion of endowed assets into social impact investments. The Board, with the belief that a vibrant economy promotes philanthropy, committed to a five-year pilot period where up to 5% of endowed assets would be invested in programs focused in the Greater Albuquerque 4-County area that stimulate entrepreneurial initiatives and economic development, improve the lives of low-income people through the creation and retention of living wage jobs, provide access to affordable capital and housing, enhance the vitality of the City and promote quality education. Specific investment information related to this investing initiative is discussed in Note H.

2. <u>Principles of Consolidation</u>

The accompanying consolidated financial statements include the accounts of Albuquerque Community Foundation and its for-profit wholly owned subsidiaries, ACF Holdings, LLC and HCGB LLC. All significant intercompany balances and transactions have been eliminated.

3. <u>Estimates</u>

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Income Tax Status

The Foundation is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an entity that is not a private foundation. Management of the Foundation believes that the activities of the Foundation are within their tax-exempt purpose. ACF Holdings, LLC and HCGB LLC are disregarded entities for tax purposes; therefore, no provision for income taxes is provided for in the accompanying consolidated financial statements. The Foundation does not have any uncertain tax positions for the years ended December 31, 2016 and 2015. Any interest and penalties associated with a tax position, when applicable, are classified according to their natural classification in the Foundation's consolidated financial statements. Under the statute of limitations, the Foundation's tax returns are no longer subject to examination by tax authorities for years prior to 2013.

5. Cash and Cash Equivalents

For purposes of the accompanying consolidated statements of cash flows, the Foundation considers all cash depository accounts and highly liquid investments with original maturities of less than 90 days to be cash equivalents. Certain money market funds within the investment portfolio classification are donor restricted and are not considered cash equivalents.

6. Investments

Investments in marketable securities are carried at fair value; investments in closely held businesses are carried at their estimated net realizable value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition may differ from the amounts reported in these consolidated financial statements.

7. Concentrations of Credit Risk

The Foundation maintains deposit and investment accounts with various financial institutions and investment brokerage firms. Depository accounts with financial institutions are insured by the Federal Deposit Insurance Corporation; insurance limits on investment accounts vary by financial institution and by type of investment. Balances in these accounts may, at times, exceed federally or commercially insured limits. The Foundation has not experienced any losses on such accounts, and management believes it is not exposed to significant credit risk from these accounts.

8. Property and Equipment

Property and equipment are stated at cost. Depreciation is provided for all depreciable assets on a straight-line basis over the estimated useful lives of the assets, and is allocated to each functional category based on utilization. The Foundation capitalizes all asset acquisitions over $2,500 for 2016 and 2015. Depreciation expense for December 31, 2016 and 2015, was $96,665 and $113,865, respectively. Property held-for-sale is recorded at net realizable value.

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Property and Equipment – Continued

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Donated property is recorded at estimated fair value as of the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

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.

9. Charitable Remainder Trusts

The Foundation has been named as a beneficiary in several charitable remainder trusts. Under the terms of the trust agreements, the Foundation acts as the trustee. The donor has the right to change beneficiaries or the percentage allotted to the Foundation for the trusts. These are accounted for as an obligation until the trust principal reverts to the Foundation and is recorded as a contribution. Assets held in charitable remainder trusts totaled $2,120,791 in 2016 and $2,141,899 in 2015 and are reported at fair value in the Foundation’s consolidated statements of financial position.

Additionally, the Foundation is the beneficiary of the residual for several other charitable remainder trusts. Assets held in these trusts totaled $889,173 in 2016 and $885,611 in 2015 and are reported at fair value in the Foundation's consolidated statements of financial position. Annually, the Foundation revalues the liability to make distributions to the designated beneficiaries based on a percentage of the fair value or other amounts as specified by the trust agreement. The present value of the estimated future payments using discount rates ranging from 5.6% - 7.7% and applicable mortality tables was $457,191 in 2016 and $471,045 in 2015.

10. Contributions

Contributions received, including unconditional promises to give (pledges and bequests), are recognized at fair value as revenues in the period received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Bequests are deemed unconditional promises to give and are recognized as revenue and receivables when the probate court declares the will valid and the fair value of the Foundation’s interest in the estate is determinable.

Pledges and bequests that are expected to be received within one year are recorded at their estimated net realizable value. Pledges and bequests that are expected to be received in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free discount rates applicable when the promises are received. Amortization of the discounts is included in contribution revenue. Management has provided an allowance for doubtful unconditional promises, for all amounts believed to not be fully collectible. Management evaluates the value of pledges and bequest receivables on an annual basis in order to identify any circumstances where the Foundation may receive less than what they have recorded. The Foundation has not experienced any such circumstances.

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Contributions – continued

Conditional promises to give are not included as support until the conditions are substantially met. The Foundation is the beneficiary from time to time of certain bequests not yet recognized that have various levels of conditions. Associated revenue is recognized when all conditions of the promise are substantially met.

11. Liability for Assets Held for Community Organizations

Contributions are not recognized as revenue when the Foundation functions in the capacity of an intermediary, trustee, or agent; in these situations, contributions are recognized as a liability for assets held for community organizations. See Note G.

12. Net Assets

The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles for nonprofit organizations. Under these provisions, net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – net assets that are not subject to donor-imposed stipulations or subject to the Foundation's spending policy. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees. Board designations have been made for operating reserves in the amounts of $620,673 and $566,234 at December 31, 2016 and 2015, respectively.

Temporarily Restricted Net Assets – net assets that are subject to donor-imposed stipulations or that are subject to the Foundation's spending policy that may or will be met by the occurrence of a specific event or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities and changes in net assets as net assets released from restrictions.

Permanently Restricted Net Assets – net assets required to be maintained in perpetuity, with only the income used for operating activities, due to donor-imposed restrictions. Permanently restricted net assets consist of a donated building of $544,000 at December 31, 2016 and 2015.

