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**ALBUQUERQUE COMMUNITY
FOUNDATION AND SUBSIDIARIES**

**CONSOLIDATED
FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

December 31, 2017 and 2016

atkinson

CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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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 (collectively referred to as the Foundation), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, 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.

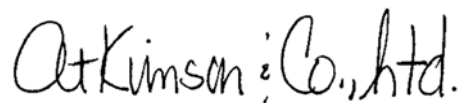
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017 and 2016, 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 32-35 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.

A handwritten signature in black ink that reads "Atkinson & Co., Ltd." in a cursive, slightly stylized font.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
June 28, 2018

Albuquerque Community Foundation and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	2017	(As Restated) 2016
ASSETS		
Cash and cash equivalents	\$ 1,771,705	\$ 908,746
Investments	80,852,554	65,045,719
Program-related investment loan receivable	250,000	-
Pledge receivables, net of unamortized discount of \$0 and \$84 at December 31, 2017 and 2016, respectively	121,923	53,961
Bequest receivables	3,000,000	197,396
Prepaid expenses	25,620	21,487
Property held-for-sale	42,300	42,300
Other assets	173,933	152,118
Beneficial interest in charitable remainder trusts	3,329,756	3,009,964
Property and equipment, net	1,707,455	1,763,370
	<u>\$ 91,275,246</u>	<u>\$ 71,195,061</u>
Total assets		

LIABILITIES AND NET ASSETS

	2017	(As Restated) 2016
LIABILITIES		
Accounts payable and accrued expenses	\$ 67,264	\$ 36,021
Grants payable	244,700	191,075
Unrelated business income tax payable	6,916	264,899
Charitable remainder trusts	2,713,433	2,528,704
Liabilities for assets held for community organizations	13,613,224	12,380,367
	<u>16,645,537</u>	<u>15,401,066</u>
Total liabilities		
COMMITMENTS	-	-
NET ASSETS		
Unrestricted	34,465,730	22,757,344
Temporarily restricted	39,619,979	32,492,651
Permanently restricted	544,000	544,000
	<u>74,629,709</u>	<u>55,793,995</u>
Total net assets		
Total liabilities and net assets	<u>\$ 91,275,246</u>	<u>\$ 71,195,061</u>

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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	\$ 10,667,241	\$ 6,023,475	\$ -	\$ 16,690,716
Gain on investments and property held-for sale, net of unrelated business income taxes of \$200,273	3,357,039	3,657,851	-	7,014,890
Dividends and interest	360,120	387,191	-	747,311
Special events, net of donor benefit of \$39,000	21,691	207,285	-	228,976
Change in value of charitable remainder trust agreements	-	135,063	-	135,063
Other income	111,431	-	-	111,431
In-kind contributions	9,518	5,384	-	14,902
	<u>14,527,040</u>	<u>10,416,249</u>	<u>-</u>	<u>24,943,289</u>
Total revenue and support				
Net assets released from restrictions	3,562,073	(3,562,073)	-	-
EXPENSES				
Program:				
Distributions and grants	4,798,232	-	-	4,798,232
Community outreach	881,107	-	-	881,107
Support:				
Management and general	599,723	-	-	599,723
Fundraising	101,665	-	-	101,665
	<u>6,380,727</u>	<u>-</u>	<u>-</u>	<u>6,380,727</u>
Total expenses				
CHANGES IN NET ASSETS	11,708,386	6,854,176	-	18,562,562
Net assets, beginning of year, as restated	<u>22,757,344</u>	<u>32,492,651</u>	<u>544,000</u>	<u>55,793,995</u>
Transfer from community organization	<u>-</u>	<u>273,152</u>	<u>-</u>	<u>273,152</u>
Net assets, end of year	<u>\$ 34,465,730</u>	<u>\$ 39,619,979</u>	<u>\$ 544,000</u>	<u>\$ 74,629,709</u>

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 – CONTINUED

Year Ended December 31, 2016 (As Restated)

