

THE COMMUNITY FOUNDATION OF
JACKSON HOLE AND SUPPORTING
ORGANIZATION

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010



BEMENT & COMPANY

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June 28, 2011

Board of Directors of
The Community Foundation of Jackson Hole and Supporting Organization
Jackson, Wyoming

We have audited the accompanying combined statement of financial position of The Community Foundation of Jackson Hole (a non-profit organization) and its supporting organization, The Community Foundation Donor Directed Fund, as of December 31, 2010 and 2009 and the related combined statements of activities and cash flows for the year then ended. These combined financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audits. The prior year summarized comparable information has been derived from the Community Foundation of Jackson Hole's and supporting organization's combined 2009 financial statements and, in our report dated June 11, 2010, we expressed an unqualified opinion on those financial statements, but we have not performed any auditing procedures for the year ended December 31, 2009 since that date.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation of Jackson Hole and its supporting organization as of December 31, 2010 and 2009 and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

COMBINED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

(With Comparative Totals for December 31, 2009)

<u>ASSETS</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Current Assets:		
Cash and cash equivalents	\$ 3,397,932	\$ 3,485,694
Accounts receivable	447	1,715
Interest receivable	62,919	54,867
Total Current Assets	<u>3,461,298</u>	<u>3,542,276</u>
Property and Equipment		
Furniture and equipment	102,277	106,999
Leashold improvements	97,019	97,019
Less accumulated depreciation	<u>(122,329)</u>	<u>(123,809)</u>
Total Property and Equipment	<u>76,967</u>	<u>80,209</u>
Other Assets		
Investments (Note 4)	25,348,139	21,307,700
Contributions receivable (Note 5)	240,000	230,000
Other assets	<u>4,800</u>	<u>4,800</u>
Total Other Assets	<u>25,592,939</u>	<u>21,542,500</u>
Total Assets	<u>\$ 29,131,204</u>	<u>\$ 25,164,985</u>

(Continued)

See accompanying notes and auditors' report

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

COMBINED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

(With Comparative Totals for December 31, 2009)

(Continued)

<u>LIABILITIES AND NET ASSETS</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Current Liabilities		
Accounts payable	\$ 52,886	\$ 78,676
Accrued expenses	30,577	32,508
Grants payable, current	9,089	323,551
Donor directed funds (Note 2)	206,847	250,674
Total Current Liabilities	299,399	685,409
Grants payable	-	5,000
Agency endowment funds (Note 2)	2,694,859	2,119,594
 Total Liabilities	 2,994,258	 2,810,003
Commitments and Contingencies (Note 7)	-	-
Net Assets (Note 2)		
Unrestricted net assets:		
Endowment	8,170,670	7,356,402
Advised / Affinity	11,339,579	8,467,785
Designated	1,870,897	1,969,677
Field of interest and scholarship	656,814	773,164
Operating	3,858,986	3,557,954
Total unrestricted net assets	25,896,946	22,124,982
Temporarily restricted net assets	240,000	230,000
 Total Net Assets	 26,136,946	 22,354,982
Total Liabilities and Net Assets	\$ 29,131,204	\$ 25,164,985

See accompanying notes and auditors' report

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

COMBINED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

(With Comparative Totals for December 31, 2009)

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<u>UNRESTRICTED NET ASSETS</u>		
Revenues, Gains, and Other Support		
Contributions	\$ 14,240,106	\$ 11,343,981
Net investment income	607,947	587,496
Net realized investment gains (losses)	237,718	(1,171,922)
Net unrealized investment gains	832,141	2,924,636
Other income	59,893	42,108
Total Revenues, Gains, and Other Support	<u>15,977,805</u>	<u>13,726,299</u>
Expenses (Note 2)		
Program	12,034,555	13,305,525
Management and general	118,573	126,077
Fund raising	52,713	47,055
Total Expenses	<u>12,205,841</u>	<u>13,478,657</u>
Change in unrestricted net assets	3,771,964	247,642
Unrestricted net assets, beginning of year	22,124,982	21,877,340
Unrestricted net assets, end of year	<u>\$ 25,896,946</u>	<u>\$ 22,124,982</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Temporarily restricted net assets, beginning of year	\$ 230,000	\$ 210,000
Change in temporarily restricted net assets	10,000	20,000
Temporarily restricted net assets, end of year	<u>\$ 240,000</u>	<u>\$ 230,000</u>
TOTAL NET ASSETS	\$ 26,136,946	\$ 22,354,982