13. Donations and In-Kind Contributions

Donated cash, securities, real estate, furniture and equipment, and in-kind contributions of services that qualify are recorded as assets or contributions at their estimated fair value at date of receipt. As donations and in-kind contributions are utilized, expense is recorded. Total donation and in-kind contributions were $3,733 and $34,034 for the years ended December 31, 2016 and 2015, respectively.

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Endowment Administration

Management fees of $655,764 and $634,879 were charged by the Foundation for administrative costs for the years ended December 31, 2016 and 2015, respectively.

15. Marketing

The Foundation uses marketing/donor development activities to promote its programs. Such costs are expensed as incurred. Marketing/donor development expense for the years ended December 31, 2016 and 2015, was $90,831 and $96,643, respectively.

16. Grant Expenses

Grants awarded are recognized as grant expense in the period the grant is approved, unless the grant is subject to future conditions. Conditional grants are recognized as grant expense and grant payable in the period the conditions are met. The Foundation has no conditional grants.

17. Functional Expenses

The Foundation reports its expenses according to four functional classifications: Distributions and Grants, which includes the direct costs of providing benefits and services to the nonprofit community; Community Outreach; Management and General; and Fundraising. Common costs are allocated among the classifications on the basis of actual direct staff resources applied to the various operational areas within the Foundation.

18. Subsequent Events

Subsequent to December 31, 2016, the Foundation received notification of being named beneficiary of three estates approximating $9,900,000. The estates did not clear probate during 2016; consequently, the amounts will be recorded in 2017.

The Foundation has evaluated all events occurring subsequent to December 31, 2016, and through June 8, 2017, which is the date that the consolidated financial statements were available to be issued. No additional matters were identified by management that should be recorded or disclosed.

19. Reclassifications

Certain reclassifications have been made to the 2015 financial statement presentation to conform to the 2016 presentation.

NOTE B – UNCONDITIONAL PROMISES TO GIVE

The Foundation has outstanding promises to give from various donors. The balance of the outstanding unconditional promises to give is expected to be received as follows:

	2016	2015
Less than one year	$ 54,045	$ 103,156
Less unamortized discount (discount rates range from .62% - .82%)	(84)	(308)
	$ 53,961	$ 102,848

NOTE C – BEQUEST RECEIVABLES

In 2014, the Foundation received legal notification that it was named as a beneficiary of a bequest. The Foundation is not acting as trustee of the bequest. The trust assets include property. During 2015, the Foundation received more property from the bequest. Management determined an adequate estimate of the net realizable value of the unsold property, which is recorded as property held-for-sale. In 2017, the Foundation received an additional distribution from the bequest for $131,420. The Foundation recorded the remaining realizable value of the bequest as of December 31, 2016.

In 2009, the Foundation received legal notification that it was named as beneficiary of two bequests. The Foundation is not acting as trustee in either of the bequests. Many of the assets of the two bequests were not easily valued and include property that is currently in probate. Additionally, each bequest has multiple beneficiaries, and some of the beneficiaries are contesting the bequest. Due to these factors, the Foundation did not record the realizable value of the bequests during 2009. In 2011, the Foundation received the first installment for the bequest of $166,655. In 2017, the Foundation received notification of the final amounts to be distributed to the Foundation of $65,976. Therefore, the Foundation recorded the remaining realizable value of the bequest as of December 31, 2016. No amounts were recorded as of December 31, 2015, due to the uncertainties described above.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following at December 31:

	2016	2015
Building improvements	$ 1,552,045	$ 1,552,045
Building	544,000	544,000
Furniture and fixtures	243,459	243,459
Computer equipment	69,548	69,548
Website	25,095	25,095
	2,434,147	2,434,147
Less accumulated depreciation	(670,777)	(574,112)
Property and equipment, net	$ 1,763,370	$ 1,860,035

The Foundation is not depreciating the building as it is registered as a local historical landmark. However, depreciation has been recognized on the cost of the renovation.

NOTE E – CHARITABLE REMAINDER TRUST ASSETS

The beneficial interest in charitable remainder trusts is comprised of the following at December 31:

	2016	2015
Cash	$ 114,131	$ 107,569
Investments	2,721,728	2,755,061
Cash surrender value of life insurance	174,105	164,879
	$ 3,009,964	$ 3,027,509

NOTE F – INVESTMENTS

The Foundation’s policy is to pool cash and investments for greater investment return. Investment income (loss) and realized/unrealized gains (losses) on investments are allocated to each charitable fund based on its share of the pool. Investments are summarized as follows:

NOTE F – INVESTMENTS – CONTINUED

	2016	2015
International equity	$ 15,710,637	$ 19,249,879
Multi strategy funds	11,108,338	10,384,973
Domestic equity	13,555,394	5,630,195
Fixed income	8,918,619	8,779,650
Private equity	6,095,060	5,744,962
Cash	5,623,772	1,267,486
Real assets	3,763,898	5,506,506
Other	270,001	270,001
	$ 65,045,719	$ 56,833,652

Investment returns consist of the following:

	2016	2015
Realized and unrealized gains (losses), including realized loss on sale of property held-for-sale	$ 3,554,633	$ (1,964,921)
Dividends and interest	381,070	460,867
	$ 3,935,703	$ (1,504,054)

Investment consulting fees were $84,447 and $84,082 for the years ended December 31, 2016 and 2015, respectively.

The Board of Trustees of the Foundation, who is responsible for all stewardship of the Foundation, delegated to the Investment Committee the responsibility to ensure that the assets of the Foundation are managed in a manner that is consistent with the policies and objectives of the Foundation. The Investment Committee elected, as allowed by action of the Board, to engage an independent investment consulting firm to assist the Committee's activities. The Investment Committee meets at least quarterly with its investment consultant to review investment performance, asset allocation, and all other matters related to fiduciary oversight of investment assets.

Increases or decreases in the fair value of investments are unrealized until the investments are sold. The Board of Trustees of the Foundation has the authority to change the level of distributions to preserve the assets of the Foundation to benefit future generations.