	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, net of unrelated business income taxes of \$214,984, as restated	1,396,890	1,942,759	-	3,339,649
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)
	<u>3,165,128</u>	<u>5,586,876</u>	<u>-</u>	<u>8,752,004</u>
Total revenue and support				
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
	<u>5,136,373</u>	<u>-</u>	<u>-</u>	<u>5,136,373</u>
Total expenses				
CHANGES IN NET ASSETS, as restated	1,728,712	1,886,919	-	3,615,631
Net assets, beginning of year	<u>21,028,632</u>	<u>30,585,051</u>	<u>544,000</u>	<u>52,157,683</u>
Transfer from community organization	<u>-</u>	<u>20,681</u>	<u>-</u>	<u>20,681</u>
Net assets, end of year, as restated	<u>\$ 22,757,344</u>	<u>\$ 32,492,651</u>	<u>\$ 544,000</u>	<u>\$ 55,793,995</u>

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

	2017	(As Restated) 2016
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 18,562,562	\$ 3,615,631
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Transfer from community organization	273,152	20,681
Depreciation	89,161	96,665
(Gain) on investments	(7,215,163)	(3,577,150)
Reinvested dividends and interest	(747,311)	(381,070)
Loss on sale of property held-for-sale	-	22,517
Change in value of charitable remainder trust agreements	(135,063)	(15,831)
Amortization of discount on long-term pledges	(84)	(224)
Donated stock	(1,135,055)	(307,041)
Donated property and equipment	(5,000)	-
(Increases) decreases in operating assets		
Bequest receivables	(2,802,604)	(197,396)
Pledge receivables	(67,878)	49,111
Prepaid expenses	(4,133)	(4,089)
Other assets	(21,815)	(29,299)
Increases (decreases) in operating liabilities		
Accounts payable and accrued expenses	31,243	4,597
Grants payable	53,625	3,325
Unrelated business income taxes payable	(257,983)	264,899
Liabilities for assets held for community organizations	(565,484)	23,809
	<u>6,052,170</u>	<u>(410,865)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(32,915,727)	(23,679,790)
Proceeds from sales of investments	28,004,762	20,666,959
Issuance of program-related investment loans	(250,000)	-
Proceeds from property held-for-sale	-	202,483
Purchases of property and equipment	(28,246)	-
	<u>(5,189,211)</u>	<u>(2,810,348)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	862,959	(3,221,213)
Cash and cash equivalents, beginning of year	<u>908,746</u>	<u>4,129,959</u>
Cash and cash equivalents, end of year	<u>\$ 1,771,705</u>	<u>\$ 908,746</u>

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

Albuquerque Community Foundation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED

Years Ended December 31,

Increase (Decrease) in Cash and Cash Equivalents

SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES

	<u>2017</u>	<u>(As Restated) 2016</u>
Changes in charitable remainder trusts liability	<u>\$ (184,729)</u>	<u>\$ 33,376</u>
Changes in liabilities for assets held for community organizations	<u>\$ 1,798,341</u>	<u>\$ 933,975</u>
Cash paid for unrelated business income taxes	<u>\$ 511,477</u>	<u>\$ -</u>
In-kind contributions	<u>\$ 9,902</u>	<u>\$ 3,733</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

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. Organization

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 four-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 metropolitan area and promote quality education. Specific investment information related to this investing initiative is included in Note H.

2. Principles of Consolidation

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. Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Estimates – Continued

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. Significant estimates included in the accompanying consolidated financial statements primarily relate to the value of the Foundation's investment portfolio, the beneficial interest in charitable remainder trusts and the value of the charitable remainder trust liabilities.

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. However, the Foundation may generate income through certain alternative investments that may be subject to unrelated business income tax. Income taxes from such activities were estimated at \$246,578 and \$264,899 for the years ended December 31, 2017 and 2016, respectively, and are included as a reduction to investment gains and to the investment gains contained within the liabilities for assets held for charitable organizations in these consolidated financial statements. See also notes G and M. The Foundation made estimated tax payments during 2017; therefore, the income tax payable recorded at December 31, 2017, represents the final estimated payments made after December 31, 2017, for the 2017 calendar year. 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, 2017 and 2016. 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 2014.

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 restricted and are not considered cash equivalents.

