



LOFTIS GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS ▪ BUSINESS ADVISORS



Carrie Tingley
HOSPITAL FOUNDATION

Financial Statements
and
Independent Auditors' Report

December 31, 2016 and 2015

Carrie Tingley Hospital Foundation

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-19

Independent Auditors' Report

To the Board of Directors
Carrie Tingley Hospital Foundation

We have audited the accompanying financial statements of Carrie Tingley Hospital Foundation (Foundation) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Carrie Tingley Hospital Foundation as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Loftis Group ^{LLC}

Albuquerque, New Mexico
March 21, 2017

Financial Statements

Carrie Tingley Hospital Foundation
Statements of Financial Position
December 31,

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 187,640	\$ 195,108
Accounts receivable	12,970	12,322
Contributions receivable	34,876	8,750
Prepaid expenses	9,772	8,691
Total current assets	245,258	224,871
Investments	3,663,854	3,819,944
Endowment funds held at the Albuquerque Community Foundation	12,358	11,339
Furniture and equipment, net	2,544	4,922
Total assets	\$ 3,924,014	\$ 4,061,076
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 6,577	\$ 12,005
Accrued expenses	26,645	13,546
Pledge payable	-	76,689
Total liabilities	33,222	102,240
Net assets		
Unrestricted		
Designated		
Reserve for future operations	1,200,000	1,200,000
Endowment funds held at the Albuquerque Community Foundation	12,358	11,339
Total designated	1,212,358	1,211,339
Undesignated	2,643,558	2,731,247
Total unrestricted net assets	3,855,916	3,942,586
Temporarily restricted	34,876	16,250
Total net assets	3,890,792	3,958,836
Total liabilities and net assets	\$ 3,924,014	\$ 4,061,076

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

Carrie Tingley Hospital Foundation
Statement of Activities
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Special events, net (including in-kind revenue of \$1,033,602)	\$ 1,552,162	\$ -	\$ 1,552,162
Contributions	240,761	34,876	275,637
In-kind - other	53,710	-	53,710
Other income	1,430	-	1,430
Net assets released from restriction	<u>16,250</u>	<u>(16,250)</u>	<u>-</u>
Total support and revenue	<u>1,864,313</u>	<u>18,626</u>	<u>1,882,939</u>
Expenses			
Program services			
Hospital programs	292,221	-	292,221
Patient and family assistance	288,204	-	288,204
Quality of life	<u>241,218</u>	<u>-</u>	<u>241,218</u>
Total program services	<u>821,643</u>	<u>-</u>	<u>821,643</u>
Supporting services			
Fundraising	225,215	-	225,215
Fundraising in-kind	1,033,602	-	1,033,602
Management and general	<u>127,556</u>	<u>-</u>	<u>127,556</u>
Total supporting services	<u>1,386,373</u>	<u>-</u>	<u>1,386,373</u>
Total expenses	<u>2,208,016</u>	<u>-</u>	<u>2,208,016</u>
Changes in net assets before net investment income			
Investment income	(343,703)	18,626	(325,077)
Investment income	<u>257,033</u>	<u>-</u>	<u>257,033</u>
Changes in net assets	(86,670)	18,626	(68,044)
Net assets, beginning of year	<u>3,942,586</u>	<u>16,250</u>	<u>3,958,836</u>
Net assets, end of year	<u><u>\$ 3,855,916</u></u>	<u><u>\$ 34,876</u></u>	<u><u>\$ 3,890,792</u></u>

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

Carrie Tingley Hospital Foundation
Statement of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Special events, net (including in-kind revenue of \$981,010)	\$ 1,474,653	\$ -	\$ 1,474,653
Contributions	395,248	16,250	411,498
In-kind - other	17,457	-	17,457
Other income	2,211	-	2,211
Net assets released from restriction	9,000	(9,000)	-
Total support and revenue	<u>1,898,569</u>	<u>7,250</u>	<u>1,905,819</u>
Expenses			
Program services			
Hospital programs	237,021	-	237,021
Patient and family assistance	268,657	-	268,657
Quality of life	155,368	-	155,368
Total program services	<u>661,046</u>	<u>-</u>	<u>661,046</u>
Supporting services			
Fundraising	225,186	-	225,186
Fundraising in-kind	981,010	-	981,010
Management and general	101,356	-	101,356
Total supporting services	<u>1,307,552</u>	<u>-</u>	<u>1,307,552</u>
Total expenses	<u>1,968,598</u>	<u>-</u>	<u>1,968,598</u>
Changes in net assets before net investment loss	(70,029)	7,250	(62,779)
Investment loss	<u>(25,162)</u>	<u>-</u>	<u>(25,162)</u>
Changes in net assets	(95,191)	7,250	(87,941)
Net assets, beginning of year	<u>4,037,777</u>	<u>9,000</u>	<u>4,046,777</u>
Net assets, end of year	<u>\$ 3,942,586</u>	<u>\$ 16,250</u>	<u>\$ 3,958,836</u>

