Rose Community Foundation
and Affiliates and Subsidiary

Combined Financial Statements

December 31, 2010 and 2009

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Engle, P.C.

Certified Public Accountants

Rose Community Foundation
and Affiliates and Subsidiaries

Table of Contents

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Independent Auditor's Report

Board of Trustees
Rose Community Foundation:

We have audited the accompanying combined statements of financial position of Rose Community Foundation and affiliates and subsidiaries (the "Foundation") as of December 31, 2010 and 2009, and the related combined statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the 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, 2010 and 2009, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Kundinger, Corder & Engle, P.C.

June 17, 2011

Rose Community Foundation and Affiliates and Subsidiaries
Combined Statements of Financial Position

	As of December 31, 2010	2009
Assets		
Cash and cash equivalents	$ 1,859,000	$ 1,351,000
Investments (Note 3 and 4)	262,962,000	244,391,000
Contributions receivable (Note 5)	1,311,000	1,398,000
Other assets and receivables (Note 6)	1,903,000	1,195,000
Total assets	$ 268,035,000	$ 248,335,000
Liabilities and net assets		
Accounts payable and accrued expenses	$ 596,000	$ 719,000
Grants payable (Note 7)	4,937,000	2,707,000
	5,533,000	3,426,000
Agency endowments and other funds held on behalf of others (Note 8)	35,532,000	33,180,000
Total liabilities	41,065,000	36,606,000
Commitments (Notes 4, 7, 8, 10 and 11)		
Net assets		
Unrestricted	221,763,000	206,396,000
Temporarily restricted	4,917,000	5,043,000
Permanently restricted (Note 9)	290,000	290,000
Total net assets	226,970,000	211,729,000
Total liabilities and net assets	$ 268,035,000	$ 248,335,000

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

Rose Community Foundation and Affiliates and Subsidiaries
Combined Statement of Activities

	For the Year Ended December 31, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support				
Net investment income (Note 3)	$ 27,056,000	$ 188,000	$ -	$ 27,244,000
Contributions	1,968,000	1,287,000	-	3,255,000
Other income	363,000	-	-	363,000
Net assets released due to satisfaction of purpose and time restrictions	1,601,000	(1,601,000)	-	-
	30,988,000	(126,000)	-	30,862,000
Expenses				
Program:				
Grants	11,755,000	-	-	11,755,000
Program expenses	2,424,000	-	-	2,424,000
Total program activities	14,179,000			14,179,000
Supporting:				
Philanthropic services expenses	584,000	-	-	584,000
Administrative expenses	858,000	-	-	858,000
Total supporting activities	1,442,000	-	-	1,442,000
Total expenditures	15,621,000	-	-	15,621,000
Change in net assets	15,367,000	(126,000)	-	15,241,000
Net assets, beginning of year	206,396,000	5,043,000	290,000	211,729,000
Net assets, end of year	$ 221,763,000	$ 4,917,000	$ 290,000	$ 226,970,000

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

Rose Community Foundation and Affiliates and Subsidiaries
Combined Statement of Activities

	For the Year Ended December 31, 2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support				
Net investment income (Note 3)	$ 38,831,000	$ 399,000	$ -	$ 39,230,000
Contributions	1,295,000	1,487,000	-	2,782,000
Other income	315,000	-	-	315,000
Net assets released due to satisfaction of purpose and time restrictions	795,000	(795,000)	-	-
	41,236,000	1,091,000	-	42,327,000
Expenses				
Program:				
Grants	9,403,000	-	-	9,403,000
Program expenses	2,366,000	-	-	2,366,000
Total program activities	11,769,000	-	-	11,769,000
Supporting:				
Philanthropic services expenses	422,000	-	-	422,000
Administrative expenses	1,093,000	-	-	1,093,000
Total supporting activities	1,515,000	-	-	1,515,000
Total expenditures	13,284,000	-	-	13,284,000
Change in net assets	27,952,000	1,091,000	-	29,043,000
Net assets, beginning of year	178,444,000	3,952,000	290,000	182,686,000
Net assets, end of year	$ 206,396,000	$ 5,043,000	$ 290,000	$ 211,729,000

