ROSE COMMUNITY FOUNDATION AND AFFILIATES AND SUBSIDIARIES

Combined Financial Statements
and
Independent Auditors' Report
December 31, 2015 and 2014

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ROSE COMMUNITY FOUNDATION AND AFFILIATES AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Rose Community Foundation and Affiliates and Subsidiaries
Denver, Colorado

We have audited the accompanying combined financial statements of Rose Community Foundation and Affiliates and Subsidiaries, which are comprised of the combined statement of financial position as of December 31, 2015, and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE COMBINED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the combined 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 entity'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Rose Community Foundation and Affiliates and Subsidiaries as of December 31, 2015, 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.

OTHER MATTERS

The combined financial statements of Rose Community Foundation and Affiliates and Subsidiaries as of December 31, 2014, were audited by other auditors whose report, dated June 5, 2015, expressed an unmodified opinion on those statements.

EKS+H LLLP

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June 21, 2016
Denver, Colorado

ROSE COMMUNITY FOUNDATION AND AFFILIATES AND SUBSIDIARIES

Combined Statements of Financial Position

	December 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$ 3,144,000	$ 7,728,000
Investments (Notes 2 and 3)	293,051,000	296,777,000
Contributions receivable (Note 4)	3,759,000	2,373,000
Other assets and receivables (Note 5)	2,244,000	6,578,000
Total assets	$ 302,198,000	$ 313,456,000
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 256,000	$ 331,000
Grants payable (Note 6)	5,528,000	4,515,000
	5,784,000	4,846,000
Agency endowments and other funds held on behalf of others (Notes 2 and 7)	48,236,000	39,948,000
Total liabilities	54,020,000	44,794,000
Commitments (Notes 6, 7, 9, and 10)		
Net assets		
Unrestricted	241,975,000	263,321,000
Temporarily restricted	5,913,000	5,051,000
Permanently restricted (Note 8)	290,000	290,000
Total net assets	248,178,000	268,662,000
Total liabilities and net assets	$ 302,198,000	$ 313,456,000

See notes to combined financial statements.

ROSE COMMUNITY FOUNDATION AND AFFILIATES AND SUBSIDIARIES

Combined Statements of Activities

	For the Years Ended							
	December 31, 2015				December 31, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support								
Net investment (loss) income (Note 2)	$ (4,141,000)	$ (50,000)	$ -	$ (4,191,000)	$ 14,790,000	$ 98,000	$ -	$ 14,888,000
Contributions	4,071,000	3,167,000	-	7,238,000	3,857,000	5,905,000	-	9,762,000
Other income	12,000	-	-	12,000	1,162,000	-	-	1,162,000
Total revenues, gains, and other support	(58,000)	3,117,000	-	3,059,000	19,809,000	6,003,000	-	25,812,000
Net assets released from restrictions	2,255,000	(2,255,000)	-	-	5,399,000	(5,399,000)	-	-
Total revenues, gains, and other support	2,197,000	862,000	-	3,059,000	25,208,000	604,000	-	25,812,000
Expenses								
Program								
Grants	12,398,000	-	-	12,398,000	14,787,000	-	-	14,787,000
Program expenses	5,159,000	-	-	5,159,000	3,530,000	-	-	3,530,000
Total program activities	17,557,000	-	-	17,557,000	18,317,000	-	-	18,317,000
Support								
Philanthropic services expenses	621,000	-	-	621,000	774,000	-	-	774,000
Administrative expenses	1,112,000	-	-	1,112,000	1,104,000	-	-	1,104,000
Total support activities	1,733,000	-	-	1,733,000	1,878,000	-	-	1,878,000
Total expenses	19,290,000	-	-	19,290,000	20,195,000	-	-	20,195,000
Impairment on closely held stock	4,253,000	-	-	4,253,000	-	-	-	-
(Decrease) increase in net assets	(21,346,000)	862,000	-	(20,484,000)	5,013,000	604,000	-	5,617,000
Net assets at beginning of year	263,321,000	5,051,000	290,000	268,662,000	258,308,000	4,447,000	290,000	263,045,000
Net assets at end of year	$ 241,975,000	$ 5,913,000	$ 290,000	$ 248,178,000	$ 263,321,000	$ 5,051,000	$ 290,000	$ 268,662,000

See notes to combined financial statements.

