GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Caldera

Financial Statements and Other Information as of
and for the Year Ended December 31, 2010
and Report of Independent Accountants

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GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
Caldera:

We have audited the accompanying statement of financial position of Caldera as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Caldera's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the financial statements of Caldera as of December 31, 2009 and, in our report dated March 21, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Caldera's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of Caldera as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the schedule on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly

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to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

[illegible] & CO. LLP

October 10, 2011

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

(WITH COMPARATIVE AMOUNTS FOR 2009)

	2010	2009
Assets:		
Cash and cash equivalents *(note 9)*	$ 1,026,283	597,363
Grants and contributions receivable *(note 4)*	248,950	67,000
Accounts receivable	–	24,100
Prepaid expenses and other assets	16,012	9,926
Investments *(notes 5, 7, and 8)*	1,051,132	940,180
Property held for sale *(note 6)*	54,000	58,000
Property and equipment *(note 6)*	12,099,881	11,760,151
Total assets	$ 14,496,258	13,456,720
Liabilities:		
Accounts payable and accrued expenses	44,995	32,809
Construction payable	129,047	–
Note payable *(note 7)*	195,943	–
Total liabilities	369,985	32,809
Net assets:		
Unrestricted:		
Available for programs and general operations	296,644	316,240
Funds designated by the Board for long-term investment *(note 9)*	1,083,468	972,597
Net investment in capital assets	11,957,938	11,818,151
Total unrestricted	13,338,050	13,106,988
Temporarily restricted *(note 9)*	288,223	316,923
Permanently restricted *(note 9)*	500,000	–
Total net assets	14,126,273	13,423,911
Commitments and contingencies *(notes 6, 8, 15, and 16)*		
Total liabilities and net assets	$ 14,496,258	13,456,720

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	2010				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	2009
Operating revenues, gains and other support:					
Contributions and grants *(note 11)*	$ 990,364	197,697	–	1,188,061	874,676
In-kind contributions *(note 10)*	57,729	–	–	57,729	63,234
Special events, net of direct expenses of $25,696 in 2010 and $9,542 in 2009 *(note 11)*	121,082	–	–	121,082	37,922
Program fees	44,130	–	–	44,130	50,423
Interest and dividend income	12,068	–	–	12,068	25,173
Net appreciation in the fair value of investments	100,331	–	–	100,331	118,139
Other	8,746	–	–	8,746	1,584
Total operating revenues and gains	1,334,450	197,697	–	1,532,147	1,171,151
Net assets released from restrictions for operating purposes *(note 12)*	194,771	(194,771)	–	–	–
Total operating revenues, gains, and other support	1,529,221	2,926	–	1,532,147	1,171,151
Expenses *(note 13)*:					
Program services:					
Youth programs	1,113,336	–	–	1,113,336	798,231
Adult programs	426,756	–	–	426,756	332,451
Total program services	1,540,092	–	–	1,540,092	1,130,682
Supporting services:					
Management and general	192,540	–	–	192,540	173,629
Fundraising	181,045	–	–	181,045	168,966
Total supporting services	373,585	–	–	373,585	342,595
Total expenses	1,913,677	–	–	1,913,677	1,473,277
Increase (decrease) in net assets before non-operating activities	$ (384,456) [A]	2,926	–	(381,530)	(302,126)

[A] The organization's operating measure includes $497,539 in depreciation expense.

Continued

STATEMENT OF ACTIVITIES, CONTINUED

YEAR ENDED DECEMBER 31, 2010

(WITH COMPARATIVE TOTALS FOR 2009)

	2010				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	2009
Non-operating activities:					
Endowment contributions *(note 11)*	$ –	–	500,000	500,000	–
In-kind contribution of capital assets	–	–	–	–	3,635,280
Other capital contributions *(note 11)*	–	634,944	–	634,944	466,432
Loss on disposal of assets	(14,994)	–	–	(14,994)	(60,490)
Impairment loss	(36,058)	–	–	(36,058)	(57,850)
Net assets released from restrictions for capital purposes *(note 12)*	666,570	(666,570)	–	–	–
Total non-operating activities	615,518	(31,626)	500,000	1,083,892	3,983,372
Increase (decrease) in net assets	231,062	(28,700)	500,000	702,362	3,681,246
Net assets at beginning of year	13,106,988	316,923	–	13,423,911	9,742,665
Net assets at end of year	$ 13,338,050	288,223	500,000	14,126,273	13,423,911

See accompanying notes to financial statements.

