



# KENNETH KING FOUNDATION

## ANNUAL REPORT 2016

Mailing Address:

100 Fillmore Street, 5<sup>th</sup> Floor  
Denver, CO 80206

Phone: 303.832.3200

Fax: 303.832.4176

# CONTENTS

## Table of Contents

**Annual Letter from the Board Chair & President ..... 2**  
**Revenue and expenses (cash basis)..... 5**  
**Board of directors/key Staff..... 6**  
**Grants and Investments by Program Area..... 7**  
**Contact Information..... 11**

# KENNETH KING FOUNDATION

## ANNUAL LETTER FROM THE BOARD CHAIR & PRESIDENT

Dear Friends of the Kenneth King Foundation:

Enclosed please find the 2016 Kenneth King Foundation Annual Report.

In 2016, the Kenneth King Foundation made \$980,455 in grants and program-related investments to Colorado-based organizations. Our funding continued to focus on the positive momentum employment and access to entrepreneurship provides individuals and families. Whether we are investing in programs that create job opportunities for at-risk populations, technical assistance and capital alongside pathways to entrepreneurship or helping remove barriers to employment, we believe the journey to self-sufficiency begins and improves with meaningful work. And, by removing obstacles to employment and entrepreneurship for at-risk populations, we believe we are making a significant improvement in the lives of thousands of Coloradans.

In the Foundation's third year funding programs providing resources for disadvantaged entrepreneurs, we continued to invest in community development financial institutions such as the Rocky Mountain Microfinance Center, ACCION and the Colorado Lending Source. We believe these programs are more successful establishing new entrepreneurs than traditional and alternative lending sources because of the education, advice, and mentorship they provide aspiring entrepreneurs from lower socioeconomic backgrounds. Of course, they offer capital at more reasonable interest rates, where traditional lenders may not even consider lending. Given Colorado has consistently ranked in the top five among U.S. states with high levels of new entrepreneurs per year<sup>1</sup>, our focus continues to be on low-income, minority, rural and other disadvantaged populations, where the rate of entrepreneurship is much lower.

Colorado's history and culture are steeped in entrepreneurship and small business ownership. The Kenneth King Foundation is the by-product of our namesake's willingness to take risks by setting out to start a financial institution with little start-up capital or guidance. Today, more than 8% of Colorado's adult population owns a business as their primary job, ranking the state fourth in the nation for small business ownership as a percentage of the total adult population<sup>2</sup>. However, among people of color, America and Colorado's fastest growing population segment<sup>3</sup>, barriers to small business ownership are seemingly insurmountable. Among Latinos, small business ownership as a percentage of total population is almost half of the Colorado average, 4.57%, and among blacks, the figure is even lower, 2.94%<sup>4</sup>. Given population growth is more than double the rate among people of color versus people of white non-Hispanic descent, an increase in entrepreneurship among people of color not only improves income disparity across race but also can create more meaningful employment among a faster growing population segment, which happens to be disadvantaged.

---

<sup>1</sup> Kauffman Foundation Index, [Larger States Rankings: Startup Activity](#), November 2016

<sup>2</sup> Kauffman Foundation calculations from CPS. Yearly measure for U.S. and three-year moving average for states and metros, November 2016

<sup>3</sup> State of Colorado Demographer's Office, [Population growth forecast 2016-2025](#)

<sup>4</sup> Kauffman Foundation calculations from CPS. Yearly measure for U.S. and three-year moving average for states and metros, November 2016

# KENNETH KING FOUNDATION

(Annual letter cont-d)

Growing youth's exposure to entrepreneurship and meaningful employment through education, mentorship, internships and apprenticeships continue to be another important focus for the Foundation. In 2016, the Foundation continued to fund programs such as Goodwill Industries of Denver, where early access to mentorship, leadership skills, problem-solving tools, and guidance chips away at the barriers youth face to entrepreneurship and meaningful employment.

Not surprising, people who know entrepreneurs are more likely to become entrepreneurs and exposure to entrepreneurship earlier in life raises the probability of engaging in it. We have learned that before starting a business, more than half of all business owners had a family member who was self-employed, and, nearly a quarter of all entrepreneurs worked in a family business of some kind before acquiring it or starting one of their own. We think the possibility of exposing at-risk youth to successful entrepreneurs in a meaningful, insightful way will open more doorways to entrepreneurship among populations unaware of these possibilities.

According to the Kauffman Foundation, nationally, white-owned firms experienced double the average sales of Asian, Hispanic and black-owned businesses. Also, Hispanic and black-owned businesses have higher failure rates than do white- and Asian-owned firms. Reasons include industry differences, minority-owned businesses overrepresented in less successful industries; and access to less capital and technical assistance for minority entrepreneurs. Businesses owned by people of color on average received loan amounts 35 percent lower than those offered to white-owned firms, and the denial rate for women-owned firms is twice of white male-owned firms<sup>5</sup>.