The Foundation holds investments in certain private equity ventures, which require the Foundation to commit capital to these investments as a stipulation of participation. The Foundation has committed capital to these investments of $15,047,143 and $15,040,000, of which $9,434,515 and $9,605,514 have been called and remitted as of December 31, 2016 and 2015, respectively. The remaining capital commitments of $5,612,628 and $5,434,486 are callable while the underlying funds are active. Failure to provide capital upon its call would result in the Foundation losing its right to invest in these ventures.

NOTE G – LIABILITIES FOR ASSETS HELD FOR COMMUNITY ORGANIZATIONS

The Foundation accepts assets from other nonprofit organizations and agrees to use those assets and related earnings on behalf of the beneficiary organization. The distribution of these assets follows the Foundation's spending policy as described in Note I.

Administrative fees earned by the Foundation under these arrangements were $69,952 and $70,861 for the years ended December 31, 2016 and 2015, respectively.

During 2016, one nonprofit organization terminated operations. The organization had funds totaling $20,681 with the Foundation that were recorded as liabilities for assets held for community organizations. In accordance with the agreements with the nonprofit organization and the Foundation, the funds balance was transferred from a liability to temporarily restricted endowments. No grants were made subsequent to the transfer of the funds.

A summary of the activity in the liabilities for assets held for community organizations is as follows for the years ended December 31:

	2016	2015
Balance, beginning of year	$ 11,422,583	$ 11,654,570
Additions:		
Contributions	746,463	665,678
Investment income (loss) net of investment consulting fees of $20,821 for 2016 and $21,232 for 2015	913,154	(266,717)
Deductions:		
Distributions to beneficiaries	(561,285)	(560,087)
Administration fee paid to the Foundation	(69,952)	(70,861)
Transfer to the Foundation	(20,681)	-
Balance, end of year	$ 12,430,282	$ 11,422,583

NOTE H – FAIR VALUE MEASUREMENTS

U.S. generally accepted accounting principles establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

During 2016, the Foundation adopted ASU 2015-07, *Fair Value Measurement* (Topic 820), which removed the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net assets value per share practical expedient. The ASU also removed the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The Foundation applied the change on a retrospective basis beginning in 2015. There is no material impact on the fair value measurements of the Foundation's investments.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

Marketable Securities, Real Estate, and Real Assets:

Level 1 Fair value determined using quoted prices of securities held in active markets at year-end.

Level 2 Fair value determined using quoted prices for similar assets for substantially the full term through corroboration with observable market data.

Level 3 Fair value determined using unobservable inputs as determined in good faith by the investment manager of each investment.

Real Estate: Fair value determined based on comparable land values.

Remainder Trust Assets: Fair value determined using net asset value of quoted prices of securities held in active markets at year-end, as well as the present values of future cash flows, based on the Foundation's ownership percentage of the fair value of the remainder trust assets.

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

Remainder Trust Liabilities: Fair value determined as the present values of future cash outflows, based on the Foundation's ownership percentage of the fair value of the remainder trust assets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets/Liabilities at Fair Value as of December 31, 2016

	Level 1	Level 2	Level 3	Investments at NAV*	Total
Marketable securities	$ 32,242,312	$ -	$ -	$ 2,647,491	$ 34,889,803
Multi strategy funds	-	-	-	11,108,338	11,108,338
Fixed income	7,098,306	-	-	1,820,313	8,918,619
Private equity	-	-	-	6,095,060	6,095,060
Real assets	-	-	-	3,763,898	3,763,898
Real estate	-	270,001	-	-	270,001
Remainder trust assets	2,790,415	219,549	-	-	3,009,964
Remainder trust liabilities	(2,309,155)	(219,549)	-	-	(2,528,704)
	$ 39,821,878	$ 270,001	$ -	$ 25,435,100	$ 65,526,979

Assets/Liabilities at Fair Value as of December 31, 2015

	Level 1	Level 2	Level 3	Investments at NAV*	Total
Marketable securities	$ 23,433,258	$ -	$ -	$ 2,714,302	$ 26,147,560
Multi strategy funds	-	-	-	10,384,973	10,384,973
Fixed income	7,105,100	-	-	1,674,550	8,779,650
Private equity	-	-	-	5,744,962	5,744,962
Real assets	-	-	-	5,506,506	5,506,506
Real estate	-	270,001	-	-	270,001
Remainder trust assets	2,790,056	237,453	-	-	3,027,509
Remainder trust liabilities	(2,324,627)	(237,453)	-	-	(2,562,080)
	$ 31,003,787	$ 270,001	$ -	$ 26,025,293	$ 57,299,081

*Investments for which fair value is measured using net asset value per share (or its equivalent) as a practical expedient are not categorized within the fair value hierarchy. The fair value presented in the table is intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Financial Position.

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

The following table sets forth additional disclosures of the Foundation's investments whose fair value is estimated using net asset value per share as of December 31:

2016	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Private equity funds:				
Common Fund Int. VI	$ 259,154	$ 55,000	Ineligible	
Common Fund VII	410,260	55,250	Ineligible	
Common Fund Int. VII	337,740	172,000	Ineligible	
Common Fund VIII	274,073	15,625	Ineligible	
Common Fund IX	782,476	41,250	Ineligible	
Total Common Fund	2,063,703	339,125		
TIFF 06	335,823	255,000	Ineligible	
TIFF 07	569,985	85,000	Ineligible	
TIFF 08	1,030,557	130,000	Ineligible	
TIFF 10	897,539	170,000	Ineligible	
Total TIFF	2,833,904	640,000		
Permal Capital	487,982	218,000	Ineligible	
Audax Private Equity Fund	241,261	1,743,701	Ineligible	
Blackstone Capital Partners VII	-	857,143	Ineligible	
ABQid Fund I, L.P.	219,054	-	Ineligible	
Verge II.5X, L.P.	249,156	-	Ineligible	
Fixed income funds:				
PIMCO Bravo II	1,820,313	-	Ineligible	
Real assets funds:				
Bridge ROC Fund	1,120,642	1,171,244	Ineligible	
Atlantic Trust MLP	1,096,395	-	Quarterly	45 Day Notice
Blackstone	1,057,931	-	Monthly	10 Day Notice
Quantum	488,930	643,415	Ineligible	
Multi strategy funds and marketable securities:				
Hudson Bay International Fund	2,901,245	-	Quarterly	65 Day Notice
Titan Global Equity	2,647,491	-	Quarterly	45 Day Notice
River Birch International	1,760,770	-	Quarterly	90 Day Notice
Blackrock	801,683	-	Semi-Annual	120 Day Notice
Aleutian	1,927,087	-	Monthly	90 Day Notice
HG Vora Special Opportunities	2,236,965	-	Annual	90 Day Notice
Pentwater Event Fund	1,078,537	-	Monthly	90 Day Notice
Silver Creek	402,051	-	Quarterly	120 Days*
	$ 25,435,100	$ 5,612,628		

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

2015

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Private equity funds:				
Common Fund Int. VI	$ 297,022	$ 63,750	Ineligible	
Common Fund VII	427,901	72,000	Ineligible	
Common Fund VIII	316,069	20,000	Ineligible	
Common Fund IX	776,092	58,750	Ineligible	
Common Fund Int. VII	303,507	222,000	Ineligible	
Total Common Fund	2,120,591	436,500		
TIFF 06	488,918	255,000	Ineligible	
TIFF 07	614,584	100,000	Ineligible	
TIFF 08	969,240	157,500	Ineligible	
TIFF 10	937,227	240,000	Ineligible	
Total TIFF	3,009,969	752,500		
Permal Capital	619,997	218,000	Ineligible	
Audax Private Equity Fund	(5,595)	1,940,000	Ineligible	
Blackstone Capital Partners VII	-	850,000	Ineligible	
Fixed income funds:				
PIMCO Bravo II	1,674,550	-	Ineligible	
Real assets funds:				
Bridge ROC Fund	2,457,804	400,224	Ineligible	
Atlantic Trust MLP	1,378,292	-	Quarterly	45 Day Notice
Quantum	141,528	837,262	Ineligible	
Multi strategy funds and marketable securities:				
Hudson Bay International Fund	2,788,741	-	Quarterly	65 Day Notice
Titan Global Equity	2,714,302	-	Quarterly	45 Day Notice
River Birch International	1,603,661	-	Quarterly	90 Day Notice
Blackrock	1,538,707	-	Semi-Annual	120 Day Notice
Blackstone	1,528,882	-	Monthly	10 Day Notice
Aleutian	1,491,642	-	Monthly	90 Day Notice
HG Vora Special Opportunities	1,438,724	-	Annual	90 Day Notice
Pentwater Event Fund	980,894	-	Monthly	65 Day Notice
Silver Creek	542,604	-	Quarterly	120 Days*
	$ 26,025,293	$ 5,434,486		

*All redemptions were suspended in December 2008. Redemptions began again in March 2010. Silver Creek commenced redemptions on a pro rata basis, as proceeds are received and excess cash is accumulated.

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

Private Equity Funds

The investment strategy of the Common Funds is to invest in target funds, which in turn, make investments in the following strategies with the objective of obtaining long-term growth: Venture capital investments primarily in emerging growth companies; International private equity investments primarily in emerging growth companies; Private limited partnerships, which in turn, make investments in equity securities, warrants or other options that are generally not actively traded at the time of investment; Limited partnerships, which in turn, make international private equity investments.

The investment strategy of the TIFF funds is to assist members in maintaining endowment purchasing power by generating returns greater than those provided by global stock markets. TIFF capital is expected to be allocated primarily among private equity managers pursuing venture, operations-oriented buyout, special situation, and recapitalization strategies. It may make investments in U.S., foreign and global commingled private equity funds.

Blackstone Capital Partners VII: Blackstone Capital Partners VII will concentrate on making non-control and control-oriented private equity investments globally on a thematic, sector-focused basis. Blackstone takes a value-oriented approach to private equity investing. The team uses a top-down thematic and sector-based process for deal sourcing, and focuses only on those potential deals where it believes the Blackstone platform can be used to add value post acquisition by improving the operations of the businesses.

Audax Private Equity Fund: Audax Private Equity acquires lower middle market companies as part of a buy and build strategy, bringing both capital and operational resources to bear in creating value, and performing add-on acquisitions for platform companies. Audax Private Equity Fund V, LP will continue Audax's strategy of investing in lower middle market companies, employing a buy and build approach to value creation.

The investment strategy of the Permal Capital fund is capital appreciation through the purchase of existing limited partnership interests in independently managed private equity funds from third parties seeking liquidity prior to the contractual termination of such funds.

The investment strategy of ABQid Fund I, L.P. is to make investments in early-stage, high-growth companies, mainly those who participate in an accelerator program operated by ABQid, Inc., a New Mexico nonprofit corporation. The Accelerator has been created on the belief that there is substantial untapped entrepreneurial potential in the Albuquerque, New Mexico area and that training, support and seed investment are necessary to realize on that potential.

The investment strategy of Verge II.5X, L.P. is to invest primarily in high-growth ventures which have already received investment from a prior Verge fund, or in which one or more of the Principals of the fund have been involved directly on an operational basis. The Partnership will focus its investment activity in four specific high-technology sectors: cleantech/energy, electronics/instrumentation, human factors and software-as-a-service (SAAS).

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

Fixed Income Fund

The investment strategy of PIMCO Bravo II is to provide long-term returns through a diversified fixed income philosophy. PIMCO attempts to add value through both "top-down" (duration, yield curve posture and sector rotation) and "bottom-up" strategies (individual security analysis). The BRAVO II Fund will continue to capitalize on the ongoing deleveraging by global financial institutions.