CALDERA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

		2010	2009
Cash flows from operating activities:			
Cash received from contributors and program participants	$	1,189,172	1,157,647
Interest income received		12,068	25,173
Cash paid to employees and suppliers		(1,366,092)	(1,096,399)
Net cash provided by (used in) operating activities		(164,852)	86,421
Cash flows from investing activities:			
Acquisition of equipment and building improvements		(758,653)	(461,120)
Proceeds from the sale of assets		3,379	9,949
Reinvestment of interest and dividend income		(10,610)	(21,445)
Proceeds from the sale of investments		4,669	102,255
Cash received from insurance recoveries		24,100	–
Net cash used in investing activities		(737,115)	(370,361)
Cash flows from financing activities:			
Proceeds from contributions restricted for capital acquisition		634,944	466,432
Proceeds from contributions restricted for long-term investment		500,000	–
Proceeds from the issuance of a note		200,000	–
Principal payments on note payable		(4,057)	–
Net cash provided by financing activities		1,330,887	466,432
Net increase in cash and cash equivalents		428,920	182,492
Cash and cash equivalents at beginning of year		597,363	414,871
Cash and cash equivalents at end of year	$	1,026,283	597,363

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

1. Organization

Caldera is a nonprofit arts organization whose mission is to be a catalyst for transformation through innovative art and environmental programming. The organization serves both youth and adults. The youth programs provide year-round, long-term arts education and mentoring for underserved children in Portland and Central Oregon. The adult programs offer residencies to professional artists.

Caldera has a 116-acre facility located 17 miles west of Sisters, Oregon. The site is surrounded by the Deschutes National Forest and sits on the edge of Blue Lake and Suttle Lake. Caldera conducts summer, fall, and spring youth programs and artist residencies within that natural setting and in the Hearth Center, a 20,000 square-foot performance space, with two art studios and a library. The site has five A-frame cabins and 25 teepees that house youth, mentors, and artists.

2. Program Descriptions

During the year ended December 31, 2010, the organization incurred program service expenses in the following major categories:

Youth Programs – Caldera's youth programs have always held the core mission of mentoring at-risk youth through arts and nature experiences. Programmatically, the organization has grown from serving a handful of children at summer camp in 1996, to currently providing approximately 370 students in Portland and Central Oregon, from middle school into college, with long-term, year-round, consistent weekly mentoring and arts training. In addition, Caldera has extended arts enrichment services to nearly 5,100 students each year at ten Portland and Central Oregon schools.

Adult Programs – Caldera's artist residency program began in 2001 and has grown from a regional program to an international program. The residencies are held at the Central Oregon facility during January, February, and March. Artists are awarded one-month residencies through a juried selection process. The residencies are for the development, creation, and sharing of their work. The artists have exclusive use of the Hearth Center and its related facilities and are housed in the A-frame cabins. They interact with the Central Oregon community by holding "open studio sessions" about their work, free and open to the public. Caldera believes in creative experimentation, viewing the residency program as a "research and development" laboratory of the arts.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by the organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – The organization has adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 958-605, *Revenue Recognition* and FASB ASC No. 958-205, *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.

- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the organization and/or the passage of time.

- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally the donors permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

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

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the promise was received by the organization. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Management estimates an allowance for uncollectible contributions receivable based on past collection history.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Cash and Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents. At December 31, 2010, cash equivalents represent $646,433 invested in money market funds.

Investments – Under the provisions of FASB ASC No. 958-320, *Investments – Debt and Equity Securities,* investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the statement of financial position.

Net appreciation (decline) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is shown in the statement of activities. Interest income is accrued as earned, and reported net of investment advisory fees. Security transactions are recorded on a trade-date basis.

The organization has some exposure to investment risks, including interest rate, market, and credit risks for marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

Capital Assets and Depreciation – Property and equipment are carried at cost, and at market value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 20 to 40 years for buildings and related improvements, and 5 to 7 years for vehicles, furniture and equipment.

Property Held for Sale – Property held for sale is carried at the lower of cost or fair value.

Impairment of Long-Lived Assets – Long-lived assets, including capital assets and property held for sale, are reviewed whenever events or changes in circumstances occur that indicate possible impairment in accordance with FASB ASC No. 360, *Property, Plant and Equipment – Subsequent Measurement*. The organization's impairment review is based on an undiscounted cash flow analysis at the lowest level at which cash flows of the long-lived assets are largely independent of other groups of organization assets and liabilities. The organization conducts annual reviews for idle and underutilized equipment, and reviews business plans for possible impairment. Impairment occurs when the carrying value of the asset exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. When an impairment is indicated, the estimated future cash flows are then discounted to determine the estimated fair value of the asset and an impairment charge is recorded for the difference between the carrying value and the net present value of estimated future cash flows.