Although not everyone, particularly among at-risk populations, is equipped with the capital, risk tolerance, skills, desire and wherewithal to become a successful entrepreneur, we believe disadvantaged individuals who have the desire and appetite for entrepreneurship should be provided with the tools and capital they need to improve their odds. After all, although only one in ten American workers are self-employed, this segment of our population, 13 million people, holds 37 percent of all of the wealth in the United States<sup>6</sup>.

Our interest in growing access to meaningful employment does not stop with entrepreneurship. Alongside our interest in lending capital to aspiring entrepreneurs from disadvantaged backgrounds, we continue to invest in employee training programs in industries with existing employment opportunities in our community. Areas of interest include bank tellers, diesel mechanics and health care personnel, and we continue to learn about other industries.

In 2016, we grew our impact investment portfolio by making investments in early childhood education mobile application WeeSchool and small business lender the Colorado Lending Source. The WeeSchool mobile application provides parents of varying socioeconomic backgrounds age-appropriate activities to educate and engage with their baby. In the case of WeeSchool, we believe investing in creative ways to provide disadvantaged and low-income parents with tools and resources to interact with their children will result in long-term positive outcomes. The Colorado Lending Source offers character-based, direct loans of \$50,000 or less to responsible, early-stage businesses unable to secure financing on reasonable terms

---

<sup>5</sup> [Federal Reserve Board Survey of Small Business Finances, 2003](#)

<sup>6</sup> Kauffman Foundation, Entrepreneurship Policy Digest, ["Including People of Color in the Promise of Entrepreneurship,"](#) December 5, 2016

# KENNETH KING FOUNDATION

(Annual letter cont-d)

through other sources. Many of these firms are women-owned, minority-owned, veteran-owned and businesses located in rural areas, all at-risk entrepreneurs with the capability to positively impact the current downward start-up trend, all while improving our community.

Once again, this year's Colorado's unemployment rate is at record lows, currently at 2.3%<sup>7</sup>, versus the national average 4.4%, and our state is consistently one of the top entrepreneurial states in the U.S. Our state promises a multitude of opportunity for the appropriately educated and trained workforce.

Given start-up companies less than five years old have, in the past, created 90 percent of all new jobs, and start-ups are on a downward trend, with less new businesses forming, new jobs and opportunities for the disadvantaged are declining. Nationally, part of the issue might be that the fastest growing populations, people of color, are not starting and growing companies at the same rate as their white counterparts, leading to an overall decline in start-up growth when compared to overall population growth.

It turns out, though, that no matter how prosperous our Colorado economy appears, the need for basic needs continues. For example, our homelessness rates are not declining. No matter the potential circumstance for our rise in homelessness (Colorado experienced a 13% increase in homelessness from 2015-2016<sup>8</sup>), we recognize the need to identify and support organizations providing services standing in the way to achieve self-sufficiency. Whether in rural or urban Colorado, it is still difficult to get un- and under-employed people into meaningful employment. And, before the homeless can consider employment, their basic needs must be met. A large portion of our funding addresses basic human services that stand in the way of employment.

In addition to our employment, entrepreneurship and barriers to employment funding focus, ten percent of our 2016 grantmaking was targeted towards Colorado arts and culture organizations.

In the Fall of 2016, the Foundation undertook a strategic planning process which included analysis of past grantmaking, assessing our state's current challenges and opportunities; and interviewing past grant recipients. The resultant strategic plan renews our commitment to job creation through entrepreneurship, opening pathways to meaningful employment and supporting the needs of the un- and underemployed to match interests and job training needs with the needs of today's employers.

In 2017, the Foundation continues to explore different impact investments where our dollars can strengthen entrepreneurs in both rural and urban Colorado. We encourage organizations interested in exploring impact investing to contact us, either by phone, 303-832-3200 or email, [grants@kennethkingfoundation.org](mailto:grants@kennethkingfoundation.org).

Thank you for your continued commitment to improving the lives of Coloradans. We are honored to be a small part of it.

Tim Welker	Janice Fritsch
Board Chair	President

---

<sup>7</sup> [Colorado Department of Labor, June 2017](#)

<sup>8</sup> 2016 U.S. Department of Housing and Urban Development Annual Report on Homelessness

# KENNETH KING FOUNDATION

## REVENUE AND EXPENSES (CASH BASIS)

### Revenues:

Interest and dividends	\$ 1,561,802
Net realized gain on sale of investments	463,638
Other Income	<u>628</u>
<b>Total revenues</b>	<b><u>2,026,068</u></b>

### Expenses:

Grants paid	665,456
Other grant expenses	116,022
Administrative expenses	549,014
Investment and other expenses	760,242
Excise tax expense	<u>35,100</u>
<b>Total expenses</b>	<b><u>2,125,834</u></b>

**Changes in net assets** \$ (99,766)

## BALANCE SHEET (CASH BASIS)

### Assets:

Cash and money market	\$ 386,902
Common stock at fair market value	46,347,258
Program related investments	<u>292,548</u>
<b>Total cash and investments</b>	<b>47,026,708</b>
Lease deposits	5,178
<b>Total assets</b>	<b><u>\$ 47,031,886</u></b>

### Net Assets:

<b>Unrestricted net assets at fair market value</b>	<b>\$ 47,031,886</b>
<b>Total net assets</b>	<b><u>\$ 47,031,886</u></b>

The Foundation's financial statements are audited by Kunding, Corder & Engle, P.C.