Real Asset Funds

Bridge ROC Fund: Bridge Investment Group Partners seek to buy attractively priced real estate to which it can add value and realize significant returns to investors. Bridge will invest across the United States and will focus its efforts primarily on assets in the multi-family and office sectors, but will also opportunistically invest in other sectors, such as retail hospitality, though these sectors are expected to represent a small portion of the portfolio and must meet a higher return hurdle.

Atlantic Trust MLP: Atlantic Trust MLP seeks to combine long-term investments in core publicly traded master limited partnerships with short-term opportunistic investments, including shorts and privates.

Blackstone: The Blackstone Resources Select Fund is a long-biased, multi-manager commodity fund, designed to outperform traditional commodity index products. The Blackstone Resources Select Fund is invested with five underlying fund managers that Blackstone believes are the best traders in their respective commodity groups (Natural Gas, Crude Oil, Metals, Agriculture and Softs).

The investment strategy of Quantum is to invest the majority of Fund capital in the upstream oil and gas sector, but will make opportunistic investments across the value chain. This includes midstream infrastructure, oil and gas service companies, and power generation. Quantum will typically make control investments in its portfolio companies, with an investment size range of $100 to $400 million.

Multi Strategy Funds and Marketable Securities

Hudson Bay International Fund: Hudson Bay's strategy is focused on generating investment returns that are uncorrelated to equity and debt markets, through managing capital across an array of investment strategies that are hedged and exhibit low correlations to each other. Hudson Bay allocates capital across a wide variety of trades, within strategies such as event-driven equity, convertible arbitrage, volatility trading, and credit trading.

Titan Global Equity: Titan Global Equity allocates a majority of its capital to long/short equity hedge fund managers with an overall objective of producing positive absolute returns, largely independent of traditional asset class benchmarks. Titan will also allocate capital to event driven managers, who will tactically shift between equity and credit depending on perceived risk/return characteristics, and multi-strategy managers that are predominately focused on long/short equity.

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

Multi Strategy Funds and Marketable Securities – Continued

River Birch International: River Birch invests primarily in corporate credit situations with the philosophy of a globally-focused investment and trading firm. River Birch pursues a flexible and opportunistic long/short investment strategy aimed at creating a global and concentrated portfolio of corporate credits. The firm will invest across all levels of the capital structure in high yield and investment grade debt, distressed loans and bonds, special situations, and corporate structured credit. The portfolio aims to isolate credit risk, and as such, hedges out currency and interest rate risk, leading to a portfolio that is agnostic to overall interest rate and foreign exchange movements.

BlackRock Tempus: The BlackRock Tempus Fund seeks to exploit intermediate-term opportunities that straddle the public and private markets, and invests primarily through custom fund structures that BlackRock establishes with underlying managers.

Aleutian Fund: Aleutian's sole focus is managing a market neutral long/short equity strategy through a multi-portfolio manager approach. The Aleutian Fund’s investment objective is to generate long-term appreciation of assets through an equity-focused portfolio that is implemented through a multi-portfolio manager approach. Each portfolio manager runs a sector/strategy-focused, beta-neutral sub-portfolio. While the majority of risk comes from fundamental long/short equity strategies, the Fund can opportunistically allocate to other strategies, such as convertible arbitrage, risk arbitrage, and volatility, based on the perceived attractiveness.

HG Vora Special Opportunities Fund: HG Vora follows an event-driven and value-oriented approach to investing, and manages its strategy through a single product, the Special Opportunities Fund. HG Vora seeks value investments where the team’s experience and industry knowledge can provide an advantage in understanding companies with leveraged capital structures or undergoing complex situations, and establish long and short positions in both the debt and equity of those companies. The firm is a value investor first, but will also add value by being an activist, using its network to build a constructive dialogue with management teams for the benefit of the portfolio.

Pentwater: The firm specializes in event-driven trading, with a bias toward equities. The Event Fund is Pentwater’s flagship fund; it is agnostic to equity and debt investments and is willing to take on less liquid credit investments, though these are limited in size by the manager’s risk limits. The firm is biased toward the equity markets, though debt and credit derivatives can make up a significant portion of the portfolio as well (credit tends to average 20-30% of the Fund, but can vary further based on the opportunity set).

Silver Creek: Silver Creek has put an emphasis on creating a portfolio of managers displaying low correlations with each other and diversification of styles. The principal belief behind portfolio diversification is that proper manager and strategy diversification smooths investment returns while mitigating risk.

NOTE I – ENDOWMENT FUNDS

1. Net Asset Classification

In 2009, the State of New Mexico enacted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Accordingly, in 2009 the Foundation adopted U.S. generally accepted accounting principles as they relate to net asset classification of funds subject to an enacted version of UPMIFA. The Board of Trustees has determined that the majority of the Foundation's net assets meet the definition of endowment funds under UPMIFA.

The Foundation is governed by the Articles of Incorporation and most contributions are received subject to the terms of the Articles of Incorporation. Under the terms of the Articles of Incorporation, which delegates the distributions of funds to the Investment Committee in its Investment Policies and Procedures, the Board of Trustees has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. In accordance with UPMIFA and as described in the Foundation's Investment Policy, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund
b. The purposes of the organization and the donor-restricted endowment fund
c. General economic conditions
d. The possible effect of inflation and deflation
e. The expected total return from income and the appreciation of investments
f. Other resources of the organization
g. The investment policies of the organization

As a result of the ability to distribute corpus, the Board of Trustees has determined that all contributions received subject to the Articles of Incorporation are subject to UPMIFA and are classified as temporarily restricted until appropriated, at which time the appropriation is reclassified to unrestricted net assets. Funds that can be spent down immediately and that are not subject to the Foundation's spending policy are classified as unrestricted. Contributions that are subject to other gift instruments may be recorded as permanently restricted, temporarily restricted, or unrestricted, depending on the specific terms of the agreement.