See accompanying notes and auditors' report

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

COMBINED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

(With Comparative Totals for December 31, 2009)

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Cash flows from operating activities:		
Cash received from contributions and other sources	\$ 14,109,726	\$ 11,186,711
Cash paid to grantees, suppliers and employees	(12,539,883)	(13,160,121)
Interest and dividends received	599,895	598,092
Net cash provided by (used in) operating activities	<u>2,169,738</u>	<u>(1,375,318)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	17,232,988	13,061,621
Purchase of investments	(20,113,053)	(13,061,351)
Net decrease in donor directed funds	(43,827)	(2,196)
Net increase in agency endowment funds	575,265	412,352
Purchase of property and equipment	(9,899)	(21,310)
Net cash (used in) provided by investing activities	<u>(2,358,526)</u>	<u>389,116</u>
Cash flows from financing activities:		
Endowment contributions	101,026	198,668
Net cash provided by financing activities	<u>101,026</u>	<u>198,668</u>
Net decrease in cash	(87,762)	(787,534)
Cash at beginning of the period	<u>3,485,694</u>	<u>4,273,228</u>
Cash at end of the period	<u>\$ 3,397,932</u>	<u>\$ 3,485,694</u>

(Continued)

See accompanying notes and auditors' report

THE COMMUNITY FOUNDATION OF JACKSON HOLE
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COMBINED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

(With Comparative Totals for December 31, 2009)

(Continued)

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Total change in net assets	\$ 3,781,964	\$ 267,642
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized (gain) loss on investments	(237,718)	1,171,922
Net unrealized gain on investments	(832,141)	(2,924,636)
Endowment contributions	(101,026)	(198,668)
Non-cash contributions	(90,515)	-
Depreciation	13,141	11,908
Loss on disposal of assets	-	464
Change in other assets and liabilities:		
Decrease (increase) in accounts receivable	1,268	(710)
(Increase) decrease in interest receivable	(8,052)	10,596
Increase in contributions receivable	(10,000)	(20,000)
(Decrease) increase in accounts payable	(25,790)	21,226
(Decrease) increase in accrued expenses	(1,931)	16,387
(Decrease) increase in grants payable	<u>(319,462)</u>	<u>268,551</u>
Net cash provided by (used in) operating activities	<u>\$ 2,169,738</u>	<u>\$ (1,375,318)</u>

See accompanying notes and auditors' report

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - Organization

The Community Foundation of Jackson Hole (the Foundation) is a Wyoming non-profit organization created in 1989 as an affiliate of the Wyoming Community Foundation. In 1995, the Foundation obtained its own 501(c)(3) status, split off from the Wyoming Community Foundation and received a transfer of certain assets and fund balances.

The mission of the Foundation is to improve lives through philanthropic leadership by serving as a leader, catalyst and resource for philanthropy, providing flexible and cost-effective ways for donors to benefit nonprofits, making strategic grants in art, education, environment, health and human services, and building endowments to help meet future community needs. The Foundation is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code (the Code). In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a)(1) of the Code.

In 2007, the Foundation established an affiliate to serve Teton County, Idaho and Alta, Wyoming. Known as the Community Foundation of Teton Valley, the affiliate operates as an unincorporated division of the Foundation based in Driggs, Idaho.

The Community Foundation Donor Directed Fund (the Donor Directed Fund) is a commonly-controlled entity classified by the Internal Revenue Code as a Type I supporting organization as described in Section 509(a)(3) and is exempt from federal income taxes. Prior to 2007, the Donor Directed Fund was classified as a private foundation organized under Section 509(a) of the Code and was subject to excise taxes. The Foundation provides administrative and management services to the Donor Directed Fund, and the board members of the Foundation also serve as the board members for the Donor Directed Fund. The Donor Directed Fund was incorporated and began operating in 1995. The Donor Directed Fund was established to provide a convenient method for donors to support charitable organizations at their sole discretion by leveraging the staff and administrative infrastructure of the Foundation.