During the year ended December 31, 2010, the organization recorded a $36,058 impairment charge against property and equipment.

Revenue Recognition – All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Service revenues are recognized at the time services are provided and the revenues are earned.

Operating Results – Operating results reported in the statement of activities reflect all transactions that change unrestricted net assets, except for contributions restricted for capital investment, the in-kind contribution of capital assets, the gain or loss on the sale of capital assets, and net assets released from restrictions for capital purposes.

Depreciation of capital assets is allocated to operating programs and supporting activities based on benefit estimates prepared by management.

Endowment Funds and Interpretation of Relevant Law – Effective January 1, 2008, the State of Oregon adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which governs Oregon charitable institutions with respect to the management, investment and expenditure of donor-restricted endowment funds.

The Board of Directors has interpreted Oregon's adoption of UPMIFA as requiring the organization to adopt investment and spending policies that preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although the organization has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment's original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as temporarily restricted until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. Any investment return classified as permanently restricted represents only those amounts required to be retained permanently as a result of explicit donor stipulations and the net change in carrying value of perpetual trusts.

With regard to endowment losses or appropriations in excess of the fair value of the original gift, in accordance with FASB ASC No. 958-320, *Investments – Debt and Equity Securities*, the portion of a donor restricted endowment that is classified as permanently restricted is not reduced by losses on the investments of the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the organization to hold in perpetuity. Similarly, the amount of permanently restricted net assets is not reduced by the organization's appropriations from the fund. In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces unrestricted net assets.

In accordance with UPMIFA, the Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the organization and the fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The investment policies of the organization.

To meet its objective, the organization's policies limit the spending of investment income and appreciation to amounts approved for distribution by the Board of Directors. During the year ended December 31, 2010, the Board of Directors elected not to make an appropriation of endowment assets. See note 9.

Conflict of Interest Policies – Included among the organization's Board members, committee members, and executives are volunteers from the community who provide valuable assistance to the organization in the development of policies and programs, and in the evaluation and oversight of services. The organization has established a conflict-of-interest policy whereby Board and committee members must advise the Board of Directors of any direct or indirect interest in any transaction or relationship with the organization, and do not participate in discussions and decisions regarding any action affecting their individual, professional, or business interests.

Financial Instruments with Concentrations of Credit Risk – Caldera's financial instruments consist primarily of equity funds, fixed income funds, money market funds, and cash equivalents. These financial instruments may subject Caldera to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC"), the fair value of securities are dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All interest bearing checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to $250,000 per depositor, per insured bank, for each account ownership category. In addition, Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides depositors with temporary unlimited coverage for noninterest-bearing transaction accounts. This unlimited protection became effective on December 31, 2010 and terminates on December 31, 2012. At December 31, 2010, cash balances totaling $478,863 were in excess of these limits.

Certain receivables may also, from time to time, subject Caldera to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, Caldera's management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Income Taxes – The organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. In addition, the organization has been recognized as a public charity under Sections 170(b)(1)(a)(vi) and 509(a)(1) of the Internal Revenue Code. Contributions to the organization qualify for applicable charitable contribution deductions. For tax purposes, the organization's open audit periods are for the years ended December 31, 2007 through 2009.

The organization has adopted the recognition requirements for uncertain income tax positions as required by FASB ASC No. 740-10. Under this standard, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

Subsequent Events – As required by FASB ASC No. 855, *Subsequent Events,* subsequent events have been evaluated by management through October 10, 2011, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2009 – The accompanying financial information as of and for the year ended December 31, 2009 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

4. Grants and Contributions Receivable

Grants and contributions at December 31, 2010 consist of outstanding donations promised to the organization totaling $248,950, expected to be colleted in less than one year.

5. Investments

Investments are carried at fair value, and consist of the following at December 31, 2010:

Fixed income mutual funds:	
Intermediate-term bond funds	$ 245,135
Short-term bond funds	99,066
World bond funds	50,616
Long-term bond funds	50,425
Other sector bond funds	11,834
	457,076
Equity mutual funds:	
Large-cap mutual funds	254,165
International mutual funds	154,799
Mid-cap mutual funds	57,494
Emerging market funds	50,024
Small-cap mutual funds	43,134
	559,616
Convertible mutual funds	25,115
	1,041,807
Money market funds	9,325
	$ 1,051,132

6. Property and Equipment

A summary of property and equipment at December 31, 2010 is as follows:

Buildings and related improvements	$ 13,253,326
Vehicles	196,712
Furniture and equipment	547,523
Construction in progress	578,201
	14,575,762
Less accumulated depreciation	(2,475,881)
	$ 12,099,881

The land located at Caldera is owned by a limited liability company controlled by Caldera's founder and Board Chair, and is leased to Caldera under a ground lease that expires in January of 2020. The lease will automatically renew for an additional five-year term unless written termination is provided prior to the expiration date. Upon expiration or early termination of the ground lease, the landlord shall pay tenant the fair market value of any improvements to the leased property at fair market value.