6. Program-Related Investment Loan Receivable

The Foundation now makes program-related investments (PRIs), in the form of repayable loans that support grant-making programs in New Mexico. One loan is outstanding for \$250,000 at December 31, 2017. The interest rate is 3%, and the principal is scheduled to be paid in full to the Foundation by the maturity date of October 2022. The Foundation records a reserve for potentially uncollected loans based on historical experience. No loss reserve has been recorded as of December 31, 2017. Any costs of making loans are expensed as incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. 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.

8. 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.

9. 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 2017 and 2016. Depreciation expense for December 31, 2017 and 2016, was \$89,161 and \$96,665, respectively. Property held-for-sale is recorded at net realizable value.

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.

10. 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 and liabilities held in these charitable remainder trusts totaled \$2,321,005 in 2017 and \$2,120,791 in 2016 and are reported at fair value in the Foundation's consolidated statements of financial position.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Charitable Remainder Trusts – Continued

Additionally, the Foundation is the beneficiary of the residual for several other charitable remainder trusts. Assets held in these trusts totaled \$1,008,751 in 2017 and \$889,173 in 2016 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% to 7.7% and applicable mortality tables was \$445,275 in 2017 and \$457,191 in 2016.

11. 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.

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 for which the amounts are undeterminable. Associated revenue is recognized when all conditions of the promise are substantially met.

12. 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.

13. 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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Net Assets – Continued

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 \$649,624 and \$620,673 at December 31, 2017 and 2016, 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, 2017 and 2016.

14. 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 \$14,902 and \$3,733 for the years ended December 31, 2017 and 2016, respectively.

15. Endowment Administration

Management fees of \$762,409 and \$655,764 were charged by the Foundation for administrative costs for the years ended December 31, 2017 and 2016, respectively.

16. 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, 2017 and 2016, was \$86,150 and \$90,831, respectively.

17. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

18. 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.

19. Subsequent Events

The Foundation has evaluated all events occurring subsequent to December 31, 2017, and through June 28, 2018, 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, except that the Foundation received notification in June 2018 that they will be the recipient of approximately \$700,000 as the beneficiary of a bequest for a donor that passed away in early 2018.

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:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 121,923	\$ 54,045
Less unamortized discount (discount rates range from .62% to .82%)	<u>-</u>	<u>(84)</u>
	<u>\$ 121,923</u>	<u>\$ 53,961</u>

NOTE C – BEQUEST RECEIVABLES

In 2017, the Foundation received legal notification that it was named as a beneficiary of two bequests for approximately \$3,000,000. The Foundation is not acting as trustee of the bequests. The Foundation recorded the estimated realizable value of the bequests during 2017.

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. As of December 31, 2017, all amounts expected to be received under this bequest have been collected.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE C – BEQUEST RECEIVABLES – CONTINUED

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 included property that was in probate. Additionally, each bequest had multiple beneficiaries, and some of the beneficiaries were 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. As of December 31, 2017, all amounts expected to be received under this bequest have been collected.

NOTE D – PROPERTY AND EQUIPMENT

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

	<u>2017</u>	<u>2016</u>
Building renovation	\$ 1,552,045	\$ 1,552,045
Building	544,000	544,000
Furniture and fixtures	246,619	243,459
Computer equipment	99,635	69,548
Website	<u>25,095</u>	<u>25,095</u>
	2,467,394	2,434,147
Less accumulated depreciation	<u>(759,939)</u>	<u>(670,777)</u>
Property and equipment, net	<u>\$ 1,707,455</u>	<u>\$ 1,763,370</u>

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:

	<u>2017</u>	<u>2016</u>
Cash	\$ 127,095	\$ 114,131
Investments	3,202,661	2,721,728
Cash surrender value of life insurance	<u>-</u>	<u>174,105</u>
	<u>\$ 3,329,756</u>	<u>\$ 3,009,964</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

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:

	<u>2017</u>	<u>2016</u>
International equity	\$ 29,257,298	\$ 15,710,637
Domestic equity	13,664,476	13,555,394
Fixed income	11,986,851	8,918,619
Multi strategy funds	9,107,006	11,108,338
Real assets	8,803,337	3,763,898
Private equity	6,648,903	6,095,060
Cash	1,114,682	5,623,772
Other	270,001	270,001
	<u>\$ 80,852,554</u>	<u>\$ 65,045,719</u>

Investment returns consist of the following:

	<u>2017</u>	<u>(As restated) 2016</u>
Realized and unrealized gains, including realized loss on sale of property held-for-sale	\$ 7,215,163	\$ 3,554,633
Dividends and interest	747,311	381,070
Unrelated business income taxes on certain investments held	<u>(200,273)</u>	<u>(214,984)</u>
	<u>\$ 7,762,201</u>	<u>\$ 3,720,719</u>

Investment consulting fees were \$104,262 and \$84,447 for the years ended December 31, 2017 and 2016, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE F – INVESTMENTS – CONTINUED

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 \$15,297,143 and \$15,047,143, of which \$11,738,432 and \$9,434,515 have been called and remitted as of December 31, 2017 and 2016, respectively. The remaining capital commitments of \$3,558,711 and \$5,612,628 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 \$79,957 and \$69,952 for the years ended December 31, 2017 and 2016, respectively.

During 2017 one nonprofit organization terminated operations. During 2016, one nonprofit organization terminated operations. The organizations had funds totaling \$273,152 and \$20,681 during the years ending December 31, 2017 and 2016, respectively, 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:

	2017	(As restated) 2016
Balance, beginning of year	\$ 12,380,367	\$ 11,422,583
Additions:		
Contributions	513,743	746,463
Investment income net of investment consulting fees and unrelated business income taxes of \$70,306 for 2017 and \$70,736 for 2016	1,728,036	863,239
Deductions:		
Distributions to beneficiaries	(656,813)	(561,285)
Administration fee paid to the Foundation	(78,957)	(69,952)
Transfer to the Foundation	(273,152)	(20,681)
Balance, end of year	<u>\$ 13,613,224</u>	<u>\$ 12,380,367</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

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.
- 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.

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, 2017.

Marketable Securities, Fixed Income, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

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.

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, 2017

	Level 1	Level 2	Level 3	Investments at NAV*	Total
Marketable securities	\$ 37,596,185	\$ -	\$ -	\$ 6,440,271	\$ 44,036,456
Fixed income	10,458,417	-	-	1,528,434	11,986,851
Multi strategy funds	-	-	-	9,107,006	9,107,006
Real assets	3,879,528	-	-	4,923,809	8,803,337
Private equity	-	-	-	6,648,903	6,648,903
Real estate	-	270,001	-	-	270,001
Remainder trust assets	3,085,265	244,491	-	-	3,329,756
Remainder trust liabilities	(2,468,942)	(244,491)	-	-	(2,713,433)
	<u>\$ 52,550,453</u>	<u>\$ 270,001</u>	<u>\$ -</u>	<u>\$ 28,648,423</u>	<u>\$ 81,468,877</u>

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)
	<u>\$ 39,821,878</u>	<u>\$ 270,001</u>	<u>\$ -</u>	<u>\$ 25,435,100</u>	<u>\$ 65,526,979</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

*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.

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:

	2017			
	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private equity funds:				
TIFF 06	\$ 260,006	\$ 255,000	Ineligible	
TIFF 07	424,441	85,000	Ineligible	
TIFF 08	993,163	115,000	Ineligible	
TIFF 10	<u>742,870</u>	<u>160,000</u>	Ineligible	
Total TIFF	2,420,480	615,000		
Common Fund Int. VI	214,699	46,250	Ineligible	
Common Fund VII	365,396	46,500	Ineligible	
Common Fund Int. VII	407,178	103,250	Ineligible	
Common Fund VIII	250,945	12,500	Ineligible	
Common Fund IX	<u>814,835</u>	<u>33,750</u>	Ineligible	
Total Common Fund	2,053,053	242,250		
Audax Private Equity Fund	1,095,151	1,017,289	Ineligible	
Glouston Private Equity Opportunities IV	362,116	218,000	Ineligible	
Verge II.5X, L.P.	327,140	-	Ineligible	
Blackstone Capital Partners VII	186,782	694,430	Ineligible	
ABQid Fund I, L.P.	182,073	-	Ineligible	
Tramway Venture Partners	22,108	218,042	Ineligible	
Fixed income funds:				
PIMCO Bravo II	1,528,434	-	Ineligible	
Real assets:				
ABS Allegiance Real Estate Fund	4,044,737	-	Quarterly	30 Day Notice
Quantum	721,310	494,018	Ineligible	
Bridge ROC Fund	157,762	59,682	Ineligible	
Multi strategy funds and marketable securities:				
RBC Emerging Markets	6,440,271	-	Daily	5 Day Notice
HG Vora Special Opportunities	2,535,884	-	Annual	90 Day Notice
Aleutian	2,014,650	-	Monthly	90 Day Notice
River Birch International	1,798,522	-	Quarterly	90 Day Notice
Hudson Bay International Fund	1,598,322	-	Quarterly	65 Day Notice
Blackrock Tempus	524,051	-	Semi-Annual	120 Day Notice
Pentwater Event Fund	329,444	-	Monthly	90 Day Notice
Silver Creek	<u>306,133</u>	<u>-</u>	Quarterly	120 Days**
	<u>\$ 28,648,423</u>	<u>\$ 3,558,711</u>		