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

Rose Community Foundation and Affiliates and Subsidiaries
Combined Statements of Cash Flows

	For the Year Ended December 31, 2010	2009
Operating activities		
Change in net assets	$ 15,241,000	$ 29,043,000
Adjustments to reconcile change in net assets to net cash flows used in operating activities:		
Net realized and unrealized investment (gains)	(24,357,000)	(36,351,000)
Noncash contribution	(498,000)	-
Depreciation and amortization	9,000	38,000
(Increase) decrease in operating assets:		
Contributions receivable	87,000	(988,000)
Other assets and receivables	(219,000)	(143,000)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(123,000)	(149,000)
Grants payable	2,230,000	(2,623,000)
Agency endowments and other funds held on behalf of others	2,352,000	2,967,000
Net cash flows used in operating activities	(5,278,000)	(8,206,000)
Investing activities		
Purchases of investments	(53,933,000)	(152,400,000)
Proceeds from sales and maturities of investments	59,719,000	160,304,000
Net cash flows provided by investing activities	5,786,000	7,904,000
Increase (decrease) in cash and cash equivalents	508,000	(302,000)
Cash and cash equivalents, beginning of year	1,351,000	1,653,000
Cash and cash equivalents, end of year	$ 1,859,000	$ 1,351,000
Supplemental cash flow information:		
Cash paid during the year for taxes	$ -	$ 1,200

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

Notes to the Combined Financial Statements

1. Organization

The combined financial statements include the accounts of Rose Community Foundation (a nonprofit Colorado corporation); its affiliated supporting nonprofit organizations, Rose Foundation and Rose Biomedical Research (collectively, the "supporting organizations"); Rose Foundation Holdings, LLC and Rose Foundation TOD, LLC which are limited liability companies solely owned by Rose Foundation. 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.

The purpose of the Foundation is to enhance the quality of life in the greater Denver community by identifying and supporting programs in the following five areas: aging, child and family development, education, health and Jewish life.

2. Significant Accounting Policies

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.

Financial statement presentation
Information regarding the financial position and activities of the Foundation is reported according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

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.

2. Significant Accounting Policies, continued.

Investments
Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at the publicly quoted market prices. Alternative investments include real estate, investments in partnerships, and limited liability and other investment companies. Investments in partnerships are recorded at cost, adjusted for the Foundation's proportionate share of undistributed earnings or losses. Investments in limited liability and other investment companies are recorded at fair value based on public quotations of underlying assets. Direct investments in real estate are recorded at the lower of cost or fair value. Realized and unrealized gains and losses on investments are determined by comparison of the actual cost to the proceeds at the time of disposition, or market values as of the end of the financial reporting period. Alternative investments that are not publicly traded on national security exchanges are generally illiquid and may be valued differently should 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.

Fair value measurements
The Foundation follows the *Fair Value Measurements and Disclosure* Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

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.

Property and equipment, net
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.

2. Significant Accounting Policies, continued.

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."

Temporarily and permanently restricted net assets

Temporarily restricted net assets represent pledges and unspent cash that have been restricted by donors to be used primarily for health education and research and other initiatives and for which the Foundation has not been given variance power. Temporarily restricted net assets released from restrictions during 2010 and 2009 of $1,601,000 and $795,000 respectively, resulted from satisfaction of program restrictions for health education and research and other initiatives and the passage of time. Permanently restricted net assets have been restricted by donors to be maintained by the Foundation in perpetuity, the income of which is expendable for health education and research.

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 expense and liabilities when they are approved by the Board of Trustees and/or the grant committees in accordance with the Foundation's approval process.

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.

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 monitored for the Foundation by an investment advisor. 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.

2. Significant Accounting Policies, continued.

Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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 nonprofit supporting organizations have been determined to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The supporting organizations were established under the provisions of Section 509(a)(3) of the Internal Revenue Code. The Foundation is responsible for expenditures of the supporting organizations for specific charitable purposes.