Caldera is not required to make any rental payments. Because the value of this in-kind contribution is unknown, the present value of the lease commitment has not been included in the accompanying financial statements as an in-kind contribution.

Improvements made to these properties by the organization have been capitalized and are carried on the organization's statement of financial position.

In addition, the organization held property for sale (not included in the above table) carried at $54,000 at December 31, 2010.

7. Note Payable

During the year ended December 31, 2010, Caldera entered into a loan agreement with Key Bank in the amount of $200,000 for site repairs. The note bears interest at a fixed rate of 3.73% and requires monthly, consecutive principal and interest payments of $4,493 through November of 2014. The note is secured by the organization's investments held at Key Bank. At December 31, 2010, $195,943 was outstanding under the note. Interest paid during the year ended December 31, 2010 totaled $1,065.

Maturities of note principal for the four years subsequent to December 31, 2010 are as follows:

Years ending December 31,	
2011	$ 47,317
2012	49,123
2013	51,028
2014	48,475
	$ 195,943

8. Line of Credit

The organization holds a secured line of credit in the amount of $100,000. Interest is based on the prime rate as published in the Wall Street Journal minus 0.25%. At December 31, 2010, the prime rate was 3.25%. The line of credit is secured by the organization's investments held at Key Bank. Caldera has not drawn upon any funds under this agreement as of December 31, 2010.

9. Restrictions and Limitations on Net Asset Balances

Board-Designated Net Assets

As of December 31, 2010, the Board of Directors had designated $1,083,468 in unrestricted net assets as follows:

Quasi-endowment	$ 1,051,132
Operational reserve	32,336
	$ 1,083,468

Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2010 totaled $288,223 and consist of contributions, grants, and other unexpended revenues and gains restricted by donors and available only for specific program services and future periods, as follows:

Youth programs	$	66,000
Artists in Residence		40,000
Innovation Center		26,258
Scholarships and interns		28,662
Capital acquisition		102,303
Future periods		25,000
	$	288,223

Permanently Restricted Net Assets

Permanently restricted net assets at December 31, 2010 totaled $500,000 and consisted of a gift to establish a facilities endowment fund. The $500,000 is included in cash and cash equivalents at December 31, 2010.

The following summarizes the organization's endowment-related activities for the year ended December 31, 2010:

		Donor-restricted endowment Permanently restricted	Designated by Board Unrestricted	Total
Endowment net assets at beginning of year	$	–	940,180	940,180
Contributions		500,000	–	500,000
Investment return		–	110,952	110,952
Endowment net assets at end of year	$	500,000	1,051,132	1,551,132

10. In-Kind Contributions

The organization receives contributed services from a large number of volunteers who assist in fundraising and other efforts through their participation in a range of businesses and activities. In accordance with FASB ASC No. 958-605, *Revenue Recognition,* the value of such services, which the organization considers generally not practicable to estimate, has not been recognized in the accompanying financial statements. Significant services received which create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the accompanying financial statements. Finally, in-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization's activities.

During the year ended December 31, 2011, the organization recorded the following in-kind contributions:

Goods and other materials	$	17,694
Free use of facilities		22,400
Contributed services		17,635
		57,729
Special event contributions		11,913
	$	69,642

See note 6 for discussion of the in-kind use of the land located at Caldera.

11. Contributions, Grants, and Special Events

The following summarizes the contributions, grants, and special events recorded in all categories during the year ended December 31, 2010 (excluding in-kind contributions):

	Contributions and grants	Special events	Total
Board members and related entities	$ 1,886,564	7,097	1,893,661
Other foundations	194,850	25,700	220,550
Other individuals	129,255	91,793	221,048
Government	74,176	–	74,176
Corporations	38,160	22,188	60,348
	2,323,005	146,778	2,469,783
Less special events expenses	–	(25,696)	(25,696)
	$ 2,323,005	121,082	2,444,087

[1] The $2,323,005 in total contributions and grants represents operating and program support of $1,188,061, capital contributions of $634,944, and endowment contributions of $500,000.

