The Colorado Trust

Financial Statements

December 31, 2010 and 2009

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Engle, P.C.

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Independent Auditor's Report

Board of Trustees
The Colorado Trust:

We have audited the accompanying statements of financial position of The Colorado Trust (The Trust) as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of The Trust'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 The Colorado Trust as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Kundinger, Corder & Engle, P.C.

April 6, 2011

The Colorado Trust
Statements of Financial Position
December 31, 2010 and 2009

		2010	2009
Assets:			
Cash and cash equivalents	$	303,855	141,522
Accounts receivable		319	-
Contributions receivable (note 7)		1,334,000	-
Interest and real estate distributions receivable		1,191,079	1,011,816
Prepaid expenses		14,792	39,859
Investments (notes 2 and 3)		407,246,983	385,846,674
Cash held in custody for others (note 5)		93,109	124,549
Property and equipment:			
Building improvements		18,872	10,068
Machinery and equipment		585,787	452,595
Furniture and fixtures		351,810	351,810
		956,469	814,473
Accumulated depreciation		(666,975)	(579,250)
Property and equipment, net		289,494	235,223
Investments held under deferred compensation agreements (note 6)		389,756	370,501
Total Assets	$	410,863,387	387,770,144
Liabilities and Net Assets:			
Accounts payable and accrued expenses	$	52,531	49,108
Other accrued liabilities		249,412	352,558
Deferred gain on sale-leaseback (note 4)		4,264,019	4,513,619
Cash held in custody for others (note 5)		93,109	124,549
Grants payable (note 9)		14,167,098	20,615,819
Deferred compensation (note 6)		389,756	370,501
Deferred excise tax payable		388,759	-
Excise tax payable (note 10)		43,995	91,978
Total liabilities		19,648,679	26,118,132
Net assets:			
Unrestricted		389,880,708	361,652,012
Temporarily restricted (note 7)		1,334,000	-
Total net assets		391,214,708	361,652,012
Commitments (notes 4, 6, 8 and 9)			
Total Liabilities and Net Assets	$	410,863,387	387,770,144

See accompanying notes to financial statements.

The Colorado Trust
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2010 and 2009

	2010	2009
Unrestricted Revenues, Gains and Support:		
Interest and dividend income	$ 8,759,325	9,548,444
Net realized and unrealized gain on investments	38,921,522	68,689,907
Income from real estate activities	746,225	1,299,607
Other income	57,011	15,107
Investment management fees	(976,868)	(699,198)
Net assets released from restriction (note 7)	666,000	-
Total unrestricted revenues, gains and support	48,173,215	78,853,867
Expenses:		
Program services:		
Access to Health	11,727,168	4,628,755
Accessible and Affordable Healthcare Initiatives	421,851	6,458,541
Strengthening Families Initiatives	262,060	573,462
Other grant expense	3,200,788	3,718,378
Grant administration	2,772,632	2,698,589
Total program services	18,384,499	18,077,725
Management and general	1,080,732	657,571
Excise tax expense (note 10)	479,288	37,892
Total expenses	19,944,519	18,773,188
Increase in unrestricted net assets	28,228,696	60,080,679
Temporarily Restricted Support:		
Contributions (note 7)	2,000,000	-
Net assets released from restriction (note 7)	(666,000)	-
Increase in temporarily restricted net assets	1,334,000	-
Change in net assets	29,562,696	60,080,679
Net assets at beginning of year	361,652,012	301,571,333
Net assets at end of year	$ 391,214,708	361,652,012

See accompanying notes to financial statements.

The Colorado Trust
Statements of Cash Flows
Years Ended December 31, 2010 and 2009

		2010	2009
Cash flows from operating activities:			
Change in net assets	$	29,562,696	60,080,679
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation		87,725	20,875
Loss on disposal of assets		-	6,613
Recognition of deferred gain		(249,600)	(249,600)
Net realized and unrealized gain on investments		(38,921,522)	(68,689,907)
(Increase) decrease in operating assets:			
Accounts receivable		(319)	-
Contributions receivable		(1,334,000)	-
Dividends and interest receivable		(179,263)	(506,659)
Prepaid expenses		25,067	(13,028)
Excise tax receivable		-	227,619
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses		3,423	(1,677)
Other accrued liabilities		(103,146)	178,017
Grants payable		(6,448,721)	(9,644,326)
Excise tax payable		(47,983)	91,978
Deferred excise tax payable		388,759	-
Net cash used in operating activities		(17,216,884)	(18,499,416)
Cash flows from investing activities:			
Purchases of investments		(40,606,086)	(15,272,734)
Proceeds from sales of investments		58,127,299	33,994,783
Purchase of property and equipment		(141,996)	(186,135)
Net cash provided by investing activities		17,379,217	18,535,914
Net change in cash and cash equivalents		162,333	36,498
Cash and cash equivalents, beginning of year		141,522	105,024
Cash and cash equivalents, end of year	$	303,855	141,522

