The Colorado Trust

Financial Statements

December 31, 2012 and 2011

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Trustees of
The Colorado Trust:

We have audited the accompanying financial statements of The Colorado Trust (The Trust), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Colorado Trust as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kundinger, Corder & Engle, P.C.

April 17, 2013

The Colorado Trust
Statements of Financial Position
December 31, 2012 and 2011

		2012	2011
Assets:			
Cash and cash equivalents	$	310,510	565,772
Contributions receivable (note 8)		–	668,000
Interest and real estate distributions receivable, net (note 4)		637,262	1,607,792
Investments (notes 2 and 3)		412,226,191	375,458,422
Other assets		30,200	95,448
Property and equipment, net (note 5)		263,725	244,550
Investments held under deferred compensation agreements (note 7)		327,594	419,141
Total Assets	$	413,795,482	379,059,125
Liabilities and Net Assets:			
Accounts payable and accrued expenses	$	31,404	25,028
Other accrued liabilities		153,681	330,557
Deferred gain on sale-leaseback (note 6)		3,764,819	4,014,419
Grants payable (note 11)		5,841,570	7,095,001
Deferred compensation (note 7)		327,594	419,141
Excise tax payable (note 12)		775,867	99,918
Total liabilities		10,894,935	11,984,064
Net assets:			
Unrestricted		402,900,547	366,407,061
Temporarily restricted (note 8)		–	668,000
Total net assets		402,900,547	367,075,061
Commitments (notes 3, 6, 7, 9 and 11)			
Total Liabilities and Net Assets	$	413,795,482	379,059,125

See accompanying notes to financial statements.

The Colorado Trust
Statements of Activities
Years Ended December 31, 2012 and 2011

		2012	2011
Unrestricted Revenues, Gains and Support:			
Interest and dividend income (note 4)	$	6,435,096	8,672,803
Net realized and unrealized gain (loss) on investments		45,338,221	(21,254,749)
Income from real estate activities		780,777	750,345
Other income		6,285	10,723
Investment management fees		(744,944)	(750,686)
Net assets released from restriction (note 8)		668,000	666,000
Total unrestricted revenues, gains and support		52,483,435	(11,905,564)
Expenses:			
Program services:			
Access to Health		7,660,494	2,648,976
Other grant programs		1,353,400	3,033,739
Grants to Dioceses (note 10)		945,771	1,157,759
Grant administration		3,396,806	3,077,678
Total program services		13,356,471	9,918,152
Management and general		1,678,442	1,737,151
Excise tax expense (note 12)		955,036	(87,220)
Total expenses		15,989,949	11,568,083
Increase (decrease) in unrestricted net assets		36,493,486	(23,473,647)
Temporarily Restricted Support:			
Net assets released from restriction (note 8)		(668,000)	(666,000)
Decrease in temporarily restricted net assets		(668,000)	(666,000)
Change in net assets		35,825,486	(24,139,647)
Net assets at beginning of year		367,075,061	391,214,708
Net assets at end of year	$	402,900,547	367,075,061

See accompanying notes to financial statements.

The Colorado Trust
Statements of Cash Flows
Years Ended December 31, 2012 and 2011

		2012	2011
Cash flows from operating activities:			
Change in net assets	$	35,825,486	(24,139,647)
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation		127,214	124,368
Recognition of deferred gain		(249,600)	(249,600)
Deferred excise tax expense		592,676	(364,806)
Allowance for uncollectible interest receivable		1,437,000	-
Net realized and unrealized (gain) loss on investments		(45,338,221)	21,254,749
(Increase) decrease in operating assets:			
Contributions receivable		668,000	666,000
Dividends and interest receivable		(466,470)	(416,713)
Other assets		65,248	(7,399)
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses		6,376	(22,775)
Other accrued liabilities		(176,876)	3,479
Grants payable		(1,253,431)	(7,072,097)
Excise tax payable		83,273	31,970
Net cash used in operating activities		(8,679,325)	(10,192,471)
Cash flows from investing activities:			
Net (purchases) proceeds from investment activity		8,570,452	10,533,812
Purchase of property and equipment		(146,389)	(79,424)
Net cash provided by investing activities		8,424,063	10,454,388
Net change in cash and cash equivalents		(255,262)	261,917
Cash and cash equivalents, beginning of year		565,772	303,855
Cash and cash equivalents, end of year	$	310,510	565,772

See accompanying notes to financial statements.

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(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. 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, 2012 or 2011.

(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 statements of activities as net assets released from restrictions.

(1) Summary of Significant Accounting Policies, Continued

(e) Contributions Receivable

At December 31, 2011, The Trust had an unconditional contribution receivable under a collaborative agreement with another organization (see note 8). 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. The Trust received the balance in full during 2012.

(f) Investments

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

Investments in marketable equity and fixed income securities with readily determinable market values are reported at fair value based on quoted prices in active markets. 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 market exchanges, are generally illiquid and may be valued differently than if readily available markets existed for such investments. The Trust's alternative investments include, but are not limited to, 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 statements of activities.