Generally, if the corpus of a contribution will at some future time become available for spending it is recorded as temporarily restricted; if the corpus never becomes available for spending it will be reported as permanently restricted. In addition, contributions that are promised to be given in a future period are presented as temporarily restricted until the payments are received.

2. 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 its endowment 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 policy establishes an achievable return objective through diversification of asset classes.

NOTE I – ENDOWMENT FUNDS – CONTINUED

2. Endowment Investment and Spending Policies – Continued

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 Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with 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 spending policy for 2016 and 2015 is to distribute 4% of the time-weighted average balance of each fund for the previous twenty quarters calculated as of December 31. If a fund does not have historical fund balances for twenty quarters then it shall instead use the total number of historical fund balances that it has. Generally, a fund must have a minimum of four historical quarters before a distribution is made. The time-weighted average will be computed by averaging the funds' monthly ending balances, after allocation of income, gains and fees, during each quarter, and then averaging the quarter ending balances. Donor advised and organization fund agreements allow additional distributions above the spending policy rates for each respective year with certain conditions as detailed in the agreements.

Endowment Net Asset Composition by Type of Fund as of December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Donor advised funds	$ 19,495,264	$ 2,129,162	$ 21,624,426
Field of interest funds	-	16,526,773	16,526,773
Donor designated organization funds	-	8,508,755	8,508,755
Student aid funds	-	4,348,245	4,348,245
Undesignated donor restricted funds	-	243,463	243,463
Board directed funds	1,364,201	-	1,364,201
	$ 20,859,465	$ 31,756,398	$ 52,615,863

NOTE I – ENDOWMENT FUNDS – CONTINUED

Changes in Endowment Net Assets for the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Endowment net assets, beginning of year	$ 17,996,615	$ 27,674,634	$ 45,671,249
Contributions	1,221,648	1,161,685	2,383,333
Transfers from other funds	1,325,164	2,255,322	3,580,486
Interest and dividends	165,162	214,757	379,919
Net appreciation	1,581,467	2,068,755	3,650,222
Reclassifications	(134,985)	134,985	-
Transfers to other funds	(37,263)	(40,050)	(77,313)
Amounts appropriated for expenditure	(1,258,343)	(1,713,690)	(2,972,033)
Changes in endowment net assets	2,862,850	4,081,764	6,944,614
Endowment net assets, end of year	$ 20,859,465	$ 31,756,398	$ 52,615,863

Endowment Net Asset Composition by Type of Fund as of December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Donor advised funds	$ 17,888,263	$ 1,994,178	$ 19,882,441
Field of interest funds	-	12,920,903	12,920,903
Donor designated organization funds	-	8,345,340	8,345,340
Student aid funds	-	4,181,658	4,181,658
Undesignated donor restricted funds	-	232,555	232,555
Board directed funds	108,352	-	108,352
	$ 17,996,615	$ 27,674,634	$ 45,671,249

Changes in Endowment Net Assets for the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Endowment net assets, beginning of year	$ 18,284,812	$ 29,084,160	$ 47,368,972
Contributions	1,843,308	797,817	2,641,125
Transfers from other funds	167,457	229,849	397,306
Interest and dividends	199,037	260,923	459,960
Net depreciation	(859,688)	(1,071,625)	(1,931,313)
Reclassifications	3,152	(3,152)	-
Transfers to other funds	(55,357)	(83,700)	(139,057)
Amounts appropriated for expenditure	(1,586,106)	(1,539,638)	(3,125,744)
Changes in endowment net assets	(288,197)	(1,409,526)	(1,697,723)
Endowment net assets, end of year	$ 17,996,615	$ 27,674,634	$ 45,671,249

NOTE J – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following purpose and time restrictions at December 31:

	2016	2015
Field of interest funds	$ 16,526,773	$ 12,920,903
Donor designated organization funds	8,508,755	8,345,340
Student aid funds	4,348,245	4,181,658
Donor advised funds	2,129,162	1,994,178
Charitable remainder trusts	465,472	465,472
Undesignated donor restricted	243,463	232,555
Operating fund	243,005	85,347
Pass through funds	148,230	2,342,097
Champion building sponsorships	5,725	17,501
	$ 32,618,830	$ 30,585,051

The following temporarily restricted net assets were released from donor restrictions by the fulfillment of program and passage of time restrictions as of December 31:

	2016	2015
Grant distributions	$ 2,852,969	$ 3,064,974
Time restrictions	96,000	34,086
Other expenses	301,542	317,185
Management fees	401,942	424,794
Investment consulting fees	47,504	47,926
	$ 3,699,957	$ 3,888,965

NOTE K – COMMITMENTS

1. Leases

The Foundation currently leases certain equipment under various operating leases. The equipment lease agreements expire at various times through July 2019. Future minimum lease payments follow:

2017	$ 8,183
2018	8,183
2019	2,408
	$ 18,774

Lease expense was $11,543 and $12,175 for years ended December 31, 2016 and 2015, respectively.

2. Major Contributors

For the year ended December 31, 2016, the Foundation received contributions totaling $3,055,468 from ten major contributors. For the year ended December 31, 2015, the Foundation received contributions totaling $4,050,760 from three major contributors.

3. Retirement Plans

In 2013, the Foundation established the Albuquerque Community Foundation 401(k) Profit Sharing Plan. The Plan is a self-administered Safe Harbor plan and allows for additional discretionary and matching employer contributions. The discretionary contributions follow a six-year vesting schedule. Participants must be 21 years of age and have one year of service. Contributions to this Plan were $18,502 and $19,388 for the years ended December 31, 2016 and 2015, respectively.

NOTE L – RELATED PARTY TRANSACTIONS

Various Board members or their companies donate to the Foundation in the form of contributions, in-kind goods or services, grants, and sponsorships. The amounts are recorded at fair value on the date of donation and reflected as either unrestricted or temporarily restricted based on the nature of the gift. Donations totaled $1,493,253 and $1,168,174 at December 31, 2016 and 2015, respectively.