NOTE 2 - Summary of Significant Accounting Policies

The combined financial statements of the Foundation and the Donor Directed Fund have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

FINANCIAL STATEMENT PRESENTATION

The Foundation presents its financial statements in accordance with U.S. generally accepted accounting principles and the Not-For-Profit requirements of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) whereby net assets and changes therein are classified according to the existence or absence of time or donor-imposed restrictions.

With the exception of donor directed fund agreements, all of the Foundation's gift instruments explicitly grant the Foundation variance power to redirect the use of assets. As a result, most contributions are recorded as unrestricted. Net assets are internally designated by type of fund and managed according to the Foundation's respective administrative and investment policies. The Foundation's temporarily restricted net assets consist of a time-restricted contribution receivable.

In accordance with the standards in FASB ASC, funds that are created by organizations for their own benefit (agency funds) are classified as liabilities, even though the fundholders have explicitly granted the Foundation variance power. Donor directed fund contributions are also recorded as liabilities. Grants disbursed from donor directed and agency funds reduce these liabilities.

The financial information presented for December 31, 2009 is for comparative purposes only and is not intended to be a complete financial statement presentation.

USE OF ESTIMATES

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

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

REVENUE AND OTHER SUPPORT

Contributions, which may include non-cash assets, unconditional promises to give and beneficial interests in irrevocable trusts or other legally-binding agreements, are recognized as revenue at fair value in the period pledged or received. Contributions receivable are reviewed for collectability and reserves for uncollectible amounts are established when needed. Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributions with donor-imposed restrictions that are met in the current period are recorded as unrestricted contributions.

CASH AND CASH EQUIVALENTS

The Foundation considers financial instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents held as a portion of the Foundation's endowment portfolio are classified as investments and are not considered to be cash equivalents.

INVESTMENTS

In accordance with the standards in FASB ASC, investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investments in life insurance policies are carried at the cash surrender value shown on the most recent statement at or before year-end.

THE COMMUNITY FOUNDATION OF JACKSON HOLE
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NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

FURNITURE, EQUIPMENT AND DEPRECIATION

Purchased furniture, equipment, and improvements are carried at cost. Donated equipment is recorded at its estimated fair market value on the date of contribution. Gifts of long-term assets are reported as unrestricted support. Depreciation of property and equipment is provided over estimated useful lives of 3 to 20 years for the respective assets on a straight-line basis. The Foundation's capitalization policy is to capitalize any fixed asset expenditures costing more than one thousand dollars.

There are no restrictions or limitations on the use of the Foundation's capitalized furniture and equipment. Capitalized leasehold improvements will remain with the leased property.

ADVERTISING AND PROMOTION

Advertising and promotion costs are expensed as incurred. The advertising and promotion costs for the year ended December 31, 2010 were \$114,647.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The principal event involves elements of fundraising, and joint costs from the event have been allocated between the three functional expense categories.

NOTE 3 - Financial Instruments

The Foundation maintains the majority of its cash balances at two banks located in Jackson, Wyoming. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2010, the Foundation's cash balances were \$3,254,765 in excess of the insured limits.

THE COMMUNITY FOUNDATION OF JACKSON HOLE
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NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

The Foundation maintains the majority of its cash, mutual funds, equities, and government securities with two brokerage firms. Investments held by investment firms are insured up to \$500,000 through the Securities Investor Protection Corporation (SIPC) and up to \$50 million through other insurance providers.

NOTE 4 - Investments

Investments as of December 31, 2010 are summarized as follows:

Money market funds	\$ 3,933,401
Mutual funds	1,648,600
Fixed income securities	11,000,402
Equities	8,506,694
Cash surrender value of life insurance	<u>259,042</u>
Investments at fair value	<u><u>\$ 25,348,139</u></u>

NOTE 5 - Contributions Receivable

The Foundation is the beneficiary of an irrevocable contribution to be received in future years with an estimated fair value at December 31, 2010 of \$240,000 with payments scheduled to begin in 2025 and end in 2093. The initial discount was \$5,424,267. The contribution receivable has been discounted at an approximate rate of 7%. The amortized discount for the year ended December 31, 2010 was \$10,000. An allowance for uncollectible promises to give has not been recorded.