(1) Summary of Significant Accounting Policies, Continued

(g) Concentrations of Credit Risk

Financial instruments which potentially subject The Trust to concentrations of credit risk consist of cash in excess of FDIC limits, investments in debt and equity securities and alternative investments. The Trust periodically holds its cash and temporary investments in excess of FDIC limits with creditworthy, high quality financial institutions. 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 appropriate for meeting the long-term mission of The Trust.

(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.

(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.

(1) Summary of Significant Accounting Policies, Continued

(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.

(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.

Management is required to evaluate tax positions taken by The Trust and to recognize a tax liability if The Trust has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management believes it has appropriate support for any tax positions taken and that none would require recognition of a liability or disclosure in the financial statements. The Trust is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes The Trust is no longer subject to income tax examinations for years prior to December 31, 2009.

Certain of The Trust's investments generate unrelated business taxable income. The Trust did not incur income taxes related to these activities in 2011 or 2012.

(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 17, 2013 and this is the date through which subsequent events were evaluated.

(1) Summary of Significant Accounting Policies, Continued

(n) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. The reclassifications had no effect on net assets.

(2) Investments

The Trust's investment assets, which include private and publicly held 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. The value of bond investments 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 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. 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:

		2012	2011
Short term investments	$	584,877	299,569
Domestic equities and equity funds		102,514,297	92,079,680
International equity funds		97,870,815	86,082,179
Fixed income funds		62,285,405	58,628,175
Alternative investments		111,306,459	104,341,018
Real estate investments		37,664,338	34,027,801
Total investments	$	412,226,191	375,458,422

(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 reports its investments in accordance with fair value standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard requires an entity to maximize the use of observable inputs (such as quoted prices in active markets) and to minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. In addition, The Trust reports certain investments using the "practical expedient" method. The practical expedient allows net asset value per share determined by the investment manager to represent fair value for reporting purposes when certain criteria are met. Fair value measurement standards also require The Trust to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or 3 reporting depending on lock up and notice periods associated with the underlying funds.

(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.

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.

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.

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.

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

(3) Fair Value Measurements, Continued

Fair values of investments measured on a recurring basis as of December 31, 2011 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Marketable securities	$ 212,405,704	212,405,704	-	-
Publicly traded equities owned through limited partnerships	56,227,639	-	56,227,639	-
Real estate investments	34,027,801	-	-	34,027,801
Hedge funds	37,285,842	-	27,798,110	9,487,732
Commonfund multi-strategy	14,695,621	-	-	14,695,621
Other multi-strategy	18,083,798	-	11,429,892	6,653,906
Private equity	2,732,017	-	-	2,732,017
Total	$ 375,458,422	212,405,704	95,455,641	67,597,077
Investments held under deferred compensation plans	$ 419,141	419,141	-	-

Fair values of investments measured on a recurring basis as of December 31, 2012 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Marketable securities	$ 218,068,830	218,068,830	-	-
Publicly traded equities owned through limited partnerships	79,421,936	-	79,421,936	-
Real estate investments	37,664,338	12,492,063	-	25,172,275
Hedge funds	38,981,773	-	28,591,793	10,389,980
Commonfund multi-strategy	14,824,346	-	-	14,824,346
Other multi-strategy	19,281,033	-	12,067,222	7,213,811
Private equity	3,983,935	-	-	3,983,935
Total	$ 412,226,191	230,560,893	120,080,951	61,584,347
Investments held under deferred compensation plans	$ 327,594	327,594	-	-

(3) Fair Value Measurements, Continued

The changes in investments measured at fair value using Level 3 inputs are as follows:

		Private Equity	Hedge Funds	Real estate funds	Common-fund multi-strategy	Other multi-strategy
Balance as of 12/31/10	$	1,805,304	-	33,552,603	11,435,681	6,098,733
Total realized and unrealized gains (losses)		84,217	(512,268)	(280,778)	459,247	(173,451)
Other investment income		-	-	755,976	101,520	-
Purchases		842,496	10,000,000	-	2,805,527	761,075
Distributions		-	-	-	(106,354)	(32,451)
Balance as of 12/31/11	$	2,732,017	9,487,732	34,027,801	14,695,621	6,653,906
Total realized and unrealized gains (losses)		456,101	902,248	1,015,609	1,260,771	184,905
Other investment income		(143,037)	-	839,245	(208,953)	-
Purchases		1,013,687	-	-	2,048,696	375,000
Distributions		(74,833)	-	-	(2,971,789)	-
Transfers *		-	-	(10,710,380)	-	-
Balance as of 12/31/12	$	3,983,935	10,389,980	25,172,275	14,824,346	7,213,811

* A real estate fund previously classified as a Level 3 investment converted to a publicly traded security during 2012. Accordingly, the investment was transferred to a Level 1 investment at the date of the conversion.

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 $3,161,694 and $746,460 at December 31, 2012 and 2011, respectively.