Albuquerque Community Foundation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

	2016			
	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private equity funds:				
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	<u>2,833,904</u>	<u>640,000</u>		
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	<u>2,063,703</u>	<u>339,125</u>		
Permal Capital	487,982	218,000	Ineligible	
Verge II.5X, L.P.	249,156	-	Ineligible	
Audax Private Equity Fund	241,261	1,743,701	Ineligible	
ABQid Fund I, L.P.	219,054	-	Ineligible	
Blackstone Capital Partners VII	-	857,143	Ineligible	
Fixed income funds:				
PIMCO Bravo II	1,820,313	-	Ineligible	
Real assets:				
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
HG Vora Special Opportunities	2,236,965	-	Annual	90 Day Notice
Aleutian	1,927,087	-	Monthly	90 Day Notice
River Birch International	1,760,770	-	Quarterly	90 Day Notice
Pentwater Event Fund	1,078,537	-	Monthly	65 Day Notice
Blackrock	801,683	-	Semi-Annual	120 Day Notice
Silver Creek	402,051	-	Quarterly	120 Days**
	<u>\$ 25,435,100</u>	<u>\$ 5,612,628</u>		

**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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

Private Equity Funds

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.

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.

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 Glouston Private Equity Opportunities IV (formerly 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 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).

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

Private Equity Funds – Continued

Tramway Venture Partners is an early stage fund making equity investments in high return opportunities in health care and the life sciences, primarily in New Mexico. The focus will be business opportunities with products or services that exploit convergent technologies: those that lie at the intersection of physical sciences/information technology with the life sciences and health care.

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 Assets

ASB Allegiance Real Estate Fund is an open-ended core real estate fund which targets coastal metropolitan regions supplemented by exposure to a small targeted group of dynamic and economically diverse interior US cities. Properties will be mostly in urban settings of 24-hour cities with high barriers to entry with limited available land for development and where the property is in a high-density populated area near multiple modes of transportation.

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.

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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

Multi Strategy Funds and Marketable Securities

RBC Emerging Markets Equity Fund is actively managed and seeks to provide long-term capital appreciation by investing in equity securities of emerging markets with sustainable growth. The strategy utilizes a blend of top-down thematic and bottom-up fundamental research and typically holds 40-80 securities.

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.

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.

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.

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE H – FAIR VALUE MEASUREMENTS – CONTINUED

Multi Strategy Funds and Marketable Securities – Continued

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.

Pentwater Event Fund: 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE I – ENDOWMENT FUNDS – CONTINUED

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.

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 2017 and 2016 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.

Albuquerque Community Foundation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE I – ENDOWMENT FUNDS – CONTINUED