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) General

The Colorado Trust (The Trust) was established in 1985 and endowed by the proceeds of the sale of PSL Healthcare Corporation, a Colorado not-for-profit corporation. The Trust was formed as a not-for-profit charitable foundation whose mission is to improve the health and well-being of the people of the State of Colorado. The central focus of The Trust's grant making is to provide access to health for all Coloradans by 2018. The Trust's operations and grant making activities are funded by investments and earnings thereon.

(b) Financial Statement Presentation

Basis of Accounting
The accompanying financial statements of The Trust have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation
The Trust is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. There were no permanently restricted net assets at December 31, 2010 or 2009.

(c) Cash and Cash Equivalents

For the purposes of the statements of cash flows, The Trust considers all unrestricted highly liquid investments with an original maturity of three months or less, and which are not held as part of an investment portfolio or on behalf of others, to be cash equivalents.

(d) Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(1) Summary of Significant Accounting Policies, Continued

(e) Contributions Receivable

Unconditional contributions receivable are recognized as revenues in the period the pledge is received. Contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. At December 31, 2010, contributions receivable have not been discounted to net realizable value because the effect on the financial statements would not be significant. There is no allowance for uncollectible contributions receivable because management believes that the balance will be fully collected.

(f) Investments

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

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

(g) Concentrations of Credit Risk

Financial instruments which potentially subject The Trust to concentrations of credit risk consist of investments in debt and equity securities and alternative investments. Investments are made by investment managers engaged by The Trust and are monitored by management and the Board of Trustees. Though the market value of investments is subject to fluctuations on a year to year basis, The Trust believes that the investment policy is prudent for the long-term welfare of The Trust.

(1) Summary of Significant Accounting Policies, Continued

(h) Property and Equipment

Property and equipment is stated at cost. The Trust capitalizes all expenditures for property and equipment in excess of $5,000 and with a useful life exceeding one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 20 years.

(i) Grants

The Board of Trustees approves expenditures for specific grant programs in support of The Trust's mission. Grant expense is recognized when The Trust identifies a grantee and awards a grant contract. Grants authorized but unpaid at year-end are reported as liabilities in accordance with generally accepted accounting principles. Grants scheduled for payments more than one year in the future are discounted using an appropriate interest rate.

The Episcopal Diocese of Colorado and the Presbytery of Denver (the Churches) are beneficiaries of a 1985 agreement between The Trust and the PSL Healthcare Corporation. The agreement, which was subsequently amended in 1989 to clarify its provisions, requires a distribution to each organization equal to 5% of the total grants paid by The Trust each year. Distributions to each organization in 2010, based on grants paid in 2009, were $1,089,108 for a total of $2,178,216. Included in grants payable at December 31, 2010 is $1,885,912, representing the payments due the Churches in 2011 for grants paid during 2010.

(j) Use of Estimates

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

(k) Functional Allocation of Expenses

The costs of providing various programs and related supporting services have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the appropriate programs and supporting services benefited.

(1) Summary of Significant Accounting Policies, Continued

(l) Excise and Income Taxes

The Trust has been classified as a private foundation as defined in Section 509(a) of the Internal Revenue Code (the Code), and is exempt from federal income tax under Section 501(c)(3) of the Code. Private foundations are subject to an excise tax on net investment income, which includes realized gains on the sale of assets. The tax is equal to 2% of net investment income, but can be reduced to 1% if qualifying grant payments exceed certain minimum amounts. The Trust qualified for the 1% tax rate in 2010 and 2009.