ROSE COMMUNITY FOUNDATION AND AFFILIATES AND SUBSIDIARIES

Combined Statements of Cash Flows

	For the Years Ended December 31, 2015	2014
Cash flows from operating activities		
Change in net assets	$ (20,484,000)	$ 5,617,000
Adjustments to reconcile change in net assets to net cash used in operating activities		
Net realized and unrealized investment losses (gains)	7,090,000	(12,226,000)
Depreciation and amortization	13,000	2,000
Non-cash gift	-	(440,000)
Gain on sale of property	-	(719,000)
Impairment on closely held stock	4,253,000	-
Changes in assets and liabilities		
Increase in contributions receivable	(1,386,000)	(2,340,000)
Decrease (increase) in other assets and receivables	87,000	(115,000)
(Decrease) increase in accounts payable and accrued expenses	(75,000)	119,000
Increase (decrease) in grants payable	1,013,000	(231,000)
Increase in agency endowments and other funds held on behalf of others	8,288,000	3,840,000
	19,283,000	(12,110,000)
Net cash used in operating activities	(1,201,000)	(6,493,000)
Cash flows from investing activities		
Net proceeds from sale of property	-	917,000
Purchases of property and equipment	(19,000)	-
Purchases of investments	(218,253,000)	(48,381,000)
Proceeds from sales and maturities of investments	214,889,000	56,864,000
Net cash (used in) provided by investing activities	(3,383,000)	9,400,000
Net (decrease) increase in cash and cash equivalents	(4,584,000)	2,907,000
Cash and cash equivalents at beginning of year	7,728,000	4,821,000
Cash and cash equivalents at end of year	$ 3,144,000	$ 7,728,000

See notes to combined financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The combined financial statements include the accounts of Rose Community Foundation (a non-profit Colorado corporation); its affiliated supporting non-profit organizations, Rose Foundation and Rose Biomedical Research (collectively, the "supporting organizations"); and Rose Foundation's subsidiaries, Rose Foundation Holdings, LLC and Rose Foundation TOD, LLC, which are limited liability companies. Rose Foundation was funded in 1995 from the proceeds of the sale of a significant portion of the net assets of Rose Medical Center to a for-profit healthcare corporation. During 2015, Rose Biomedical Research was dissolved.

The purpose of the Foundation is to enhance the quality of life in the seven-county Greater Denver community by identifying and supporting programs in the areas of aging, child and family development, education, health and Jewish life. The Foundation promotes strategic philanthropy by engaging with donors to help them make thoughtful decisions to achieve their philanthropic goals.

Principles of Combination

The combined financial statements include the accounts of Rose Community Foundation and its affiliates and subsidiaries, collectively referred to as the "Foundation". All significant intercompany accounts and balances have been eliminated in combination.

Basis of Accounting

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

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted amounts are those currently available at the discretion of the Board of Trustees for use in the Foundation's operations and those resources invested in property and equipment.

Temporarily restricted amounts are pledges and unspent cash restricted by donors primarily for Foundation initiatives, health education and research. Temporarily restricted net assets released from restrictions during 2015 and 2014 of $2,255,000 and $5,399,000, respectively, resulted from satisfaction of program restrictions and the passage of time.

Permanently restricted amounts are assets that must be maintained permanently by the Foundation as required by the donor; but the Foundation is permitted to use or expend part or all of any income derived from those assets for health education and research.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the combined financial statements, with certain practical expedients available.

The Foundation is currently evaluating the impact of the pending adoption of the new standard on the combined financial statements.

Cash and Cash Equivalents

The Foundation considers investments in money market funds not held for investment purposes, and unrestricted highly liquid investments with initial maturities of three months or less, to be cash equivalents.

Investments

Investments are recorded at fair value. Fair value is determined as more fully described in Note 3.

Investments in marketable equity and fixed income securities with readily determinable market values are reported at fair value based on quoted prices in active markets. Alternative investments include real estate, investments in partnerships, and limited liability and other investment companies. The market values for alternative investments represent the Foundation's pro-rata interest in the net assets of each investment and are based on financial information determined and reported by investment managers or on the basis of other information evaluated periodically by management. Alternative investments are not publicly traded on national security market exchanges, are generally illiquid, and may be valued differently than if readily available markets exist for such investments. Because of inherent uncertainties of the valuation of alternative investments, the reported fair values of such investments may differ significantly from realized values.