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

Statements of Functional Expenses

Carrie Tingley Hospital Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Hospital Programs	Patient and Family Assistance	Quality of Life	Total Programs
In-kind	\$ 1,361	\$ 3,648	\$ 31,918	\$ 36,927
Patient equipment	261,789	121,929	18,521	402,239
Salaries and wages	12,117	58,322	27,121	97,560
Family and patient assistance	9,014	78,780	93,583	181,377
T-shirts	-	-	3,637	3,637
Professional fees	-	-	33,579	33,579
Marketing and advertising	1,510	4,045	3,379	8,934
Insurance	1,217	3,260	2,723	7,200
Payroll taxes	1,155	5,172	2,585	8,912
Bank and credit card charges	-	-	-	-
Accounting and audit	732	1,962	1,639	4,333
Food and meals	-	-	3,778	3,778
Materials and supplies	284	760	4,437	5,481
Employee insurance	644	1,726	1,441	3,811
Miscellaneous	350	3,115	782	4,247
Printing	-	-	2,618	2,618
Equipment lease	217	581	485	1,283
Telephone and internet	448	1,200	1,003	2,651
Dues and memberships	379	1,015	848	2,242
Computer systems and support	372	997	833	2,202
Employee retirement	330	883	738	1,951
Equipment rentals	-	-	4,894	4,894
Meetings	37	100	83	220
Postage	-	-	-	-
Depreciation	130	349	292	771
Awards	-	-	-	-
Repairs and maintenance	95	254	212	561
Board expenses	-	-	-	-
Travel	40	106	89	235
Donor and volunteer relations	-	-	-	-
Entertainment	-	-	-	-
Total expenses	<u>\$ 292,221</u>	<u>\$ 288,204</u>	<u>\$ 241,218</u>	<u>\$ 821,643</u>

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

Carrie Tingley Hospital Foundation
Statement of Functional Expenses - continued
For the Year Ended December 31, 2016

<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 16,782	\$ 1,033,602	1,087,311
-	-	402,239
57,137	92,234	246,931
-	-	181,377
-	32,435	36,072
-	-	33,579
7,119	11,492	27,545
5,736	12,433	25,369
5,447	8,793	23,152
8,651	6,024	14,675
3,453	5,573	13,359
-	8,337	12,115
1,338	5,263	12,082
3,037	4,902	11,750
2,302	4,744	11,293
3,129	5,167	10,914
1,022	7,338	9,643
2,113	3,410	8,174
1,786	2,883	6,911
1,755	2,832	6,789
1,554	2,508	6,013
-	-	4,894
176	3,938	4,334
2,560	38	2,598
615	992	2,378
-	2,085	2,085
447	721	1,729
1,210	-	1,210
187	301	723
-	597	597
-	175	175
<u>\$ 127,556</u>	<u>\$ 1,258,817</u>	<u>\$ 2,208,016</u>

Carrie Tingley Hospital Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Hospital Programs	Patient and Family Assistance	Quality of Life	Total Programs
In-kind	\$ 909	\$ 2,784	\$ 2,306	\$ 5,999
Patient equipment	213,414	81,937	6,154	301,505
Salaries and wages	11,157	51,184	28,287	90,628
Family and patient assistance	5,098	110,272	60,146	175,516
T-shirts	-	-	2,981	2,981
Professional fees	-	-	23,108	23,108
Marketing and advertising	690	2,112	1,750	4,552
Insurance	1,155	3,536	2,929	7,620
Payroll taxes	931	4,927	2,360	8,218
Bank and credit card charges	-	-	23	23
Accounting and audit	660	2,021	1,674	4,355
Food and meals	-	-	8,123	8,123
Materials and supplies	311	952	4,591	5,854
Employee insurance	560	1,714	1,420	3,694
Miscellaneous	270	1,507	684	2,461
Printing	-	-	943	943
Equipment lease	328	1,003	831	2,162
Telephone and internet	392	1,201	994	2,587
Dues and memberships	383	1,171	970	2,524
Computer systems and support	112	342	283	737
Employee retirement	267	819	678	1,764
Equipment rentals	-	-	3,095	3,095
Meetings	63	194	160	417
Postage	-	-	65	65
Depreciation	124	380	314	818
Awards	-	-	-	-
Repairs and maintenance	-	-	-	-
Board expenses	-	-	-	-
Travel	197	601	499	1,297
Donor and volunteer relations	-	-	-	-
Entertainment	-	-	-	-
Total expenses	<u>\$ 237,021</u>	<u>\$ 268,657</u>	<u>\$ 155,368</u>	<u>\$ 661,046</u>