The Trust follows the guidance related to uncertainty in income taxes. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2010. If incurred, interest and penalties associated with uncertain tax positions would be recorded in the period assessed as other operating expenses. No interest or penalties have been assessed as of December 31, 2010. The three previous tax years remain subject to examination.

(m) Subsequent Events

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 Trust's financial statements were available to be issued on April 6, 2011 and this is the date through which subsequent events were evaluated.

(2) Investments

The Trust's investment assets, which include publicly traded and private investments, are dedicated to providing the financial resources needed to meet The Trust's grant making and other charitable objectives. The Trust's investments are managed by independent professional investment management firms and are held in various investment structures such as limited partnerships, foreign domiciled funds, and pooled investments.

Marketable and private alternative investments are exposed to various risks that may cause the reported value of The Trust's investment assets to fluctuate from period to period and result in a material change to the net assets of The Trust. 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. Some investment managers retained by The Trust 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.

(2) Investments, Continued

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 Trust's investment portfolio.

Investments are stated at fair market value and are comprised of the following at December 31:

	2010	2009
Short term investments	$ 81,017	112,564
Domestic equities and equity funds	102,457,881	108,801,619
International equity funds	118,346,374	135,174,783
Fixed income funds	57,977,689	46,473,147
Other investments	94,831,419	57,245,149
Real estate investments	33,552,603	38,039,412
Total investments	$ 407,246,983	385,846,674

(3) Fair Value Measurements

The carrying amount reported in the statements of financial position for cash and cash equivalents, interest and dividends receivable, and accounts payable and accrued liabilities, approximate fair value because of the immediate or short term maturities of these financial instruments.

The fair value of grants payable is determined by discounting multi-year grants to net present value using a discount rate commensurate with market conditions and the grant payment schedule at the time the grant is committed. The discount rates used by The Trust range from 1% to 5% depending on the year of commitment and length of the payment schedule.

The fair value of the deferred gain on the sale-leaseback transaction is equal to the net present value of the future minimum lease payments discounted at the buyer-lessor's cap rate of 7.06% and is being amortized over the 20 year life of the lease.

The Trust follows the provisions of the *Fair Value Measurements* accounting standard which, among other things, requires enhanced disclosures about investments that are measured and reported at fair value. This 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.

(3) 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 type of investments included in Level 1 include mutual funds, listed equities, listed derivatives, treasury securities, cash, and cash equivalents. For The Trust, Level 1 consists of direct investments in equity securities, and bank collective funds and mutual funds that invest in debt and equity securities.

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 agency bonds, less liquid and restricted equity securities and certain over-the-counter derivatives. The Trust includes in this level investments in hedge funds and partnerships whose underlying assets consist of publicly traded equities for which The Trust has the ability to redeem its investment at net asset value per share at The Trust's reporting date.

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 private equity and real estate funds, funds of hedge funds, and distressed debt. Included in this category for The Trust are investments made through investment vehicles such as limited partnerships and private equity funds which in turn invest in real estate, multi-strategy funds, and non-traded real estate investment trusts.

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 (Levels 1, 2 and 3) are intended to reflect the observability of the inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

(3) Fair Value Measurements, Continued

The following table summarizes the valuation of The Trust's investments by the above fair value hierarchy levels as of December 31, 2009:

	Fair Value	(Level 1)	(Level 2)	(Level 3)
Marketable securities	$ 202,009,926	202,009,926	-	-
Publicly traded equities owned through limited partnerships	103,458,615	-	103,458,615	-
Real estate investments	38,039,412	-	-	38,039,412
Hedge funds	16,076,683	-	16,076,683	-
Commonfund multi-strategy	8,690,762	-	-	8,690,762
Other multi-strategy	16,598,483	-	11,433,106	5,165,377
Private equity	972,793	-	-	972,793
Total	$ 385,846,674	202,009,926	130,968,404	52,868,344

The following table summarizes the valuation of The Trust's investments by the above fair value hierarchy levels as of December 31, 2010:

	Fair Value	(Level 1)	(Level 2)	(Level 3)
Marketable securities	$ 232,958,418	232,958,418	-	-
Publicly traded equities owned through limited partnerships	70,104,537	-	70,104,537	-
Real estate investments	33,552,603	-	-	33,552,603
Hedge funds	37,765,745	-	37,765,745	-
Commonfund multi-strategy	11,435,682	-	-	11,435,682
Other multi-strategy	19,624,694	-	13,525,961	6,098,733
Private equity	1,805,304	-	-	1,805,304
Total	$ 407,246,983	232,958,418	121,396,243	52,892,322