Endowment Net Asset Composition by Type of Fund as of December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Donor advised funds	\$ 30,781,253	\$ 2,259,553	\$ 33,040,806
Field of interest funds	-	18,136,308	18,136,308
Donor designated organization funds	-	9,754,605	9,754,605
Student aid funds	-	4,929,304	4,929,304
Undesignated donor restricted funds	-	287,078	287,078
Board directed funds	1,383,727	-	1,383,727
	<u>\$ 32,164,980</u>	<u>\$ 35,366,848</u>	<u>\$ 67,531,828</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Endowment net assets, beginning of year	\$ 20,770,660	\$ 31,630,219	\$ 52,400,879
Contributions	10,498,867	884,869	11,383,736
Transfers from other funds	149,081	592,423	741,504
Interest and dividends	358,245	386,944	745,189
Net appreciation	3,144,411	3,660,775	6,805,186
Reclassifications	(190,845)	55,119	(135,726)
Transfers to other funds	(173,294)	(79,200)	(252,494)
Amounts appropriated for expenditure	<u>(2,392,145)</u>	<u>(1,764,301)</u>	<u>(4,156,446)</u>
Changes in endowment net assets	<u>11,394,320</u>	<u>3,736,629</u>	<u>15,130,949</u>
Endowment net assets, end of year	<u>\$ 32,164,980</u>	<u>\$ 35,366,848</u>	<u>\$ 67,531,828</u>

***Endowment Net Asset Composition by Type of Fund as of December 31, 2016
(As Restated)***

	Unrestricted	Temporarily Restricted	Total
Donor advised funds	\$ 19,412,248	\$ 2,129,162	\$ 21,541,410
Field of interest funds	-	16,456,370	16,456,370
Donor designated organization funds	-	8,472,529	8,472,529
Student aid funds	-	4,329,732	4,329,732
Undesignated donor restricted funds	-	242,426	242,426
Board directed funds	1,358,412	-	1,358,412
	<u>\$ 20,770,660</u>	<u>\$ 31,630,219</u>	<u>\$ 52,400,879</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE I – ENDOWMENT FUNDS – CONTINUED***Changes in Endowment Net Assets for the Year Ended December 31, 2016 (As Restated)***

	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 depreciation	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	<u>(1,347,148)</u>	<u>(1,839,869)</u>	<u>(3,187,017)</u>
Changes in endowment net assets	<u>2,774,045</u>	<u>3,955,585</u>	<u>6,729,630</u>
Endowment net assets, end of year	<u>\$ 20,770,660</u>	<u>\$ 31,630,219</u>	<u>\$ 52,400,879</u>

NOTE J – TEMPORARILY RESTRICTED NET ASSETS

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

	2017	(As Restated) 2016
Field of interest funds	\$ 18,136,308	\$ 16,456,370
Donor designated organization funds	9,754,605	8,472,529
Student aid funds	4,929,304	4,329,732
Donor advised funds	2,259,553	2,129,162
Bequest receivables	3,000,000	197,396
Charitable remainder trusts	616,467	465,472
Pass-through funds	514,741	148,230
Undesignated donor restricted	287,078	242,426
Operating fund	121,923	45,609
Champion building sponsorships	-	5,725
	<u>\$ 39,619,979</u>	<u>\$ 32,492,651</u>

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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE J – TEMPORARILY RESTRICTED NET ASSETS – CONTINUED

	<u>2017</u>	<u>2016</u>
Grant distributions	\$ 2,708,006	\$ 2,852,969
Management fees	441,910	401,942
Time restrictions	291,407	96,000
Other expenses	63,924	301,542
Investment consulting fees	56,826	47,504
	<u>\$ 3,562,073</u>	<u>\$ 3,699,957</u>

NOTE K – COMMITMENTS

1. Leases

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

2018	\$ 8,183
2019	<u>2,292</u>
	<u>\$ 10,475</u>

Lease expense was \$11,543 for both years ended December 31, 2017 and 2016.

2. Major Contributors

For the year ended December 31, 2017, the Foundation received contributions totaling \$11,531,483 from thirteen major contributors. For the year ended December 31, 2016, the Foundation received contributions totaling \$3,055,468 from ten 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 \$26,027 and \$19,147 for the years ended December 31, 2017 and 2016, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

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 \$1,195,881 and \$1,493,253 at December 31, 2017 and 2016, respectively.

NOTE M – PRIOR PERIOD ADJUSTMENT

During 2017, the Foundation determined that income earned on certain alternative investments created unrelated business income tax for earnings reported during 2016. As a result, the Foundation paid unrelated business income tax of \$264,899 during 2017 for 2016. Accordingly, the Foundation restated the results for the affected year. The effect of the restatement was to record a unrelated business income tax payable of \$264,899, decrease liabilities for assets held for community organizations by \$49,915, decrease gain on investments and property-held-for sale and total net assets by \$214,984. Of the decrease of total net assets of \$214,984, unrestricted net assets decreased by \$88,805, and temporarily restricted net assets decreased by \$126,179.