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

Carrie Tingley Hospital Foundation
Statement of Functional Expenses - continued
For the Year Ended December 31, 2015

<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 11,459	\$ 981,010	998,468
-	-	301,505
47,951	92,628	231,207
-	-	175,516
-	33,156	36,137
-	24	23,132
2,966	7,354	14,872
4,965	9,591	22,176
4,001	7,729	19,948
7,395	6,320	13,738
2,838	5,481	12,674
-	9,385	17,508
1,337	22,858	30,049
2,407	4,649	10,750
1,158	2,539	6,158
2,581	4,009	7,533
1,409	2,722	6,293
1,686	3,256	7,529
1,644	3,176	7,344
479	926	2,142
1,149	2,220	5,133
-	-	3,095
272	525	1,214
2,695	1,072	3,832
532	1,028	2,378
-	1,053	1,053
-	80	80
1,506	-	1,506
846	2,353	4,496
-	557	557
-	575	575
<u>\$ 101,276</u>	<u>\$ 1,206,276</u>	<u>\$ 1,968,598</u>

Carrie Tingley Hospital Foundation
Statements of Cash Flows
For the Years Ended December 31,

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Cash received from special events	\$ 657,111	\$ 611,128
Cash received from contributions	250,293	420,695
Cash received from interest and dividends	81,039	81,486
Cash paid to employees and suppliers	<u>(1,271,917)</u>	<u>(1,268,975)</u>
Net cash used by operating activities	<u>(283,474)</u>	<u>(155,666)</u>
Cash flows from investing activities		
Proceeds from the sale of investments	1,693,313	4,575,462
Purchases of investments	<u>(1,337,307)</u>	<u>(4,158,921)</u>
Net cash provided by investing activities	<u>356,006</u>	<u>416,541</u>
Cash flows from financing activities		
Payments of pledge payable	<u>(80,000)</u>	<u>(160,000)</u>
Net cash used by financing activities	<u>(80,000)</u>	<u>(160,000)</u>
Net (decrease) increase in cash and cash equivalents	(7,468)	100,875
Cash and cash equivalents, beginning of year	<u>195,108</u>	<u>94,233</u>
Cash and cash equivalents, end of year	<u>\$ 187,640</u>	<u>\$ 195,108</u>
Reconciliation of change in net assets to net cash used by operating activities		
Change in net assets	<u>\$ (68,044)</u>	<u>\$ (87,941)</u>
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	2,378	2,378
Amortization of discount on pledge payable	3,311	10,114
Net realized and unrealized (gain) loss on investments	(200,935)	73,143
Changes in assets and liabilities		
Accounts receivable	(648)	10,456
Contributions receivable	(26,126)	(8,750)
Other receivable	-	5,279
Prepaid expenses	(1,081)	(3,700)
Accounts payable	(5,428)	(1,158)
Accrued expenses	13,099	(5,487)
Due to others	<u>-</u>	<u>(150,000)</u>
Total adjustments	<u>(215,430)</u>	<u>(67,725)</u>
Net cash used by operating activities	<u>\$ (283,474)</u>	<u>\$ (155,666)</u>

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

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2016 and 2015

1) Organization

The Carrie Tingley Hospital Foundation (Foundation) is a philanthropic organization founded in 1963 dedicated to enhancing the lives of children with special needs and their families throughout New Mexico. In 2016 the Foundation assisted over 650 children directly and funded critical programs and equipment at Carrie Tingley Hospital that impacted over 20,000 children throughout the state. The Foundation's primary sources of income include special event revenues and contributions.

Program service descriptions for the Foundation's primary programs follow:

Hospital Program – Funds equipment, programs and research at Carrie Tingley Hospital.

Patient and Family Assistance Program – Addresses the issues of access and inclusion faced by children with disabilities and their families across New Mexico by helping families obtain durable medical equipment not covered by insurance such as wheelchair ramps, vehicle and home modifications.