NOTE M – NEW ACCOUNTING STANDARDS

1. The Financial Accounting Standards Board (FASB) has recently issued Accounting Standards Update (ASU) 2014-09, (Topic 606) *Revenue from Contracts with Customers* that was designed to develop a common revenue standard for U.S. GAAP and international standards. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Steps to apply the core principle are as follows:

1. Identify the contract(s) with the customer
2. Identify the separate performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognize revenue when a performance obligation is satisfied

Several new disclosures will also be required to include sufficient information to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This ASU will be effective for annual periods beginning after December 15, 2018.

2. On February 25, 2016, the Financial Accounting Standards Board issued ASU 2016-02 *Leases* (FASB Codification Topic 842) which significantly changes the accounting for leases in the financial statements of lessees and supersedes FASB Codification Topic 840. With this update, GAAP now will require lessees under operating leases to recognize a liability in the statement of financial position (balance sheet) and an asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting election not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. Cash flows related to operating leases will continue to be reported within operating activities on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2019.

3. In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities* (FASB Codification Topic 958) to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of the ASU are as follows:

A. Present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. That is, a not-for-profit will report amounts for *net assets with donor restrictions* and *net assets without donor restrictions*, as well as the currently required amount for total net assets.

B. Present on the face of the statement of activities the amount of the change in each of the two classes of net assets (noted in item A) rather than that of the currently required three classes. A not-for-profit would continue to report the currently required amount of the change in total net assets for the period.

NOTE M – NEW ACCOUNTING STANDARDS – CONTINUED

C. Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting, but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.

D. Provide the following enhanced disclosures about:

- Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.
- Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
- Qualitative information that communicates how a not-for-profit manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.
- Quantitative information, either on the face of the balance sheet or in the notes, and additional qualitative information in the notes as necessary, that communicates the availability of a not-for-profit's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by governing board decisions.
- Amounts of expenses by both their natural classification and their functional classification. That analysis of expenses is to be provided in one location, which could be on the face of the statement of activities, as a separate statement, or in the notes to the financial statements.
- Method(s) used to allocate costs among program and support functions.
- Underwater endowment funds, which include required disclosures of (1) a not-for-profit's policy, and any actions taken during the period, concerning appropriation from underwater endowment funds, (2) the aggregate fair value of such funds, (3) the aggregate of the original gift amounts (or level required by donor or law) to be maintained, and (4) the aggregate amount by which funds are underwater (deficiencies), which are to be classified as part of net assets with donor restrictions.

E. Report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted expenses.

F. Use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

The amendments in this ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

As of the date of these financial statements, management has not determined the impact these new ASUs will have on future reporting periods.

SUPPLEMENTARY INFORMATION

Albuquerque Community Foundation and Subsidiaries

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

December 31, 2016

ASSETS

	Albuquerque Community Foundation	ACF Holdings, LLC	The Historic Champion Grocery Building, LLC	Eliminating Entries	Total
ASSETS					
Cash and cash equivalents	$ 877,805	$ 13,902	$ 17,039	$ -	$ 908,746
Investments	65,045,719	-	-	-	65,045,719
Pledge receivables, net	48,236	-	5,725	-	53,961
Bequest receivables	197,396	-	-	-	197,396
Intercompany receivable	146,037	-	-	(146,037)	-
Prepaid expenses	21,487	-	-	-	21,487
Property held-for-sale	-	42,300	-	-	42,300
Other assets	152,118	-	-	-	152,118
Beneficial interest in charitable remainder trusts	3,009,964	-	-	-	3,009,964
Property and equipment, net	19,160	-	1,744,210	-	1,763,370
Total assets	$ 69,517,922	$ 56,202	$ 1,766,974	$ (146,037)	$ 71,195,061

LIABILITIES AND NET ASSETS

	Albuquerque Community Foundation	ACF Holdings, LLC	The Historic Champion Grocery Building, LLC	Eliminating Entries	Total
LIABILITIES					
Accounts payable and accrued expenses	$ 36,021	$ -	$ -	$ -	$ 36,021
Grants payable	191,075	-	-	-	191,075
Intercompany payable	-	42,300	103,737	(146,037)	-
Charitable remainder trusts	2,528,704	-	-	-	2,528,704
Liabilities for assets held for community organizations	12,430,282	-	-	-	12,430,282
Total liabilities	15,186,082	42,300	103,737	(146,037)	15,186,082
COMMITMENTS	-	-	-	-	-
NET ASSETS					
Unrestricted	21,770,932	-	1,075,217	-	22,846,149
Temporarily restricted	32,560,908	13,902	44,020	-	32,618,830
Permanently restricted	-	-	544,000	-	544,000
Total net assets	54,331,840	13,902	1,663,237	-	56,008,979
Total liabilities and net assets	$ 69,517,922	$ 56,202	$ 1,766,974	$ (146,037)	$ 71,195,061

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION – CONTINUED

December 31, 2015

ASSETS

	Albuquerque Community Foundation	ACF Holdings, LLC	The Historic Champion Grocery Building, LLC	Eliminating Entries	Total
ASSETS					
Cash and cash equivalents	$ 4,099,017	$ 13,903	$ 17,039	$ -	$ 4,129,959
Investments	56,833,652	-	-	-	56,833,652
Pledge receivables, net	85,347	-	17,501	-	102,848
Intercompany receivable	399,727	-	-	(399,727)	-
Prepaid expenses	17,398	-	-	-	17,398
Property held-for-sale	-	267,300	-	-	267,300
Other assets	122,819	-	-	-	122,819
Beneficial interest in charitable remainder trusts	3,027,509	-	-	-	3,027,509
Property and equipment, net	22,475	-	1,837,560	-	1,860,035
Total assets	$ 64,607,944	$ 281,203	$ 1,872,100	$ (399,727)	$ 66,361,520