Investment income consists of the Foundation's distributive share of any interest, dividends, and capital gains and losses generated from the Foundation's investments. Realized gains and losses attributable to the Foundation's investments are reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statement of activities.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Accounts Receivable

The Foundation considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. Accounts deemed uncollectible are charged to the change in net assets when that determination is made. Accounts receivable are included within other assets and receivables in the accompanying combined statements of financial position.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of donation. Assets are depreciated or amortized over the estimated useful lives, which range from three to ten years, using the straight-line method. The Foundation capitalizes property and equipment with a cost or fair value at the date of donation of $5,000 or more. Property and equipment is included within other assets and receivables in the accompanying combined statements of financial position.

Agency Endowments and Other Funds Held on Behalf of Others

Agency endowments and other funds held on behalf of others represent assets transferred to the Foundation that are for the benefit of the transferring entity. These funds are accounted for as a liability by the Foundation and appear in the accompanying combined statements of financial position as agency endowments and other funds held on behalf of others.

Contributions

Contributions are recorded at fair value at the date of donation. The Foundation reports gifts of cash and other assets as restricted support when they are received with donor stipulations that limit the use of the donated assets. When the intent of the donor is that the assets are to remain in perpetuity, the assets are reported as permanently restricted. The investment income generated by these assets is reported as temporarily restricted until appropriated by the Board. When a donor restriction expires, that is, when a program restriction is accomplished or when a stipulated time restriction ends, temporarily restricted net assets are released to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

Grants

Program grants awarded by the Foundation are recorded as expenses and liabilities when they are approved by the Board of Trustees and/or the grant committees in accordance with the Foundation's approval process.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, investments, and contributions receivable. The Foundation places its cash and money market accounts with creditworthy, high-quality financial institutions. As of December 31, 2015, the Foundation maintained balances in excess of federally insured limits in the amount of $3,588,000.

The Foundation has significant investments and is, therefore, subject to concentrations of credit risk. Investments are made by investment managers engaged by the Foundation, and the investments are managed for the Foundation by an independent investment advisor, an outsourced Chief Investment Officer, and overseen by the Foundation's investment committee. Although the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Foundation and its beneficiaries. Credit risk with respect to contributions receivable is limited due to the number and credit worthiness of the foundations and individuals that comprise the contributor base.

Use of Estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Functional Expenses

The costs of providing grants, programs, and other activities have been summarized on a functional basis in the accompanying combined statements of activities. Accordingly, certain costs have been allocated among appropriate program and supporting services.

Allocation of Joint Costs

The Foundation conducts certain activities that include program, philanthropic services, and administrative components. These activities include newsletters and program updates. Accordingly, the joint cost of these activities has been allocated to program, philanthropic services, and administrative expenses in the accompanying combined statements of activities.

Income Taxes

The Foundation and its non-profit supporting organizations have been determined to be exempt from federal income taxes under Section 50l(c)(3) of the Internal Revenue Code ("IRC"). The supporting organizations were established under the provisions of Section 509(a)(3) of the IRC. The Foundation is responsible for expenditures of the supporting organizations for specific charitable purposes.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Foundation, including its non-profit supporting organizations, applies a more-likely-than-not measurement methodology to reflect the combined financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2015. If incurred, interest and penalties associated with tax positions are recorded in the period assessed as other operating expense. No interest or penalties have been assessed as of December 31, 2015.

Subsequent Events

The Foundation has evaluated all subsequent events through the auditors' report date, which is the date the combined financial statements were available for issuance. Other than disclosed in Notes 3 and 5, there were no material subsequent events that required recognition or disclosure in the combined financial statements.

Note 2 - Investments

Investments held by the Foundation consist of the following:

	December 31,	
	2015	2014
Equities and equity funds		
Domestic	$ 65,356,000	$ 85,743,000
International	50,492,000	55,297,000
Bonds and bond funds	48,494,000	31,869,000
Money market funds	8,399,000	9,350,000
Certificates of deposit	22,000	27,000
Hedge funds	66,648,000	54,027,000
Private equity limited partnerships	53,640,000	60,464,000
Total	$ 293,051,000	$ 296,777,000

The above investments include the invested funds of the agency endowments and other funds held on behalf of others, which totaled $48,236,000 and $39,912,000 at December 31, 2015 and 2014, respectively.