Quality of Life Program – Sponsors adaptive recreational programs including adaptive cycling, adaptive dance, therapeutic horsemanship, wheelchair basketball and an adaptive sports camp.

2) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Foundation 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, temporarily restricted and permanently restricted net assets. The Foundation did not have any permanently restricted net assets at December 31, 2016 and 2015.

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2016 and 2015

2) Summary of Significant Accounting Policies — continued

Furniture and Equipment

Purchased furniture and equipment are stated at cost. Furniture and equipment received by donation are recorded at the estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies restricted net assets to unrestricted net assets at that time. Purchased or donated furniture and equipment in excess of \$1,000 is capitalized. Depreciation is calculated on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which range from three to five years.

Fair Value of Financial Instruments

The Foundation believes the carrying amount of cash and cash equivalents, contributions receivable (net of allowances, if any), prepaid expenses, accounts payable and accrued expenses approximates fair value due to their short maturity.

Support

The Foundation reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or specify the time period for which the assets may be expended. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Donated Materials and Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Donated materials and services are recorded as in-kind contributions in the accompanying financial statements at the estimated value at date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specified purpose.

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2016 and 2015

2) Summary of Significant Accounting Policies — continued

Donated Materials and Services – continued

The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. The Foundation received and recognized \$1,033,602 and \$981,010 of contributed advertising, site preparation, equipment, and other contributed services related to special events conducted by the Foundation during the years ended December 31, 2016 and 2015, respectively. The Carrie Tingley Hospital provides the Foundation with free office space. For the years ended December 31, 2016 and 2015, donated office space was valued and recorded at \$24,839 and \$17,457, respectively. Additionally, the Foundation received contributed services recorded at \$28,871 to design graphics for their Quality of Life programs for the year ended December 31, 2016. A substantial number of volunteers have donated their services to the Foundation. No amounts have been recognized in the financial statements for these services as they do not meet the recognition requirements under U.S. generally accepted accounting principles.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Financial Accounting Standards Board (FASB) issued FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which provides guidance on how to measure and account for various tax positions. The Foundation determined no material unrecognized tax benefits or liabilities existed as of December 31, 2016 and 2015. If applicable, the Foundation will recognize interest and penalties related to underpayment of income taxes as income tax expense. As of December 31, 2016 and 2015, the Foundation had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Foundation does not anticipate any significant changes to unrecognized tax benefits over the next year.

Management of the Foundation believes its activities allow it to continue to be classified as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has not identified any activities subject to unrelated business income tax. The Foundation files federal Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service and copies of Form 990 with states in which the Foundation is registered. The statute of limitations for examination of the Foundation's returns expires three years from the due date of the return or the date filed, whichever is later. The Foundation's returns for the years ended December 31, 2013 through 2015, are still open for examination and management anticipates the statute of limitations for the return for the year ended December 31, 2016, will expire in May 2020.

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2016 and 2015

2) Summary of Significant Accounting Policies — continued

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported changes in net assets. Actual results could differ from those estimates.

Functional Allocation of Expenses

Expenses are charged directly to program and supporting services based on specific identification, when possible. Costs benefiting more than one service are allocated based on measures such as management's estimates of time spent, square footage, etc.

Investments

Investments in equity securities with readily-determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Partnership interest is measured at the capital balance which approximates fair value. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Advertising Costs

Advertising costs are expensed as incurred.

Subsequent Events

Subsequent events were evaluated through March 21, 2017, which is the date the financial statements were available to be issued. Management believes that there are no material subsequent events that have arisen that would require accrual.

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2016 and 2015

3) Concentrations

The Foundation maintains depository accounts with various financial institutions insured by the Federal Deposit Insurance Corporation. Balances in these accounts may at times exceed federally insured limits. The Foundation has not experienced any losses on such accounts, and management believes it is not exposed to significant credit risk from these accounts.

The net revenue and support, excluding related in-kind contributions and net investment income, from one special event was approximately 36% and 31% of the total support and revenue for the years ended December 31, 2016 and 2015, respectively.