The Foundation, including its nonprofit supporting organizations, follow the *Accounting for Uncertainty in Income Taxes* accounting standard which requires the Foundation and its nonprofit supporting organizations to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. All of the organizations believe they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are significant to the combined financial statements. The tax returns for the Foundation and its nonprofit supporting organizations for the previous three years are subject to examination by the IRS, generally for three years after initial filing.

Subsequent events
In accordance with the *Subsequent Events* Topic of FASB ASC, management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Foundation's financial statements were available to be issued on June 17, 2011 and this is the date through which subsequent events were evaluated.

Reclassifications
Certain amounts in the 2009 combined financial statements have been reclassified to conform to the 2010 presentation.

3. Investments

Investments, at fair value, held by the Foundation consisted of the following as of December 31:

	2010	2009
Equities and equity funds	$ 116,374,000	$ 102,828,000
Bonds and bond funds	48,671,000	50,347,000
Money market funds	3,883,000	12,402,000
Certificates of deposit	1,712,000	2,196,000
Hedge funds	41,113,000	35,509,000
Private equity limited partnerships	51,209,000	41,109,000
	$ 262,962,000	$ 244,391,000

The above investments include the invested funds of the agency endowments and other funds held on behalf of others which totaled $35,532,000 and $33,180,000 at December 31, 2010 and 2009, respectively.

Net investment income consisted of the following for the year-ended December 31:

	2010	2009
Interest and dividends	$ 3,601,000	$ 3,730,000
Net realized and unrealized gains	24,357,000	36,351,000
Less: investment management fees	(714,000)	(851,000)
Net investment income	$ 27,244,000	$ 39,230,000

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 2009 and is expected to be minimal in 2010.

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 volatility in the stock market.

3. Investments, continued.

Marketable and 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, credit-worthiness 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.

4. 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.

The Foundation follows the *Fair Value Measurements and Disclosures* accounting standard which requires enhanced disclosures about investments that are measured and reported at fair value. The standard establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments 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.

4. Fair Value Measurements, continued.

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. The types of investments included in Level 1 are mutual funds, listed equities, listed derivatives, cash, and cash equivalents. For the Foundation, Level 1 investments consist of equities, mutual funds and money market funds.
>
> 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. The Foundation includes in this level investments in hedge funds whose underlying assets consist of publicly traded equities for which the Foundation has the ability to redeem its investment at net asset value per share at the Foundation's reporting date. The Foundation also includes bond investments in Level 2.
>
> Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. 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. Included in this category for the Foundation are investments made through investment vehicles such as limited partnerships and private corporations which in turn invest in hedge funds, real estate, and multi-strategy funds.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment'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.

4. Fair Value Measurements, continued.

The following table summarizes the valuation of the Foundation's assets measured at fair value on a recurring basis by the above fair value hierarchy levels as of December 31, 2010:

	Fair Value	Level 1	Level 2	Level 3
Equities and equity funds	$ 116,374,000	$ 84,938,000	$ 31,436,000	$ -
Bonds and bond funds	48,671,000	27,038,000	21,633,000	-
Money market funds	3,883,000	3,883,000	-	-
Certificates of deposit	1,712,000	-	1,712,000	-
Hedge funds	41,113,000	-	38,419,000	2,694,000
Private equity limited partnerships	51,209,000	-	-	51,209,000
Total	$ 262,962,000	$ 115,859,000	$ 93,200,000	$ 53,903,000

The following table summarizes the valuation of the Foundation's assets measured at fair value on a recurring basis by the above fair value hierarchy levels as of December 31, 2009:

	Fair Value	Level 1	Level 2	Level 3
Equities and equity funds	$ 102,828,000	$ 75,882,000	$ 26,946,000	$ -
Bonds and bond funds	50,347,000	24,948,000	25,399,000	-
Money market funds	12,402,000	12,402,000	-	-
Certificates of deposit	2,196,000	-	2,196,000	-
Hedge funds	35,509,000	-	32,680,000	2,829,000
Private equity limited partnerships	41,109,000	-	-	41,109,000
Total	$ 244,391,000	$ 113,232,000	$ 87,221,000	$ 43,938,000

