

# Financial Statements

Spur Community Foundation, Inc.  
(a nonprofit organization)

Year Ended December 31, 2021



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Spur Community Foundation, Inc.  
Ketchum, Idaho

### Opinion

We have audited the financial statements of Spur Community Foundation, Inc. which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Spur Community Foundation, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Spur Community Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Spur Community Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.





## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Spur Community Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Spur Community Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Harris CPAs*

Meridian, Idaho  
November 9, 2022

**SPUR COMMUNITY FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2021**

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**ASSETS**

**Assets**

Cash and cash equivalents	\$	4,979,042
Investments		993,066
Pledges receivable		3,182,501
Grants receivable		<u>4,594</u>
Total Assets	\$	<u>9,159,203</u>

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$	6,444
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**Net Assets**

Without donor restrictions		410,436
With donor restrictions		<u>8,742,323</u>
Total Net Assets		<u>9,152,759</u>

Total Liabilities and Net Assets	\$	<u>9,159,203</u>
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See notes to financial statements.

**SPUR COMMUNITY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2021**

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	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b>Revenues and Other Support</b>			
Pledges and contributions	\$ 384,487	\$ 9,578,384	\$ 9,962,871
Nonprofit advisory services	1,625		1,625
Custodial services	35,000		35,000
Investment loss	<u>(1,753)</u>		<u>(1,753)</u>
	419,359	9,578,384	9,997,743
Net assets released from restrictions	<u>2,333,744</u>	<u>(2,333,744)</u>	<u>0</u>
Total Revenue	2,753,103	7,244,640	9,997,743
<b>Expenses</b>			
Program services			
Donor advised grants	1,447,000		1,447,000
Discretionary grants	711,912		711,912
Nonprofit and donor services	<u>144,789</u>		<u>144,789</u>
Total Program Services	<u>2,303,701</u>	<u>0</u>	<u>2,303,701</u>
Supporting services			
Management and general	147,962		147,962
Fundraising	<u>78,307</u>		<u>78,307</u>
Total Supporting Services	<u>226,269</u>	<u>0</u>	<u>226,269</u>
Total Expenses	<u>2,529,970</u>	<u>0</u>	<u>2,529,970</u>
Change in Net Assets	223,133	7,244,640	7,467,773
<b>Net Assets</b>			
Beginning of Year	<u>187,303</u>	<u>1,497,683</u>	<u>1,684,986</u>
End of Year	<u>\$ 410,436</u>	<u>\$ 8,742,323</u>	<u>\$ 9,152,759</u>

See notes to financial statements.

**SPUR COMMUNITY FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2021

	Program Services			Supporting Services			Total Supporting Services	Total
	Donor Advised Grants	Discretionary Grants	Nonprofit and Donor Services	Total Program Services	Management and Administrative	Fundraising		
Grant awards	\$ 1,447,000	\$ 711,912	\$	\$ 2,158,912	\$	\$	\$	\$ 2,158,912
Salaries & wages			101,807	101,807	103,597	48,312	151,909	253,716
Occupancy					27,039		27,039	27,039
Professional fees			18,000	18,000	1,290	3,563	4,853	22,853
Independent contractors			20,000	20,000		2,182	2,182	22,182
Advertising			11	11	1,343	13,685	15,028	15,039
Office supplies			2,943	2,943	8,049	3,379	11,428	14,371
Insurance					2,236		2,236	2,236
Other			2,028	2,028	4,408	7,186	11,594	13,622
	<u>\$ 1,447,000</u>	<u>\$ 711,912</u>	<u>\$ 144,789</u>	<u>\$ 2,303,701</u>	<u>\$ 147,962</u>	<u>\$ 78,307</u>	<u>\$ 226,269</u>	<u>\$ 2,529,970</u>

See notes to financial statements.

**SPUR COMMUNITY FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2021**

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**Cash Flow From Operating Activities**

Change in net assets	\$ 7,467,773
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Unrealized (gain) loss on investments	(7,007)
Changes in operating assets and liabilities:	
Pledges receivable	(3,182,501)
Grants receivable	(4,594)
Accounts payable	<u>1,444</u>
Net Cash Provided by (Used in) Operating Activities	4,275,115

**Cash Flow From Investing Activities**

Purchases of investments	(2,831,911)
Proceeds from sale of investments	<u>1,845,852</u>
Net Cash Provided by (Used in) Investing Activities	<u>(986,059)</u>

Net Change in Cash and Cash Equivalents 3,289,056

**Cash and Cash Equivalents - Beginning of Year** 1,689,986

**Cash and Cash Equivalents - End of Year** \$ 4,979,042

See notes to financial statements.