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - Fair Value Measurements

As required by the standards in FASB ASC, the fair value of assets reported in the financial statements are measured as follows:

Assets measured at fair value on a recurring basis -

<u>Description</u>	<u>Carrying</u>	<u>Fair value measurements at reporting date using</u>		
	<u>Amount at</u> <u>12/31/2010</u>	<u>Quoted Prices in Active Markets</u> <u>for Identical Assets</u>	<u>Significant Other</u> <u>Observable Inputs</u>	<u>Significant Other</u> <u>Unobservable</u> <u>Inputs</u>
Available-for-sale securities	23,904,681	23,904,681	-	-
Other investments	1,443,458	-	1,443,458	-
Contributions receivable	<u>240,000</u>	<u>-</u>	<u>240,000</u>	<u>-</u>
Total	<u>\$ 25,588,139</u>	<u>\$ 23,904,681</u>	<u>\$ 1,683,458</u>	<u>\$ -</u>

NOTE 7 - Commitments and Contingencies

Contributions and bequests may include donor-imposed restrictions or require the fulfillment of certain conditions as set forth in the gift instrument. Failure to fulfill these conditions could require the return of funds to donors. As the Foundation only accepts those gifts for which it agrees to the terms and conditions contained in the gift instrument, the Foundation believes this contingency is remote.

NOTE 8 - Supporting Organizations

In addition to the Donor Directed Fund, the Foundation is associated with two other interrelated supporting organizations. In both cases, the Foundation is authorized by the bylaws of the supporting organizations to appoint a majority voting interest of the governing board. However, the Foundation does not have a material economic interest in either entity, and thus consolidated financial statements are not presented. The following summarizes the financial results of these entities.

THE COMMUNITY FOUNDATION OF JACKSON HOLE
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NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

West Hill Foundation for Nature, Inc. (West Hill) is a supporting organization of the Foundation and works with other conservation organizations, government agencies, and community groups to protect land for human enjoyment and well-being and to conserve and nurture the natural estate. As of and for the year ended December 31, 2010, West Hill had \$1,153 in total revenue, \$286,653 in total expenses, total assets of \$85,095, no liabilities, net assets of \$85,095, and paid the Foundation \$2,000. This organization will be terminated in 2011, and a liquidating distribution to the Foundation will occur.

The Huff Foundation (Huff) is a supporting organization of the Foundation and manages, invests and distributes its assets for various charitable purposes. As of and for the year ended December 31, 2010, Huff had \$115 in total revenue, \$43,673 in total expenses, total assets of \$76,360, no liabilities, net assets of \$76,360, and paid the Foundation \$38,188. This organization will be terminated in 2011, and a liquidating distribution to the Foundation will occur.

NOTE 9 - Related Party Transactions

Two Foundation Board Officers are employed as local presidents of banks where the Foundation maintains significant account balances. Total Foundation deposits at these banks at December 31, 2010 are \$1,345,582 and \$2,409,183, respectively.

One Foundation Board Member is married to the principal executive of an investment fund where the Foundation is invested. The estimated fair market value at December 31, 2010 of the investment is \$311,325.

NOTE 10 - Employee Benefits

The Foundation began a 401(k) plan effective January 1, 2009. Employer contributions to the 401(k) plan for the year ended December 31, 2010 totaled \$21,811.

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 11 - Leases

The Foundation leases its office under a noncancelable lease agreement beginning January 1, 2008 and expiring December 31, 2012. Lease payments for 2010 were \$4,925 per month with annual increases based on the Consumer Price Index (CPI), All Urban Consumers. Lease payments are \$5,000 per month beginning in 2011. Lease renewals are at the discretion of the lessor. The Foundation also leases storage space for approximately \$250 per month under a month-to-month lease agreement. In addition, the Foundation leases office space in Idaho on a month-to-month basis. Lease payments are currently \$450 per month with projected annual increases each April based on the CPI, All Urban Consumers. Total rent expense for the year ended December 31, 2010 was \$67,196.

The future minimum rental payments are as follows:

Amount due in 2011:	\$ 60,000
Amount due in 2012:	60,000
Amount due beyond 2012:	<u>-</u>
Total:	<u><u>\$ 120,000</u></u>