(3) Fair Value Measurements, Continued

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

	Equities owned through Limited Partnerships	Private Equity	Hedge Funds	Real estate funds	Common-fund multi-strategy	Other multi-strategy
Balance as of 12/31/08	$ 83,966,042	617,998	14,206,344	47,310,502	5,144,348	11,789,718
Total realized and unrealized gains (losses)	-	13,028	-	(9,433,045)	827,456	3,922,554
Other investment income	-	(64,483)	-	2,271,434	(134,234)	365,865
Purchases	-	406,250	-	-	2,853,192	750,000
Distributions	-	-	-	(2,109,479)	-	(229,654)
Transfers *	(83,966,042)	-	(14,206,344)	-	-	(11,433,106)
Balance as of 12/31/09	$ -	972,793	-	38,039,412	8,690,762	5,165,377
Balance as of 12/31/09	$ -	972,793	-	38,039,412	8,690,762	5,165,377
Total realized and unrealized gains (losses)	-	100,511	-	(20,643)	1,582,359	801,038
Other investment income	-	-	-	806,028	1,311	85
Purchases	-	732,000	-	-	1,161,250	800,225
Distributions	-	-	-	(5,272,194)	-	(667,992)
Balance as of 12/31/10	$ -	1,805,304	-	33,552,603	11,435,682	6,098,733

* At December 31, 2009, investments in certain partnerships in which The Trust has the ability to redeem its investment at net asset value per share at The Trust's reporting date were transferred from Level 3 to Level 2 based on 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 require 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. This change was an unrealized gain of $1,988,043 and an unrealized loss of $(8,062,038) at December 31, 2010 and 2009, respectively.

All assets have been valued using a market approach, except for Level 3 assets. The fair values of Level 3 assets have been estimated using the net asset value per share as reported by the investment managers. Fair values for 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.

(3) Fair Value Measurements, Continued

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

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Publicly traded equities owned through limited partnerships (a)	$ 70,104,537	N/A	Monthly	30 days or less
Real estate investments (b)	$ 33,552,603	N/A	Quarterly to indefinite	30 days or less for quarterly liquidity
Hedge funds (c)	$ 37,765,745	N/A	Quarterly	60 days
Commonfund multi-strategy (d)	$ 11,435,682	11,347,777	None *	N/A
Other multi-strategy (e)	$ 19,624,694	1,250,000	None * to monthly	30 days or less for monthly liquidity
Private equity (f)	$ 1,805,304	5,134,912	None *	N/A

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

(a) This category includes investments in domestic, international and emerging market equities that are publicly traded on various major stock exchanges. The form of ownership of these equities is partnerships in which The Colorado Trust is a limited partner. Although the limited partner interest itself cannot be valued directly, these investments are valued by reference to the fair value of the underlying publicly traded equities. Liquidity is available monthly upon 30 days or less notice at which time the investment managers sell the equities in the public markets and distribute the proceeds to the limited partners.

(b) This category includes commercial real estate owned through limited partnerships and a private real estate investment trust and consists of three funds valued at December 31, 2010 at $4,971,810, $17,561,471 and $11,019,322 respectively. The first fund consists of four properties in western United States, three of which are vacant. The other two are large funds that are broadly diversified across real estate asset classes and are further diversified geographically. The second offers quarterly liquidity from an exit pool that includes all owners who wish to execute redemptions. The amount available in the exit pool varies from time to time based on the amount the owners collectively wish to redeem and sales by the manager of the underlying real estate properties. It is estimated that redemption of The Colorado Trust's full interest would only require one quarter as the investment manager currently has a deposit queue. The third fund offers liquidity only in the secondary market and then only at a substantial discount to current values while full liquidity will depend on a liquidation plan that is currently under review by the Board.

(3) Fair Value Measurements, Continued

(b) Continued - All valuations are based on annual appraisals of the underlying properties conducted by independent appraisers generally on a rolling quarterly basis.