LIABILITIES AND NET ASSETS

	Albuquerque Community Foundation	ACF Holdings, LLC	The Historic Champion Grocery Building, LLC	Eliminating Entries	Total
LIABILITIES					
Accounts payable and accrued expenses	$ 31,424	$ -	$ -	$ -	$ 31,424
Grants payable	187,750	-	-	-	187,750
Intercompany payable	-	267,300	132,427	(399,727)	-
Charitable remainder trusts	2,562,080	-	-	-	2,562,080
Liabilities for assets held for community organizations	11,422,583	-	-	-	11,422,583
Total liabilities	14,203,837	267,300	132,427	(399,727)	14,203,837
COMMITMENTS	-	-	-	-	-
NET ASSETS					
Unrestricted	19,876,979	-	1,151,653	-	21,028,632
Temporarily restricted	30,527,128	13,903	44,020	-	30,585,051
Permanently restricted	-	-	544,000	-	544,000
Total net assets	50,404,107	13,903	1,739,673	-	52,157,683
Total liabilities and net assets	$ 64,607,944	$ 281,203	$ 1,872,100	$ (399,727)	$ 66,361,520

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2016

	Albuquerque Community Foundation	ACF Holdings, LLC	The Historic Champion Grocery Building, LLC	Eliminating Entries	Total
UNRESTRICTED REVENUE AND SUPPORT					
Contributions	$ 1,458,083	$ -	$ 17,000	$ -	$ 1,475,083
Gain on investments and property held-for-sale	1,485,695	-	-	-	1,485,695
Dividends and interest	165,513	-	-	-	165,513
Other income	102,538	-	-	-	102,538
Special events, net	21,371	-	-	-	21,371
In-kind contributions	3,733	-	-	-	3,733
Total revenue and support	3,236,933	-	17,000	-	3,253,933
Net assets released from restrictions	3,699,732	1	224	-	3,699,957
EXPENSES					
Program:					
Distributions and grants	3,672,875	-	-	-	3,672,875
Community outreach	757,230	-	53,473	-	810,703
Support:					
Management and general	545,321	1	31,857	-	577,179
Fundraising	67,286	-	8,330	-	75,616
Total expenses	5,042,712	1	93,660	-	5,136,373
Changes in unrestricted net assets	1,893,953	-	(76,436)	-	1,817,517
Unrestricted net assets, beginning of year	19,876,979	-	1,151,653	-	21,028,632
Unrestricted net assets, end of year	$ 21,770,932	$ -	$ 1,075,217	$ -	$ 22,846,149
TEMPORARILY RESTRICTED REVENUE AND SUPPORT					
Contributions	$ 3,258,466	$ -	$ 224	$ -	$ 3,258,690
Gain on investments	2,068,938	-	-	-	2,068,938
Dividends and interest	215,557	-	-	-	215,557
Special events	185,783	-	-	-	185,783
Change in value of charitable remainder trust agreements	(15,913)	-	-	-	(15,913)
Total revenue and support	5,712,831	-	224	-	5,713,055
Net assets released from restrictions	(3,699,732)	(1)	(224)	-	(3,699,957)
Changes in temporarily restricted net assets	2,013,099	(1)	-	-	2,013,098
Temporarily restricted net assets, beginning of year	30,527,128	13,903	44,020	-	30,585,051
Transfer from community organization	20,681	-	-	-	20,681
Temporarily restricted net assets, end of year	$ 32,560,908	$ 13,902	$ 44,020	$ -	$ 32,618,830

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS – CONTINUED

Year Ended December 31, 2015

	Albuquerque Community Foundation	ACF Holdings, LLC	The Historic Champion Grocery Building, LLC	Eliminating Entries	Total
UNRESTRICTED REVENUE AND SUPPORT					
Contributions	$ 2,216,382	$ -	$ 55,307	$ (50,000)	$ 2,221,689
Dividends and interest	199,490	-	-	-	199,490
Other income	80,143	-	-	-	80,143
Special events, net	19,614	-	-	-	19,614
In-kind contributions	3,041	-	-	-	3,041
Loss on investments	(859,852)	-	(97)	-	(859,949)
Total revenue and support	1,658,818	-	55,210	(50,000)	1,664,028
Net assets released from restrictions	3,888,525	-	440	-	3,888,965
EXPENSES					
Program:					
Distributions and grants	4,255,234	-	-	(50,000)	4,205,234
Community outreach	951,540	-	61,612	-	1,013,152
Support:					
Management and general	512,163	-	34,502	-	546,665
Fundraising	72,089	-	8,340	-	80,429
Total expenses	5,791,026	-	104,454	(50,000)	5,845,480
Changes in unrestricted net assets	(243,683)	-	(48,804)	-	(292,487)
Unrestricted net assets, beginning of year	20,120,662	-	1,200,457	-	21,321,119
Unrestricted net assets, end of year	$ 19,876,979	$ -	$ 1,151,653	$ -	$ 21,028,632
TEMPORARILY RESTRICTED REVENUE AND SUPPORT					
Contributions	$ 4,268,181	$ -	$ 440	$ -	$ 4,268,621
Dividends and interest	261,377	-	-	-	261,377
Special events	227,609	-	-	-	227,609
In-kind contributions	30,993	-	-	-	30,993
Change in value of charitable remainder trust agreements	(31,746)	-	-	-	(31,746)
Loss on investments	(1,104,972)	-	-	-	(1,104,972)
Total revenue and support	3,651,442	-	440	-	3,651,882
Net assets released from restrictions	(3,888,525)	-	(440)	-	(3,888,965)
Changes in temporarily restricted net assets	(237,083)	-	-	-	(237,083)
Temporarily restricted net assets, beginning of year	30,764,211	13,903	44,020	-	30,822,134
Temporarily restricted net assets, end of year	$ 30,527,128	$ 13,903	$ 44,020	$ -	$ 30,585,051

ATKINSON & CO. LTD
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

6501 AMERICAS PARKWAY NE
SUITE 700
ALBUQUERQUE, NM 87110

T 505 843 6492
F 505 843 6817
ATKINSONCPA.COM