4) Furniture and Equipment

Furniture and equipment consists of the following as of December 31,:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 3,461	\$ 3,461
Furniture	<u>6,120</u>	<u>6,120</u>
Total furniture and equipment	9,581	9,581
Less accumulated depreciation	<u>(7,037)</u>	<u>(4,659)</u>
Net furniture and equipment	<u>\$ 2,544</u>	<u>\$ 4,922</u>

5) Investments

Long-term investments are stated at fair value and consist of the following at December 31,:

	<u>2016</u>	<u>2015</u>
Equities	\$ 2,604,294	\$ 2,687,255
fixed-income securities	1,044,882	\$ 1,118,011
Partnership interest	14,678	14,678
Endowment funds held at the Albuquerque Community Foundation	<u>12,358</u>	<u>11,339</u>
Total	<u>\$ 3,676,212</u>	<u>\$ 3,831,283</u>

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2016 and 2015

5) Investments – continued

Investment income from cash and cash equivalents and investments consists of the following for the years ended December 31,:

	2016	2015
Interest and dividend income	\$ 81,039	\$ 81,486
Investment management fees	(24,941)	(33,505)
Net realized and unrealized gain (loss)	200,935	(73,143)
Total investment income (loss)	\$ 257,033	\$ (25,162)

Investment revenues are reported net of related investment expenses in the Statements of Activities.

6) **Fair Value Measurements**

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

Level 1 Inputs – unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 Inputs – include:

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

Level 3 Inputs – unobservable inputs which reflect the organizations own assumptions about the assumptions market participants would use in pricing the asset or liability.

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2016 and 2015

6) Fair Value Measurement – continued

Fair value of assets measured on a recurring basis at December 31, 2016 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stock				
US Large Cap	\$ 1,288,787	\$ 1,288,787	\$ -	\$ -
US Mid Cap	612,856	612,856	-	-
US Small Cap	333,216	333,216	-	-
Foreign Large Blend	280,203	280,203	-	-
Diversified Emerging Markets	89,232	89,232	-	-
Bond				
Corporate	628,946	628,946	-	-
Short-Term Govts/Agencies	415,936	415,936	-	-
Partnership interest	14,678	-	-	14,678
Endowment funds held at the Albuquerque Community Foundation	12,358	-	12,358	-
Total	<u>\$ 3,676,212</u>	<u>\$ 3,649,176</u>	<u>\$ 12,358</u>	<u>\$ 14,678</u>

Fair value of assets measured on a recurring basis at December 31, 2015 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stock				
US Large Cap	\$ 1,250,570	\$ 1,250,570	\$ -	\$ -
US Mid Cap	597,044	597,044	-	-
US Small Cap	341,767	341,767	-	-
Foreign Large Blend	383,249	383,249	-	-
Diversified Emerging Markets	114,625	114,625	-	-
Bond				
Corporate	696,836	696,836	-	-
Short-Term Govts/Agencies	175,305	175,305	-	-
Intermediate-Term Govts/Agencies	245,870	245,870	-	-
Partnership interest	14,678	-	-	14,678
Endowment funds held at the Albuquerque Community Foundation	11,339	-	11,339	-
Total	<u>\$ 3,831,283</u>	<u>\$ 3,805,266</u>	<u>\$ 11,339</u>	<u>\$ 14,678</u>

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2016 and 2015

6) Fair Value Measurement – continued

The following table sets forth a summary of changes in the fair value of the Foundation’s partnership interest, which is a Level 3 asset, for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 14,678	\$ -
Capital contributions	-	14,678
Balance, end of year	<u>\$ 14,678</u>	<u>\$ 14,678</u>

The Foundations partnership interest is measured at the capital balance at year-end which approximates fair value.

7) **Board Designated Net Assets**

Board-Designated Endowment

During the years ended December 31, 2016 and 2015, the Board designated \$12,358 and \$11,339 of unrestricted net assets as a general endowment fund to support the mission of the Foundation. Since the endowment resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets designated by the Board for endowment purposes.

The composition of and changes in endowment net assets are as follows for the years ended December 31,:

	<u>2016</u>	<u>2015</u>
Board-designated net assets, beginning of year	\$ 11,339	\$ 11,870
Net change in value	<u>1,019</u>	<u>(531)</u>
Board-designated net assets, end of year	<u>\$ 12,358</u>	<u>\$ 11,339</u>

The Foundation’s endowment funds are held by the Albuquerque Community Foundation (ACF) as a part of its pooled investments and variance power has been granted to ACF. These assets will be returned to the Foundation if ACF ceases to be a charitable organization. These investments are stated at fair market value.

Annual distributions can be made pursuant to current ACF policy. Current policy states that distributions will be based on 4.5% of the average twelve quarters’ endowment balance if requested by the Foundation. There were no distributions in either of the years ended December 31, 2016 or 2015.