Level 1 and 2 assets have been valued using a market approach. 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 have been estimated using the net asset value per share as reported by the investment managers. The investment managers utilize a combination of market and income approaches. One or more of the following inputs are used: 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, 2012:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Publicly traded equities owned through limited partnerships (a)	$ 79,421,936	N/A	Monthly	30 days or less
Real estate investments (b)	$ 25,172,275	N/A	Quarterly to indefinite	30 days or less for quarterly liquidity
Hedge funds (c)	$ 38,981,773	N/A	Quarterly	60 days
Commonfund multi-strategy (d)	$ 14,824,346	14,966,500	None *	N/A
Other multi-strategy (e)	$ 19,281,033	125,000	None * to monthly	30 days or less for monthly liquidity
Private equity (f)	$ 3,983,935	6,898,000	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 two funds valued at December 31, 2012 at $3,754,089 and $21,418,186 respectively. The first fund consists of three properties in the western United States, two of which are vacant. The second fund is a large fund that is broadly diversified across real estate asset classes and is 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. All valuations are based on annual appraisals of the underlying properties conducted by independent appraisers generally on a rolling quarterly basis.

(3) Fair Value Measurements, Continued

(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, added late in 2011, seeks equity-like returns over a full market cycle with low market correlation, reduced volatility, and limited risk. The fund will contain a broadly diversified portfolio of hedge funds, other investment entities, and/or separate account targeting allocations of 60%-70% to long/short strategies and 30%-40% low volatility strategies.

(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, 2012 the total committed was $29,750,000 of which $14,966,500 remains to be called. There is one distressed debt fund, three natural resource funds and three 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, 2012, the distressed debt fund was 77% called, the three natural resource funds were 83%, 56%, and 2% called, respectively, and the three venture capital funds were 77%, 40%, and 2% 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 98% 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 third fund is a commodity based fund that 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 32.5% in North America, 5% in emerging markets, 6.2% in the United Kingdom, 2.9% in Continental Europe, 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 71% called. The second international private equity fund has a $2,000,000 commitment and is 25% called. The U.S. private equity fund has a $2,500,000 commitment and is 63% called: the second US private equity fund has a commitment of $4,000,000 and is 7% 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.

(4) Interest Receivable

During 2012, The Trust recorded an allowance of $1,437,000 against accrued interest receivable of $1,891,953. The interest is receivable from The Trust's investment in fixed base operations that service private aviation activities on U.S. airports (see note 3(e)). In light of on-going economic challenges in that market, The Trust has reduced the receivable balance to the amount management estimates is collectible.

(5) Property and Equipment

Property and equipment consists of the following at December 31:

	2012	2011
Building improvements	$ 40,112	18,872
Machinery and equipment	783,889	665,211
Furniture and fixtures	358,282	351,810
	1,182,283	1,035,893
Accumulated depreciation	(918,558)	(791,343)
Property and equipment, net	$ 263,725	244,550

(6) 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 2012, net of the amortization of the deferred gain and including rent escalation charges of $333,448, was $480,396. Rent expense in 2011, net of the amortization of the deferred gain and including rent escalation charges of $292,312, was $431,524.

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:

2013	$ 455,717
2014	463,716
2015	471,827
2016	480,355
2017	488,821
2018-2028	5,446,675
	$ 7,807,111

(7) 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, 2012 and 2011, the assets and related liabilities of the Section 457(b) deferred compensation plan were recorded at the fair market values of $327,594 and $419,141, respectively.

(8) 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 included 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. To assist in funding the Project, TCHF granted $2,000,000 to The Trust in 2010. The Trust received the funding from TCHF in three equal annual installments beginning in 2010 and ending in 2012.

(9) 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 $327,714 and $305,777 in 2012 and 2011, 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. Contributions to the plan vest immediately. There are no employer matching contributions.

(10) Agreements with Dioceses

The Episcopal Diocese of Colorado and the Presbytery of Denver (the Dioceses) 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 distribution to each organization equal to 5% of the total grant expenditures each year, less the amount paid to each organization in that year. Distributions to each organization in 2012, based on grant expenditures paid in 2011, were $578,880 for a total of $1,157,759. Included in grants payable at December 31, 2012 is $945,771, representing the payments due the Dioceses in 2013 for grant expenditures paid during 2012.

(11) Grant and Contract Commitments

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

2013	$ 4,344,972
2014	1,181,866
2015	303,894
2016	35,000
	5,865,732
Less present value of payments scheduled after 2013	(24,162)
	$ 5,841,570

At December 31, 2012, The Trust has entered into several multi-year evaluation contracts with total outstanding commitments of $1,102,027. These commitments are not reflected in the accompanying financial statements because the contract deliverables have not been met.

(12) 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 included in excise tax payable was $616,629 at December 31, 2012 and $23,953 at December 31, 2011.

Excise tax expense consists of the following at December 31:

	2012	2011
Current excise tax expense	$ 362,360	277,586
Deferred excise tax expense	592,676	(364,806)
Total expense	$ 955,036	(87,220)