## **SPUR COMMUNITY FOUNDATION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note A – Significant Accounting Policies**

##### *Nature of Organization*

Spur Community Foundation, Inc., (the Foundation) is an Idaho nonprofit Corporation that was founded in April 2016 by Wood River Valley community members interested in improving philanthropy in the area, on both an individual and communal level. Understanding the importance of the nonprofit sector to the economy, the community's needs, and local quality of life, Spur's founders recognized how the Wood River Valley could benefit from a curator of philanthropic opportunity. Spur Community Foundation, Inc. seeks to expand funding to the nonprofit sector, assist donors with giving purposefully and impactfully, and foster excellence and accountability in nonprofits, accomplished primarily by receiving donations of financial assets for the purpose of granting funds to other nonprofit organizations and making investments in the social sector of the Wood River Valley. A description of the Foundation's program services is below.

##### *Donor Advised Grants*

The Foundation's programs include donor advised grants, which are distributions from donor advised funds. Donor advised funds are utilized for purposes specified by the donors and are distributed at the discretion of the donors.

##### *Discretionary Grants*

Spur Community Foundation, Inc. offers grants to nonprofit organizations from discretionary grant funds based on applications received from nonprofit organizations in the Wood River Valley that go through a competitive application process. These funds are awarded at the discretion of management and the board of directors of the Foundation.

##### *Nonprofit and Donor Services*

The Foundation provides a variety of services to nonprofit organizations including leadership coaching, consulting, benchmarking, and assessments. Spur Community Foundation, Inc. gathers and maintains a Knowledge Library with details about nonprofit organizations that serve the Wood River Valley to be a resource to philanthropy-minded individuals who want information to help guide their charitable giving. The Foundation also provides giving-analysis and impact reporting to donors who have contributed to any of the Foundation's grant funds.

## **SPUR COMMUNITY FOUNDATION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note A – Significant Accounting Policies (Continued)**

The Foundation utilizes fund accounting to classify resources and activities for accounting and reporting purposes into funds that are in accordance with specified objectives. The Foundation maintains the following types of funds:

*Operating* – Funds that support the general operations of the Foundation, as well as purposes that have been designated by the board of directors.

*Donor Advised Funds* – Funds that are restricted by time or purposes specified by the donors. Distributions from the funds are made solely at the discretion of the donors.

#### *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### *Basis of Presentation*

The Foundation reports net assets and revenues, expenses, gains and losses are classified according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

#### *Cash and Cash Equivalents*

The Foundation considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

#### *Use of Estimates*

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

## SPUR COMMUNITY FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note A – Significant Accounting Policies (Continued)

##### *Concentration of Credit Risk*

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist of cash and investments. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000 and the Securities Investor Protection Corporation for up to \$500,000. At December 31, 2021, the Foundation had uninsured balances totaling \$693,899.

##### *Pledges Receivable*

Contributions are generally available for unrestricted use in the year raised unless specifically restricted by the donor. Unconditional promises to give are recorded when pledged. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Management has determined no allowance for uncollectible pledges receivable is considered necessary.

##### *Investments*

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

##### *Fair Value*

The Foundation uses fair value reporting for financial assets and liabilities. A hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established, prioritizes fair value measurements based on the types of inputs used in the valuation technique.

## **SPUR COMMUNITY FOUNDATION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note A – Significant Accounting Policies (Continued)**

##### *Contributions and Donor Imposed Restrictions*

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

##### *Revenue Recognition*

Service fees consists of nonprofit advisory and custodial services. The Foundation recognizes revenue on such activities as the related performance obligations are completed. There were no remaining unperformed performance obligations at December 31, 2021.

##### *Functional Allocation of Expense*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Salaries and wages, employee benefits, and payroll taxes are allocated based on time studies performed annually. Management and General expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

##### *Income Taxes*

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

##### *Uncertain Tax Positions*

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of that position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2021. The Foundation files Form 990 in the U.S. federal jurisdiction. The Foundation is generally no longer subject to examination by the Internal Revenue Service for years before 2018.