Note 2 - Investments (continued)

Net investment income consists of the following:

	For the Years Ended December 31, 2015	For the Years Ended December 31, 2014
Dividends and interest	$ 3,398,000	$ 3,447,000
Net realized and unrealized (losses) gains	(7,090,000)	12,226,000
Less: investment management fees	(499,000)	(785,000)
Net investment (loss) income	$ (4,191,000)	$ 14,888,000

The Foundation normally incurs income tax expense associated with unrelated business taxable income resulting from certain investments. Unrelated business income subject to tax was minimal in 2014 and is expected to be minimal in 2015.

The investment goal of the Foundation is to maintain the real value of the Foundation's investments in perpetuity. The Foundation is a long-term investor, and as such, it places more weight on long-term investment returns than short-term results. It may experience short-term fluctuations in the fair value of its investments due to market volatility.

Marketable and private alternative investments are exposed to various risks that may cause the reported value of the Foundation's investment assets to fluctuate from period to period and result in a material change to the net assets of the Foundation. Investments in equity securities fluctuate in value in response to many factors such as the activities and financial condition of individual companies, business and industry market conditions, and the general economic environment.

The value of bonds and other fixed-income securities fluctuate in response to changing interest rates, creditworthiness of issuers, and overall economic policies that impact market conditions.

Some investment managers retained by the Foundation are permitted to use various investment strategies and techniques that are designed to achieve higher investment returns with lower volatility and low correlations to major market indices and other asset classes. Strategies and techniques, such as the use of leverage, futures and forward contracts, option agreements, and other derivative instruments, create special risks and could increase the impact of adverse security price movements on the Foundation's investment portfolio.

Note 3 - Fair Value Measurements

The carrying amount reported in the combined statements of financial position for cash and cash equivalents, other assets and receivables, accounts payable and accrued expenses, and grants payable approximates fair value because of the immediate or short-term maturities of these financial instruments.

Note 3 - Fair Value Measurements (continued)

The Foundation has adopted guidance surrounding fair value measurements that establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. The guidance clarifies that fair value is an exit price, representing the amount 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. It also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped based on significant levels of inputs.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 Quoted prices are available in active markets for identical investments as of the reporting date. Investments which are generally included in this category include listed equity and debt securities publicly traded on an exchange and listed derivatives.

Level 2 Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate and government bonds, less liquid and restricted equity securities and certain over-the-counter derivatives. Level 2 also includes practical expedient investments with notice periods for redemption of 90 days or less.

Level 3 Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include limited partnership interests in corporate private equity and real estate funds, funds of hedge funds, and distressed debt. Level 3 also includes practical expedient investments with notice periods for redemption of more than 90 days.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest, and credit risk. Instruments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the Foundation's combined financial statements.

Note 3 - Fair Value Measurements (continued)

The following assets are measured at fair value on a recurring basis as of December 31, 2015:

Description	Level 1	Level 2	Level 3	Total
Equities and equity funds				
Domestic	$ 65,356,000	$ -	$ -	$ 65,356,000
International	50,492,000	-	-	50,492,000
Bonds and bond funds	46,929,000	1,565,000	-	48,494,000
Hedge funds	-	65,531,000	1,117,000	66,648,000
Private equity limited funds	-	-	53,640,000	53,640,000
Total	$ 162,777,000	$ 67,096,000	$ 54,757,000	$ 284,630,000

Money market funds and certificates of deposit in the amount of $8,399,000 and $22,000, respectively, are not subject to fair value disclosures and are, therefore, not included in the table above.

The following assets are measured at fair value on a recurring basis as of December 31, 2014:

Description	Level 1	Level 2	Level 3	Total
Equities and equity funds				
Domestic	$ 85,743,000	$ -	$ -	$ 85,743,000
International	26,444,000	28,853,000	-	55,297,000
Bonds and bond funds	29,423,000	2,446,000	-	31,869,000
Hedge funds	-	52,494,000	1,533,000	54,027,000
Private equity limited funds	-	-	60,464,000	60,464,000
Total	$ 141,610,000	$ 83,793,000	$ 61,997,000	$ 287,400,000

Money market funds and certificates of deposit in the amount of $9,350,000 and $27,000, respectively, are not subject to fair value disclosures and are, therefore, not included in the table above.