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2016 and 2015

7) Board Designated Net Assets - continued

Reserves

As of December 31, 2016 and 2015, the Foundation's board of directors designated \$1.2 million of unrestricted net assets, equal to one year's worth of estimated operating expenses. The purpose of the designation is to create an adequate reserve that is essential to establishing financial stability and to guard against the possibility of future operating deficits that may arise due to economic uncertainties and unexpected events.

8) **Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2016</u>	<u>2015</u>
Quality of Life programs	\$ -	\$ 7,500
Subsequent years operations	<u>34,876</u>	<u>8,750</u>
	<u>\$ 34,876</u>	<u>\$ 16,250</u>

Temporarily restricted net assets of \$16,250 and \$9,000 were released from restriction during the years ended December 31, 2016 and 2015 and related to the Foundation's Quality of Life programs and subsequent year operations.

9) **Pledge Payable**

In December 2006, the Foundation committed to funding the Carrie Tingley Hospital Inpatient Wing and Pediatric Surgery Center at the University of New Mexico Hospital. The amount of the pledge was \$1,600,000, payable in 20 semi-annual installments of \$80,000 from December 2006 to June 2016. The pledge has been discounted using a rate of 5.5%. Pledge maturities subsequent to December 31, are as follows:

	<u>2016</u>	<u>2015</u>
To be paid in less than one year	\$ -	\$ 80,000
To be paid in one to five years	<u>-</u>	<u>-</u>
Gross pledge authorized but unpaid	-	80,000
Less: Discount on long-term pledges	<u>-</u>	<u>(3,311)</u>
Net pledges authorized but unpaid	<u>\$ -</u>	<u>\$ 76,689</u>

Carrie Tingley Hospital Foundation

Notes to Financial Statements

December 31, 2016 and 2015

10) In-Kind Contributions

The estimated value for donated in-kind goods and services are provided by the donor based on the estimated fair value at date of donation.

The Foundation received the following in-kind contributions during the years ended December 31,:

	2016	2015
Fundraising: Mudd Volleyball		
Advertising	\$ 733,299	\$ 626,320
Beverages	4,048	4,048
Materials and supplies	30,797	30,797
Rentals	6,948	6,947
Site preparation	43,070	36,323
T-shirts	14,882	14,882
Total	\$ 833,044	\$ 719,317
	2016	2015
Fundraising: Festival of Trees		
Advertising	\$ 178,860	\$ 199,995
Food, meals and facilities	3,000	3,000
Rentals	18,698	51,698
Printing	-	4,500
Raffle and auction items	-	2,500
Total	\$ 200,558	\$ 261,693
Program: Quality of Life		
Graphic Design	\$ 28,871	\$ -
Total	\$ 28,871	\$ -
Management and General		
Office rent	\$ 24,839	\$ 17,457
Total	\$ 24,839	\$ 17,457

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2016 and 2015

11) Retirement Plan

The Foundation provides retirement benefits to all regular full-time employees through a defined contribution plan. The plan is a simple IRA tax-sheltered annuity plan. Under the plan the Foundation makes a matching contribution of up to 3% of the compensation of each participant making salary deferrals. Employer contributions to the plan were approximately \$6,000 and \$5,100 for the years ended December 31, 2016 and 2015, respectively.

12) Special Events

The Foundation has two major fundraising special events. The event revenues are presented net of direct expenses in the financial statements. Direct expenses related to these events were approximately \$139,000 and \$117,000 for the years ended December 31, 2016 and 2015, respectively. These direct expenses were primarily for supplies, equipment rental, and security.

13) Fiscal Sponsorship

During the year ended December 31, 2015, the Foundation entered into a fiscal sponsorship agreement with Witten’s Warriors, hereafter referred to as the “Project.” Under the terms of the agreement Witten’s Warriors sole activity is to raise funds for the operations and programs of the Foundation. The Foundation’s Board of Director’s has final authority concerning fund solicitation and use of Project funds. During the year ended December 31, 2016 and 2015 Witten’s Warriors raised approximately \$44,000 and \$74,000, respectively for the benefit of the Foundation’s operations and programs.

14) Expense Ratios

The following represents the ratio of program and supporting services expenses, excluding fundraising in-kind expenses, to total expenses for the years ending December 31,:

	<u>2016</u>	<u>2015</u>
Program services	<u>70%</u>	<u>68%</u>
Supporting services		
Fundraising - Mudd Volleyball	8%	9%
Fundraising - Festival of Trees	5%	5%
Fundraising - Other	6%	9%
Management and general	<u>11%</u>	<u>9%</u>
Total supporting services	<u>30%</u>	<u>32%</u>
Total percentages	<u>100%</u>	<u>100%</u>