**SPUR COMMUNITY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note A – Significant Accounting Policies (Continued)**

*Subsequent Events*

The Foundation has evaluated subsequent events through November 9, 2022, which is the date the financial statements were available to be issued.

**Note B – Liquidity and Availability of Resources**

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets available within one year	
Cash and cash equivalents	\$ 4,979,042
Investments	993,066
Pledges receivable	3,182,501
Grants receivable	<u>4,594</u>
Total financial assets available within one year	9,159,203
Less amounts unavailable for general expenditures, within one year, due to:	
Restricted by donors with time or purpose restrictions	(8,742,323)
Board designated amounts	<u>(285,484)</u>
Total financial assets available within one year after restriction	<u>\$ 131,396</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2021, all net assets without donor restrictions are available for payment of any major expenditures incurred, except for receivables which are available when the receivable is collected which is expected within the next year and the expenditure is incurred.

**SPUR COMMUNITY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note C – Investments**

As of December 31 investments are summarized as follows:

	<u>2021</u>
Cost	\$ 986,059
Unrealized gain	<u>7,007</u>
	<u>\$ 993,066</u>

Investment income (loss) consists of the following for years ended December 31:

	<u>2021</u>
Interest and dividends	\$ 439
Unrealized gain (loss)	7,007
Portfolio management and stock transfer fees	<u>(9,199)</u>
	<u>\$ (1,753)</u>

**Note D – Fair Value Measurements**

The fair value hierarchy 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 below:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2      Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value instrument.

**SPUR COMMUNITY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note D – Fair Value Measurements (Continued)**

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Foundation’s investments are held in mutual funds and equities that have observable market prices and are therefore measured using Level 1 inputs. The Foundation has a policy that it’s investment portfolio will be invested in highly liquid, low duration government or corporate fixed income-based money market or mutual funds.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation 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.

The following table sets forth by level, within the fair value hierarchy the Foundation’s investments at fair value at December 31:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>December 31, 2021</b>				
Mutual funds	\$ 993,066	\$ 993,066	\$ 0	\$ 0

**Note E – Net Assets**

The detail of the Foundation’s net asset categories at December 31, 2021, are as follows

Without donor restrictions		
Board designated – Spur Impact and Operations funds	\$	285,484
Other funds without donor restrictions		<u>124,952</u>
Total without donor restrictions		410,436
With donor restrictions		
Purpose restricted – donor advised funds		1,033,880
Time and purpose restricted – Warm Springs Preserve fund		7,652,463
Other donor restricted funds		<u>55,980</u>
Total net assets	\$	<u>9,152,759</u>

## **SPUR COMMUNITY FOUNDATION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note F – Warm Springs Preserve Fund**

During 2021, Spur Community Foundation, Inc. entered into an agreement with the City of Ketchum (the City) whereby the City has the option to purchase the Warm Springs Ranch property (the Property) and related water rights for use as a public park for open space, and the Foundation has agreed to collect funds from donors restricted for the purpose of purchasing the property, and provide those funds to the City for the acquisition and use of the property. The funds will be held in the Warm Springs Preserve Fund administered by the Foundation. To allow the Foundation to administer the Warm Springs Preserve Fund, the City agreed to pay the Foundation \$5,000 per month commencing upon receipt of the first donation to the Warm Springs Preserve Fund. A total of \$7,600,091 was contributed to the Fund which included contributions of pledges receivable totaling \$5,546,800. At December 31, 2021, outstanding pledges receivable totaled \$3,182,501. Fees received by the Foundation from the City for administering the Fund totaled \$35,000. Contributions and pledges receivable are included in the statement of financial position and the statement of activities for the year ended December 31, 2021. Subsequent to year-end, the City purchased the property, and substantially all of the remaining pledges receivable were collected and funds were distributed to the City.

#### **Note G – Operating Leases**

The Foundation leases office space in Ketchum, Idaho. Monthly payments due under the lease total \$1,875. The lease term expires December 31, 2022, and future payments due under the lease total \$22,500 for the year ended December 31, 2022. Total rental expense for the year ended December 31, 2021 was \$22,500.

#### **Note H – Related Party Transactions**

Spur Community Foundation, Inc. has all of its operating expenses for non-grant related activities underwritten by members of the board. Operating expenses underwritten by members of the board totaled \$371,058 for the year ended December 31, 2021.