Determination of transfers between levels are made at December 31 of each fiscal year. There were no transfers between levels for the years ended December 31, 2015 and 2014. All assets have been valued using a market approach, except for certain Level 2 and Level 3 assets. The fair values of certain Level 2 and Level 3 assets have been estimated using the net asset value per share as reported by the investment managers. Fair values for other assets in Level 2 are calculated using quoted market prices for similar assets in markets that are not active. However, the underlying assets may be actively traded. Fair values for assets in Level 3 are calculated using one or more of the following methods: quoted market prices, appraisals, and assumptions about discounted cash flow and other present value techniques depending on the type of investment. There were no changes in the valuation techniques during the current year.

Note 3 - Fair Value Measurements (continued)

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period ended December 31, 2015:

Balance as of January 1, 2014	$ 63,960,000
Total realized/unrealized gains	5,517,000
Other investment loss	(4,000)
Purchases	6,673,000
Distributions	(14,149,000)
Balance as of December 31, 2014	61,997,000
Total realized/unrealized gains	673,000
Other investment loss	(4,000)
Purchases	3,411,000
Distributions	(11,320,000)
Balance as of December 31, 2015	$ 54,757,000

The Foundation is also required to disclose, for Level 3 investments, the change in unrealized gains and losses included in the change in net assets related to investments still held at the reporting date. At December 31, 2015 and 2014, this was an unrealized loss of $3,066,000 and $526,000, respectively.

The following table summarizes the significant information related to investments carried at net asset value as of December 31, 2015:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity long/short hedge fund (a)	$ 11,806,000	$ -	Monthly/Qrtly	30-70 days
Common trust funds (b)	14,630,000	-	Daily	n/a*
Multi-strategy hedge funds (c)	24,613,000	-	Monthly/Qrtly/ Annually	30-70 days
Other hedge fund (d)	15,599,000	-	Monthly/Qrtly/ Annually	7-95 days
Private equity diversified fund-of-funds (e)	42,148,000	5,018,000	n/a*	n/a*
Private equity funds (f)	11,110,000	6,600,000	n/a*	n/a*
Real estate funds (g)	382,000	272,000	n/a*	n/a*
Total	$ 120,288,000	$ 11,890,000		

*Investments in these categories are required to be held to maturity.

Note 3 - Fair Value Measurements (continued)

(a) The equity long/short hedge fund category includes investment in hedge funds that invests both long and short (with a net-long bias) primarily in common stocks, located both in the U.S. and internationally, and across large/mid/small capitalization stocks. The funds are not currently subjected to any lockup or gate restrictions on withdrawals. In addition, the category includes an investment in a hedge fund in which a full redemption request was submitted. The remaining proceeds of $2,289,000 were distributed April 1, 2016.

(b) The common trust fund category includes investments in common trust funds that invest primarily in equity and equity-related securities of issuers that are located or do significant business in emerging market countries. The category also includes investments in two real estate investment trusts. In addition, the category includes a new investment in an exchange-traded fund that invests in hard assets.

(c) The multi-strategy hedge fund category includes investments in hedge funds that invest both long and short (with a net-long bias) primarily in credit securities and equity securities, but will also invest in arbitrage strategies (including convertible arbitrage and merger arbitrage) as well as longer-dated side-pocket assets (including private equity and debt investments). The funds are not currently subject to any lockup or gate restrictions on withdrawals. The side-pocket investments totaled $1,112,000 as of December 31, 2015, and would not be available for immediate redemption. The expectation for these side-pocket investments is that each individual asset would be sold within a five-year time horizon from its initial investment date, at which time the proceeds would be moved into the main share class with standard liquidity terms. The category includes investments in three hedge funds for which full redemption requests were submitted. The remaining proceeds of $15,105,000 were distributed during the first quarter of 2016.

(d) The other hedge fund category includes investments in multiple alternative investments and equities. In addition, the category includes an investment in a hedge fund in which a redemption request was submitted for a September 30, 2009 redemption date. The remaining proceeds totaling $5,000 are held in side-pocket investments. The expectation for these side-pocket investments is that these assets would be liquidated within a three-year time horizon, with sale proceeds distributed to the Foundation on a calendar quarterly basis.