12. Net Assets Released from Restrictions

During the year ended December 31, 2010, the organization incurred $861,341 in expenses in satisfaction of the restricted purposes specified by the donors or by occurrence of other events specified by donors, as follows:

Program support	$ 194,771
Capital acquisitions	666,570
	$ 861,341

13. Expenses

The costs of providing the various programs and other activities of Caldera have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses by natural classification are presented in the schedule of functional expenses.

14. Fair Value Measurements

Caldera's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. This hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

At December 31, 2010, Caldera's investments (see note 5) are measured at fair value on a recurring basis using quoted prices in active markets for identical assets (i.e., Level 1).

15. Commitments

During 2010, the organization entered into an agreement with a general contractor for services in connection with capital projects. Outstanding commitments under this agreement totaled $427,425 at December 31, 2010.

16. Retirement Plan

The organization provides all employees with the opportunity to contribute to a tax-sheltered annuity plan as described in Section 403(b) of the Internal Revenue Code. All employees may make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law, from their first day of employment. Employees select from among several investment options. The organization may make voluntary contributions to the plan. All contributions to the plan from both the employees and the organization vest as earned. During the year ended December 31, 2010, the organization made contributions to the retirement plan totaling $13,986.

17. Reclassification of 2009 Comparative Totals

Certain 2009 amounts presented herein have been reclassified to conform to the 2010 presentation.

18. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the increase in net assets (as reported on the statement of activities) to net cash used in operating activities (as reported on the statement of cash flows) for the year ended December 31, 2010:

Increase in net assets	$	702,362
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation		497,539
Net appreciation in the fair value of investments		(100,331)
Donated securities		(4,680)
Loss on disposal of assets		14,994
Impairment loss		36,058
Proceeds from contributions restricted for capital acquisition		(634,944)
Proceeds from contributions restricted for long-term investment		(500,000)
Net changes in:		
Grants and contributions receivable		(181,950)
Prepaid expenses and other assets		(6,086)
Accounts payable and accrued expenses		12,186
Total adjustments		(867,214)
Net cash used in operating activities	$	(164,852)

■

CALDERA

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

		2010			
		Program services			Management
		Youth programs	Adult programs	Total	and general
Salaries and related expenses	$	340,149	42,781	382,930	80,443
Artist fees		58,565	17,777	76,342	–
Scholarships		16,767	–	16,767	–
Professional services		16,968	900	17,868	66,922
Occupancy		5,600	3,360	8,960	6,720
Office supplies and materials		9,630	1,046	10,676	8,622
Postage and shipping		117	–	117	482
Printing and publishing		281	841	1,122	32
Insurance		–	–	–	19,977
Telephone		2,607	900	3,507	1,800
Repairs and maintenance		1,908	–	1,908	1,136
Travel and transportation		12,332	1,179	13,511	367
Meals and food supplies		27,894	2,325	30,219	–
Art supplies and materials		20,754	–	20,754	–
Interest		–	–	–	–
Depreciation		–	–	–	–
Other		2,494	–	2,494	6,039
Total expenses before allocation of facilities expenses		516,066	71,109	587,175	192,540
Allocation of facilities expenses		597,270	355,647	952,917	–
Total expenses	$	1,113,336	426,756	1,540,092	192,540

Supporting services				
Facilities	Fundraising	Total	Total	2009
139,365	146,127	365,935	748,865	647,715
–	–	–	76,342	86,143
–	–	–	16,767	12,480
7,405	12,883	87,210	105,078	75,728
71,247	6,720	84,687	93,647	65,524
474	1,720	10,816	21,492	5,644
35	1,898	2,415	2,532	2,982
–	975	1,007	2,129	21,392
39,228	–	59,205	59,205	43,383
12,034	1,800	15,634	19,141	13,393
184,760	–	185,896	187,804	74,004
291	703	1,361	14,872	18,748
–	–	–	30,219	27,403
91	–	91	20,845	24,645
1,065	–	1,065	1,065	–
494,587	2,952	497,539	497,539	315,362
2,335	5,267	13,641	16,135	38,731
952,917	181,045	1,326,502	1,913,677	1,473,277
(952,917)	–	(952,917)	–	–
–	181,045	373,585	1,913,677	1,473,277

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Tricia Snell
Executive Director

Kirsten Kilchenstein
Education Director

David Nolfi
Director of Finance

Katie Weinstein
Office Manager and Artist Residency Program Coordinator

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