(c) This category represents three hedge fund-of-funds each managed by a single manager. Each manager is free to invest in hedge funds that pursue multiple strategies to diversify risk and reduce volatility. These include relative value, event driven and tactical strategies and represent multiple core investment holdings. The underlying investments include both equity and credit instruments. The longevity of The Colorado Trust's investment in one fund is such that any lock ups, gates or other redemption restrictions have expired and therefore quarterly liquidity upon sixty days notice is available. A second fund has no lock ups or gates and has quarterly liquidity upon sixty days notice. The third fund is subject to redemption restrictions until June 2011 and requires ninety days notice for quarterly liquidity.

(d) This category includes a variety of strategies managed by Commonfund Capital, Inc. including global distressed debt, natural resources and venture capital. At December 31, 2010 the total committed was $20,750,000 of which $9,402,223 has been called. There is one distressed debt fund, two natural resource funds and two venture capital funds included in this category. Each fund is allocated to managers over a period of three to five years and is designed to have a lifespan of seven to ten years before fully liquidating. During that time period liquidity is only available through distributions as underlying investments wind up. At December 31, 2010, the distressed debt fund was 67% called, the two natural resource funds were 56% and 17% called respectively, and the two venture capital funds were 42% and 4% called respectively. The underlying investments in the distressed debt fund include a variety of global credit instruments. The natural resources funds include investments in oil and gas private equity, oil and gas acquisition, oilfield services, energy infrastructure, clean energy and mining, coal and timber investments. The venture capital funds include investments in life sciences, healthcare, information technology and clean tech in early stage, later stage and multi stage categories in the United States, Europe, Israel, India and China.

(e) This category includes a European distressed debt fund, a fund that concentrates on real estate related investments in fixed base operations (FBO) that service private aviation activities on airports in the United States and a commodity inflation hedging strategy that includes commodities and commodity related equity investments. Liquidity in the first two of these is not available until the successful conclusion of the funds' operations estimated to be over a five to ten year period. The European distressed debt fund is a $5,000,000 commitment that is 75% called. It invests in European corporate debt of companies involved in restructurings, turnaround situations and distress for control situations.

(3) Fair Value Measurements, Continued

(e) Continued - The Colorado Trust is a lender to the FBO fund and the terms of the partnership include preferential interest payments and contingent interest in the event that successful operations exceed a predetermined rate of return. The commodity based fund invests in global inflation linked bonds, commodities, global precious metals, and global equities in the energy, diversified metals and mining, agriculture, and global climate change industries. Its investments are approximately 76% in North America, 8.6% in emerging markets, 7.7% in the United Kingdom, 5% in Continental Europe, 2.2% in the Asia/Pacific region and .5% in Japan. This fund offers monthly liquidity on 30 days or less notice.

(f) This category includes U.S. private equity and international private equity investments in three funds managed by Commonfund Capital, Inc. The first international private equity fund has a $2,500,000 commitment and is 40% called. The second international private equity fund has a $2,000,000 commitment and is 2% called. The U.S. private equity fund has a $2,500,000 commitment and is 33% called. These funds allocate capital to more than 50 domestic and international private equity managers in strategies that include growth equity, small and middle market, and large leveraged buy-out investments across a variety of industries. Liquidity is available only over the life of the underlying investments as they conclude and are liquidated. A second private equity fund with a $4,000,000 commitment was added subsequent to year end.

(4) Sale-Leaseback Transaction

On January 31, 2008, Sherman Street Properties, a former subsidiary of The Trust which was dissolved in 2008, sold its real estate investment in the Capitol Center at 225 E. Sixteenth Ave, Denver, Colorado, the adjacent parking structure, and The Colorado Trust Building at 1600 Sherman Street, Denver, Colorado, to Capitol Center LLC, a Colorado limited liability company, for $21,500,000. At that time, the net proceeds of the sale were distributed to The Trust and were reinvested in its investment portfolio to support future grant making. Concurrently, The Trust leased back The Colorado Trust Building under a 20 year lease agreement with four optional five year renewal periods. In accordance with U.S. generally accepted accounting principles, The Trust accounted for the transaction as a sale-leaseback and deferred a portion of the gain on the sale equal to the net present value of The Trust's future minimum lease payments, $4,992,021. The deferred gain is being amortized on a straight-line basis over the 20 year life of the lease in the amount of $249,600. This amount will be reported as a reduction of rent expense in each year. Rent expense in 2010, net of the amortization of the deferred gain and including rent escalation charges of $285,826, was $417,326. Rent expense in 2009, net of the amortization of the deferred gain and including rent escalation charges of $313,044, was $417,712.