4. Fair Value Measurements, continued.

The changes in investments measured at fair value for which the Foundation has used Level 3 inputs to determine fair value are as follows:

Balance as of 12/31/2008	$ 77,873,000
Total realized/unrealized losses	16,610,000
Other investment income	199,000
Purchases	5,675,000
Distributions	(23,739,000)
Transfers*	(32,680,000)
Balance as of 12/31/2009	43,938,000
Total realized/unrealized losses	7,446,000
Other investment income	25,000
Purchases	8,380,000
Distributions	(5,886,000)
Balance as of 12/31/2010	$ 53,903,000

*At December 31, 2009 investments in certain hedge funds and a common trust fund in which the Foundation has the ability to redeem its investment at net asset value per share at the Foundation's reporting date were transferred from Level 3 to Level 2 based upon 2009 guidance provided by the FASB in Accounting Standards Update (ASU) No. 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share (or its equivalent).*

Generally accepted accounting principles also requires disclosure for Level 3 investments of the change in unrealized gain (loss) included in the change in net assets related to investments still held at the reporting date. At December 31, 2010, this was an unrealized gain of $4,965,000 and at December 31, 2009 this was an unrealized gain of $11,678,000.

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.

4. Fair Value Measurements, continued.

The following table summarizes the significant information related to Level 2 and 3 investments as of December 31, 2010:

Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity long/short hedge fund (a)	17,888,000	0	Monthly	30 days
Multi-strategy hedge funds (b)	22,820,000	0	Qrtly/Annually	60 days/45 days
Other hedge funds (c)	405,000	0	n/a*	n/a*
Private equity diversified fund-of-funds (d)	29,958,000	28,670,000	n/a*	n/a*
Private equity funds (e)	19,359,000	4,236,000	n/a*	n/a*
Real estate funds (f)	1,892,000	1,301,000	n/a*	n/a*

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

(a) The equity long/short hedge fund category includes investments in two hedge funds that invest 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 Foundation is not currently seeking to sell its position in the funds. The funds are not currently subjected to any lockup or gate.

(b) The multi-strategy hedge fund category includes investments in two 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 Foundation is not currently seeking to sell its position in any of the funds. The funds are not currently subjected to any lockup or gate. The side-pocket investments totaled $2.3 million as of December 31, 2010, 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.

(c) The other hedge fund category includes investments in two hedge funds in which redemption requests have already been submitted. The redemption for one fund was submitted for a June 30, 2008 redemption date. Remaining proceeds totaling $24,000 are expected to be received by the Foundation in 2011. The redemption for the second fund was submitted for a September 30, 2009 redemption date. A portion of the remaining proceeds totaling $40,000 is 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.

4. Fair Value Measurements, continued.

(d) 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.

(e) 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.

(f) The real estate funds category includes several real estate funds that primarily invest in US commercial real estate, but will also invest in non-US commercial real estate and US residential real estate. Given the liquid 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.

5. Contributions Receivable

Contributions receivable are due as follows:

	2010	2009
Amounts due in:		
Less than one year	$1,286,000	$ 1,253,000
One to five years	10,000	130,000
Thereafter	15,000	15,000
Total	$1,311,000	$ 1,398,000

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

5. Contributions Receivable, continued.

The Foundation received a conditional multi-year grant contingent upon the Foundation meeting matching fund requirements. The grantor will provide a 1:1 match up to $500,000 of funds raised for the Boomers Leading Change in Health program. The grant will be recognized as contribution revenue in 2011 and 2012 as the matching requirements are met.