NOTE N – NEW ACCOUNTING STANDARDS

1. The Financial Accounting Standards Board (FASB) has 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE N – NEW ACCOUNTING STANDARDS – CONTINUED

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

December 31, 2017 and 2016

NOTE N – NEW ACCOUNTING STANDARDS – CONTINUED

D. Provide the following enhanced disclosures about: – Continued

- 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.

4. In November 2016, the FASB issued ASU 2016-18 *Restricted Cash* which requires that the statements of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Under this standard, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. This ASU is effective for fiscal years beginning after December 15, 2018, but early adoption is permitted.

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, 2017

ASSETS

	Albuquerque Community Foundation	ACF Holdings, LLC	The Historic Champion Grocery Building, LLC	Eliminating Entries	Total
ASSETS					
Cash and cash equivalents	\$ 1,749,666	\$ 5,000	\$ 17,039	\$ -	\$ 1,771,705
Investments	80,852,554	-	-	-	80,852,554
Program-related investment loan receivable	250,000	-	-	-	250,000
Pledge receivables, net	121,923	-	-	-	121,923
Bequest receivables	3,000,000	-	-	-	3,000,000
Intercompany receivable	42,300	-	-	(42,300)	-
Prepaid expenses	25,620	-	-	-	25,620
Property held-for-sale	-	42,300	-	-	42,300
Other assets	173,933	-	-	-	173,933
Beneficial interest in charitable remainder trusts	3,329,756	-	-	-	3,329,756
Property and equipment, net	48,743	-	1,658,712	-	1,707,455
Total assets	\$ 89,594,495	\$ 47,300	\$ 1,675,751	\$ (42,300)	\$ 91,275,246

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	\$ 67,264	\$ -	\$ -	\$ -	\$ 67,264
Grants payable	244,700	-	-	-	244,700
Unrelated business income tax payable	6,916	-	-	-	6,916
Intercompany payable	-	42,300	-	(42,300)	-
Charitable remainder trusts	2,713,433	-	-	-	2,713,433
Liabilities for assets held for community organizations	13,613,224	-	-	-	13,613,224
Total liabilities	16,645,537	42,300	-	(42,300)	16,645,537
COMMITMENTS					
	-	-	-	-	-
NET ASSETS					
Unrestricted	33,333,979	-	1,131,751	-	34,465,730
Temporarily restricted	39,614,979	5,000	-	-	39,619,979
Permanently restricted	-	-	544,000	-	544,000
Total net assets	72,948,958	5,000	1,675,751	-	74,629,709
Total liabilities and net assets	\$ 89,594,495	\$ 47,300	\$ 1,675,751	\$ (42,300)	\$ 91,275,246

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION – CONTINUED

December 31, 2016 (As Restated)

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
	<u>\$ 69,517,922</u>	<u>\$ 56,202</u>	<u>\$ 1,766,974</u>	<u>\$ (146,037)</u>	<u>\$ 71,195,061</u>
Total assets					

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
Unrelated business income taxes payable	264,899	-	-	-	264,899
Intercompany payable	-	42,300	103,737	(146,037)	-
Charitable remainder trusts	2,528,704	-	-	-	2,528,704
Liabilities for assets held for community organizations	12,380,367	-	-	-	12,380,367
	<u>15,401,066</u>	<u>42,300</u>	<u>103,737</u>	<u>(146,037)</u>	<u>15,401,066</u>
Total liabilities					
COMMITMENTS					
	-	-	-	-	-
NET ASSETS					
Unrestricted	21,682,127	-	1,075,217	-	22,757,344
Temporarily restricted	32,434,729	13,902	44,020	-	32,492,651
Permanently restricted	-	-	544,000	-	544,000
	<u>54,116,856</u>	<u>13,902</u>	<u>1,663,237</u>	<u>-</u>	<u>55,793,995</u>
Total net assets					
Total liabilities and net assets	<u>\$ 69,517,922</u>	<u>\$ 56,202</u>	<u>\$ 1,766,974</u>	<u>\$ (146,037)</u>	<u>\$ 71,195,061</u>