(4) Sale-Leaseback Transaction, Continued

Future minimum lease payments under the operating lease, before amortization of the deferred gain or rent escalation charges, are as follows for years ending December 31:

2011	$ 438,363
2012	446,116
2013	454,097
2014	462,096
2015	470,207
2016-2028	6,396,277
	$ 8,667,156

(5) Cash Held in Custody for Others

The Trust acts as an agent for the State of Colorado to administer the Homeless Prevention Activities Fund. The Trust has no discretionary authority over the use of the funds which totaled $93,109 and $124,549 at December 31, 2010 and 2009, respectively. The funds are recorded as both assets and liabilities in the accompanying financial statements.

(6) Deferred Compensation

Effective January 1, 2002, The Trust adopted a non-qualified deferred compensation plan under Section 457(b) of the Code. The plan is available to certain eligible employees. Participants may make an election each year to defer up to the maximum amount permitted by law. There are no employer matching contributions. Participant contributions are not subject to vesting.

At December 31, 2010 and 2009, the assets and related liabilities of the Section 457(b) deferred compensation plan were recorded at the fair market values of $389,756 and $370,501, respectively.

(7) Collaborative Agreement

During 2010, The Trust entered into a collaborative agreement with The Colorado Health Foundation (TCHF) in support of the project *Building Public Will to Achieve Access to Health for all Coloradans* (the Project). The Project was developed by The Trust to increase awareness and understanding of achieving and sustaining access to health for all Coloradans. The Project includes support to grantees to communicate shared ideas; cultivate a strong network of organizations and champions aligned around health care priorities; and foster public support with Coloradans actively calling for increased and sustained health coverage and care. Because the Project aligns with TCHF's goals and objectives, TCHF has agreed to provide additional funds for the Project in order to: (1) expand the reach of the Project; and (2) learn from The Trust about this grant strategy and the results of the Project as they become available.

In cooperation with TCHF, The Trust awarded three-year grants to selected applicants. Accordingly, TCHF granted $2,000,000 to The Trust in 2010 to be paid in three installments. The first installment in the amount of $666,000 was received in 2010 and awarded to selected applicants. The second installment in the amount of $666,000 will be received on October 1, 2011 and the third installment in the amount of $668,000 will be received on October 1, 2012. The Trust anticipates expending approximately $3,800,000 of its own funds in support of the Project.

At December 31, 2010, the balance of the receivable from TCHF is included in temporarily restricted net assets. The amount received during 2010, $666,000, was released from restriction because the donor's restrictions were met.

(8) Employee Benefit Plans

The Trust provides a money purchase pension plan for all eligible employees. The Trust contributes an amount equal to 12.5% of the annual compensation of each employee enrolled in the plan. Contributions to the plan vest over a period of three years. There are no employee contributions. Employer contributions to the plan were $288,314 and $276,314 in 2010 and 2009, respectively.

The Trust has a tax sheltered annuity plan under Section 403(b) of the Code available to all employees. Under the plan, each participating employee has the option to contribute amounts, on a pre-tax basis, up to the maximum allowable by the Code. On January 1, 2006, under applicable provisions of the Code, a Roth provision was added to this plan. Contributions to the plan vest immediately. There are no employer matching contributions.

(9) Grant and Evaluation Contract Commitments

Grants which have been approved but not paid are scheduled for payment as follows:

2011	$ 10,417,342
2012	2,776,735
2013	964,042
2014	25,000
2015	25,000
Thereafter	25,000
	14,233,119
Less present value of payments scheduled after 2011	(66,021)
	$ 14,167,098

At December 31, 2010, The Trust has entered into several multi-year evaluation contracts with total outstanding commitments of $745,542. These commitments are not reflected in the accompanying financial statements because the contract deliverables have not been met.

(10) Excise Tax

Deferred taxes are recognized in the financial statements for the excise tax on the unrealized gains on investments. The liability for deferred excise tax on unrealized gains was $388,759 at December 31, 2010 and $0 at December 31, 2009. Excise tax expense consists of the following at December 31:

	2010	2009
Current excise tax expense	$ 90,529	37,892
Deferred excise tax expense	388,759	-
Total expense	$ 479,288	37,892