6. Other Assets and Receivables

Other assets and receivables consisted of the following at December 31:

	2010	2009
Net property and equipment:		
Property and equipment	$ 1,156,000	$ 1,156,000
Less: accumulated depreciation	(897,000)	(888,000)
Net property and equipment	259,000	268,000
Interest in limited liability company	498,000	-
Other receivables	317,000	163,000
Royalty receivable	268,000	327,000
Program related loan receivable (note 11)	250,000	-
Other assets	311,000	437,000
	$ 1,903,000	$ 1,195,000

7. Grants Payable

The following summarizes the changes in grants payable:

	2010	2009
Grants payable at the beginning of the year	$ 2,707,000	$ 5,330,000
Unconditional grants expensed	11,755,000	9,403,000
Payments made	(9,525,000)	(12,026,000)
Grants payable at the end of year	$ 4,937,000	$ 2,707,000

Grants payable over the next five years have not been discounted to present value because the effect is not significant. Grants payable at December 31, 2010 are scheduled to be disbursed as follows:

Year Payable	Amount
2011	$ 4,554,000
2012	329,000
2013	54,000
	$ 4,937,000

7. Grants Payable, continued.

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 $1,809,000 and $1,301,000 at December 31, 2010 and 2009, respectively.

8. Agency Endowment and Other Funds Held on Behalf of Others

At December 31, 2010 and 2009 the Foundation held the following funds on behalf of others:

	2010	2009
Agency endowment funds created by the Endowment Challenge Initiative	$ 21,146,000	$ 19,657,000
Other restricted agency endowment funds	1,365,000	1,314,000
Other funds held on behalf of others	13,021,000	12,209,000
	$35,532,000	$ 33,180,000

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, nineteen agency endowment funds totaling $18,587,000 were established at the Foundation. Distributions from these endowments of $863,000 and $984,000 were paid to beneficiary institutions consistent with the terms of the initiative in 2010 and 2009, respectively. The balances in these funds at December 31, 2010 increased to $21,146,000 due to market gains that were offset by distributions.

9. 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.

9. Endowment Net Assets, continued.

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

The Foundation's endowment net assets consisted of the following as of December 31, 2010:

Unrestricted net assets	$ -
Temporarily restricted net assets	166,000
Permanently restricted net assets	290,000
Total endowment net assets	$ 456,000

Following are the changes in the endowment net assets for the years ended December 31, 2009 and 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at January 1, 2009	$ -	$ 162,000	$ 290,000	$ 452,000
Investment return:				
Investment income	-	3,000	-	3,000
Net appreciation (realized and unrealized)	-	87,000	-	87,000
Total investment return	-	90,000	-	90,000
Appropriation of endowment assets for expenditure	-	(73,000)	-	(73,000)
Endowment net assets at December 31, 2009	-	179,000	290,000	469,000
Investment return:				
Investment income	-	4,000	-	4,000
Net appreciation (realized and unrealized)	-	34,000	-	34,000
Total investment return	-	38,000	-	38,000
Appropriation of endowment assets for expenditure	-	(51,000)	-	(51,000)
Endowment net assets at December 31, 2010	$ -	$ 166,000	$ 290,000	$ 456,000

9. 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, 2010 or 2009.

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.

10. 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 2010 and 2009 was $93,000 and $90,000, respectively.

11. Commitments

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 $500,000 to a fund for the financing of the projects, $250,000 of which was paid in 2010. This amount is included in other assets and receivables (Note 6). The remaining $250,000 will be paid in 2011. Loans from the fund are administered by Enterprise Community Loan Fund, Inc. and return interest to the Foundation at 2% annually.

11. Commitments, continued.

Operating Leases

The Foundation leases its office space and certain office equipment under operating lease agreements, which expire on various dates through October 31, 2014. Rent expense incurred during 2010 and 2009 was $249,000 and $254,000, respectively. Future minimum lease payments required under these operating leases at December 31, 2010 are as follows:

Year Payable	Amount
2011	$ 265,000
2012	271,000
2013	277,000
2014	127,000
	$940,000

Investments

As part of its investment management activity, the Foundation is committed to fund an additional $34,207,000 to limited partnership investments as of December 31, 2010 (see note 4).