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2017

	Albuquerque Community Foundation	ACF Holdings, LLC	The Historic Champion Grocery Building, LLC	Eliminating Entries	Total
UNRESTRICTED REVENUE AND SUPPORT					
Contributions	\$ 10,664,050	\$ -	\$ 3,191	\$ -	\$ 10,667,241
Gain on investments and property held-for-sale, net of unrelated business income taxes	3,357,039	-	-	-	3,357,039
Dividends and interest	360,120	-	-	-	360,120
Other income	111,431	-	-	-	111,431
Special events, net	21,691	-	-	-	21,691
In-kind contributions	9,518	-	-	-	9,518
Total revenue and support	14,523,849	-	3,191	-	14,527,040
Net assets released from restrictions	3,517,969	-	44,104	-	3,562,073
EXPENSES					
Program:					
Distributions and grants	4,798,232	-	-	-	4,798,232
Community outreach	833,406	-	47,701	-	881,107
Support:					
Management and general	571,479	-	28,244	-	599,723
Fundraising	92,112	-	9,553	-	101,665
Total expenses	6,295,229	-	85,498	-	6,380,727
Changes in unrestricted net assets	11,746,589	-	(38,203)	-	11,708,386
Unrestricted net assets, beginning of year	21,682,127	-	1,075,217	-	22,757,344
Net asset transfer from Albuquerque Community Foundation	(94,737)	-	94,737	-	-
Unrestricted net assets, end of year	<u>\$ 33,333,979</u>	<u>\$ -</u>	<u>\$ 1,131,751</u>	<u>\$ -</u>	<u>\$ 34,465,730</u>
TEMPORARILY RESTRICTED REVENUE AND SUPPORT					
Contributions	\$ 6,023,391	\$ -	\$ 84	\$ -	\$ 6,023,475
Gain on investments, net of unrelated business income taxes	3,657,851	-	-	-	3,657,851
Dividends and interest	387,191	-	-	-	387,191
Special events, net	207,285	-	-	-	207,285
Change in value of charitable remainder trust agreements	135,063	-	-	-	135,063
In-kind contributions	5,384	-	-	-	5,384
Total revenue and support	10,416,165	-	84	-	10,416,249
Net assets released from restrictions	(3,517,969)	-	(44,104)	-	(3,562,073)
Changes in temporarily restricted net assets	6,898,196	-	(44,020)	-	6,854,176
Temporarily restricted net assets, beginning of year (as restated)	32,434,729	13,902	44,020	-	32,492,651
Net asset transfer from ACF Holdings, LLC	8,902	(8,902)	-	-	-
Transfer from community organization	273,152	-	-	-	273,152
Temporarily restricted net assets, end of year	<u>\$ 39,614,979</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,619,979</u>

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS – CONTINUED

Year Ended December 31, 2016 (As Restated)

	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, net of unrelated business income taxes	1,396,890	-	-	-	1,396,890
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	3,148,128	-	17,000	-	3,165,128
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	1,805,148	-	(76,436)	-	1,728,712
Unrestricted net assets, beginning of year	19,876,979	-	1,151,653	-	21,028,632
Unrestricted net assets, end of year	\$ 21,682,127	\$ -	\$ 1,075,217	\$ -	\$ 22,757,344
TEMPORARILY RESTRICTED REVENUE AND SUPPORT					
Contributions	\$ 3,258,466	\$ -	\$ 224	\$ -	\$ 3,258,690
Gain on investments, net of unrelated business income taxes	1,942,759	-	-	-	1,942,759
Dividends and interest	215,557	-	-	-	215,557
Special events, net	185,783	-	-	-	185,783
Change in value of charitable remainder trust agreements	(15,913)	-	-	-	(15,913)
Total revenue and support	5,586,652	-	224	-	5,586,876
Net assets released from restrictions	(3,699,732)	(1)	(224)	-	(3,699,957)
Changes in temporarily restricted net assets	1,886,920	(1)	-	-	1,886,919
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 (as restated)	\$ 32,434,729	\$ 13,902	\$ 44,020	\$ -	\$ 32,492,651

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