(e) The private equity diversified fund-of-funds category includes investments in several funds that invest in private equity, including primarily venture capital, buyout, and natural resources. Each fund-of-funds invests in limited partnerships across several vintage years. These limited partnerships in turn invest in individual portfolio companies that are expected to be liquidated over a three- to ten-year period from its initial investment date. Given the illiquid nature of these investments, they cannot be redeemed with the funds. Distributions from each fund will be received as the underlying portfolio companies are liquidated. The Foundation is not currently seeking to sell its position in any of the funds.

Note 3 - Fair Value Measurements (continued)

(f) The private equity funds category includes investments in several limited partnerships that invest in private equity, including primarily buyout, distressed debt, and venture capital. These limited partnerships invest in individual portfolio companies that are expected to be liquidated over a three- to ten-year period from its initial investment date. Given the illiquid nature of these investments, they cannot be redeemed. Distributions from each fund will be received as the underlying portfolio companies are liquidated. The Foundation is not currently seeking to sell its position in any of the funds.

(g) The real estate funds category includes several real estate funds that primarily invest in U.S. commercial real estate, but will also invest in non-U.S. commercial real estate and U.S. residential real estate. Given the illiquid nature of these investments, they cannot be redeemed with the funds. Distributions from each fund will be received as the underlying real estate assets are liquidated. It is estimated that the underlying assets of the fund will be liquidated over a five- to ten-year period from its initial investment date. The Foundation is not currently seeking to sell its position in any of the funds.

Note 4 - Contributions Receivable

Contributions receivable are due as follows:

	December 31,	
	2015	2014
Due in less than one year	$ 1,079,000	$ 804,000
Due in one to five years	2,680,000	1,569,000
Total	$ 3,759,000	$ 2,373,000

Contributions receivable are not discounted to their present value because the effect on the combined financial statements is insignificant. Management believes that all pledges are collectible, thus no allowance for uncollectible accounts has been established.

Note 5 - Other Assets and Receivables

Other assets and receivables consist of the following:

	December 31, 2015	December 31, 2014
Property and equipment	$ 487,000	$ 468,000
Less: accumulated depreciations	(432,000)	(419,000)
Net property and equipment	55,000	49,000
Interest in limited liability company	939,000	939,000
Accounts receivable	170,000	182,000
Royalty receivable	69,000	96,000
Program-related loan receivable	500,000	500,000
Closely held stock	-	4,253,000
Other assets	511,000	559,000
Total	$ 2,244,000	$ 6,578,000

Program-Related Loan Receivable

In 2010, the Foundation's wholly owned subsidiary, Rose Foundation TOD, LLC, entered into a revolving loan agreement together with several other funders to provide financing for affordable housing near light rail and bus transit corridors in Denver. The Foundation committed and has paid in full $500,000 to a fund for the financing of the projects. Loans from the fund are administered by Enterprise Community Loan Fund, Inc. and return interest to the Foundation at 2% annually. The program-related loan receivable is considered to be fully collectible.

Closely Held Stock

In 2013, the Foundation accepted shares of a closely held energy-related corporation to establish a new field of interest fund. The Foundation accounted for receipt of the stock as a gift and recorded it at fair value at the date of the gift based on an independent third-party valuation of the stock. The Foundation received an updated appraisal for this stock in April 2015, which valued the stock at $2.01 per share, dropping the valuation to $1,026,000, and, accordingly, the Foundation booked a $3,227,000 reserve. Subsequent to December 31, 2015, the Foundation received additional information regarding the value of the stock and wrote off the remaining amount of the stock effective December 31, 2015.

Note 6 - Grants Payable

The following summarizes the changes in grants payable:

	December 31, 2015	December 31, 2014
Grants payable at the beginning of the year	$ 4,515,000	$ 4,746,000
Unconditional grants approved and expensed	12,398,000	14,787,000
Payments made	(11,385,000)	(15,018,000)
Grants payable at the end of the year	$ 5,528,000	$ 4,515,000

Grants payable over the next five years have not been discounted to present value because the effect on the combined financial statements is not significant. Grants payable at December 31, 2015 are scheduled to be disbursed as follows:

Year Ending December 31,	
2016	$ 4,430,000
2017	1,098,000
	$ 5,528,000

The Foundation has made additional grant commitments which are payable when the grantee fulfills certain conditions. Conditional grant commitments, not recorded because the grantees have not met the conditions required to receive these grants, were approximately $1,125,000 and $1,115,000 at December 31, 2015 and 2014, respectively.

Note 7 - Agency Endowment and Other Funds Held on Behalf of Others

The Foundation held the following funds on behalf of others:

	December 31, 2015	December 31, 2014
Agency endowment funds created by the Endowment Challenge Initiative	$ 20,968,000	$ 22,918,000
Other restricted agency endowment funds	3,472,000	3,228,000
Other funds held on behalf of others	23,796,000	13,802,000
Agency funds at the end of the year	$ 48,236,000	$ 39,948,000

Note 7 - Agency Endowment and Other Funds Held on Behalf of Others (continued)

The Endowment Challenge was a three-year initiative aimed at creating permanent endowment funds for institutions primarily serving the Greater Denver Jewish community. As part of the initial Endowment Challenge, 19 agency endowment funds totaling $18,587,000 were established at the Foundation. Distributions from these endowments of $1,139,000 and $1,092,000 were paid to beneficiary institutions consistent with the terms of the initiative in 2015 and 2014, respectively. The balances in these funds at December 31, 2015 decreased by $1,950,000 to $20,968,000 due to distributions, fees, and market losses.

Note 8 - Endowment Net Assets

The State of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective September 1, 2008. Accordingly, the Foundation follows FASB Staff Position, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*.

The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other Foundation resources
7. The investment policies of the Foundation

Note 8 - Endowment Net Assets (continued)

The Foundation's endowment net assets consisted of the following:

	December 31, 2015	December 31, 2014
Unrestricted net assets	$ -	$ -
Temporarily restricted net assets	175,000	186,000
Permanently restricted net assets	290,000	290,000
Total	$ 465,000	$ 476,000

Following are the changes in the endowment net assets for the years ended December 31, 2015 and 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at January 1, 2014	$ -	$ 192,000	$ 290,000	$ 482,000
Investment return				
Investment income	-	5,000	-	5,000
Net appreciation (realized and unrealized)	-	14,000	-	14,000
Total investment return	-	19,000	-	19,000
Appropriation of endowment assets for expenditure	-	(25,000)	-	(25,000)
Endowment net assets at December 31, 2014	-	186,000	290,000	476,000
Investment return				
Investment income	-	5,000	-	5,000
Net depreciation (realized and unrealized)	-	(16,000)	-	(16,000)
Total investment return	-	(11,000)	-	(11,000)
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets at December 31, 2015	$ -	$ 175,000	$ 290,000	$ 465,000

Note 8 - Endowment Net Assets (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the amount of the original donation. In accordance with generally accepted accounting principles, any deficiencies would be reported as a reduction in unrestricted net assets. There were no such deficiencies at December 31, 2015 and 2014.

Investment Strategy

Endowment assets are invested pursuant to the Foundation's investment policy. 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 within prudent risk constraints.

Spending Policy

The Foundation's spending policy allows for appropriating the investment earnings for distribution upon approval of the Foundation's Board of Trustees.

Note 9 - Retirement Plan

The Foundation has a defined contribution retirement plan (the "Plan"), based upon specific percentages of salary, which covers substantially all employees employed with the Foundation. Employees may make contributions beginning on the date of employment with employer contributions beginning after twelve months of employment. Under the Plan, employees may make before-tax contributions up to the maximum contribution allowed by law. In addition to a non-discretionary 3.5% employer contribution, the Board approved a discretionary contribution of 3% of the employee's annual salary. Employees vest immediately in both their individual contributions and employer contributions. Retirement plan expense for 2015 and 2014 was $141,000 and $116,000, respectively.

Note 10 - Commitments

Operating Leases

The Foundation leases its office space under an operating lease agreement, which expires on April 30, 2020. Rent expense incurred during 2015 and 2014 was $269,000 and $256,000, respectively. The Foundation also leases certain office equipment under operating lease agreements, which expire on various dates through October 2019.

Note 10 - Commitments (continued)

Operating Leases (continued)

Future minimum lease payments required under these operating leases at December 31, 2015 are as follows:

Year Ending December 31,	
2016	$ 247,000
2017	253,000
2018	258,000
2019	264,000
2020	89,000
	$ 1,111,000