# KENNETH KING FOUNDATION

## BOARD OF DIRECTORS/KEY STAFF

T.E. Welker, Board Chair

Matthew R. Banner, III, Director

Stacey Hekkert, Director

John Love, Treasurer/Director

Jared Minor, Director

Janice K. Fritsch, President

## GRANTMAKING GUIDELINES

The Kenneth King Foundation accepts grant applications by invitation only. Invitations to apply for a grant are sent to mission-aligned organizations throughout the year, generally no later than 60 days before the grant proposal deadline. The Foundation has instituted two deadlines to apply for funding:

March 1 – Basic Human Needs that remove barriers to employment

September 1 – Entrepreneurship Programs and Jobs Programs

For organizations interested in applying, who have not received an invitation to apply, please submit a letter of inquiry alongside year-to-date financial statements (state of income and balance sheet). The Foundation will notify these organizations if they are eligible to apply for funding for their respective program area.

# KENNETH KING FOUNDATION

## GRANTS AND INVESTMENTS BY PROGRAM AREA

### ARTS, CULTURE, AND THE HUMANITIES

Alamosa Live Music Association	\$5,000
Broomfield Civic Chorus	\$2,500
Colorado Ballet Company	\$5,000
Colorado Symphony Orchestra	\$10,000
Denver Lyric Opera Guild	\$10,000
Denver Museum of Nature and Science	\$35,000
History Colorado	\$6,555
Phamaly	\$5,000
Colorado College Summer Music Festival	\$5,000

---

**Total Arts, Culture, and the Humanities Funding- 9%** **\$84,055**

---

### HUMAN SERVICES

Advocates Safehouse	\$5,000
Arvada Community Food Bank	\$5,000
Boulder Shelter for the Homeless	\$5,000
Boy and Girls Club of the San Luis Valley	\$5,000
Capitol Hill Community Services	\$50,000
Catholic Charities of Denver	\$5,000
Celebrate Autism	\$5,000

## KENNETH KING FOUNDATION

Colorado Friendship	\$5,000
Colorado Lions KidSight Program	\$10,000
Colorado Young Leaders	\$10,000
Community Resource Center	\$5,000
Denver Catholic Worker Soup Kitchen	\$3,000
Denver Lions Foundation	\$12,500
Eagle Valley Religious Foundation	\$15,000
First Baptist Church of Denver	\$15,000
Gathering Place	\$10,000
Global Livingston Institute	\$5,000
Haven House of Montrose	\$5,000
Heart of Boardwalk/CHARG	\$5,000
Hope Communities	\$900
House of Neighborly Service	\$5,000
Inn Between of Longmont	\$5,000
Invest in Kids	\$5,000
Karis Community	\$5,000
Kids Aid	\$5,000
La Clinica Tepeyac	\$10,000
La Puente Home	\$10,000
Manna Soup Kitchen	\$5,000
Metro Caring	\$10,000
OUR Center	\$5,000

## KENNETH KING FOUNDATION

Project Self Sufficiency	\$5,000
Rocky Mountain MS Center	\$10,000
Volunteers of America	\$5,000
WeeSchool	\$200,000
WINGS Foundation	\$10,000

---

**Total Human Services Funding- 49%** **\$476,400**

---

### JOBS AND ENTREPRENEURSHIP

ACCION New Mexico	\$50,000
Bayaud Enterprises	\$10,000
Blue Star Recyclers	\$15,000
Bridge House	\$10,000
Colorado Lending Source (PRI-Loan)	\$100,000
Discovery Goodwill	\$25,000
Emily Griffith Foundation	\$10,000
Energy Resource Center	\$5,000
Girls Inc.	\$5,000
Goodwill Industries of Denver	\$45,000
Mi Casa	\$25,000
REACH Pikes Peak	\$5,000
Rocky Mountain MicroFinance Institute	\$25,000
Rose Comm. Fdn.-Impact Finance Days	\$5,000
Saguache Works	\$5,000
Spring Institute	\$10,000

# KENNETH KING FOUNDATION

Springs Rescue Mission \$10,000

Work Options for Women \$20,000

**Total Entrepreneurialism Funding- 39%** **\$380,000**

---

## EDUCATION

Sigma Chi Foundation \$10,000

Snowboard Outreach Society \$10,000

St. Elizabeth's School \$10,000

William Roberts School STEM Lab \$15,000

**Total Education Funding- 5%** **\$45,000**

---

**Total Grant Funding in 2016** **\$980,455**

# KENNETH KING FOUNDATION

## CONTACT INFORMATION

### Mailing Address:

Kenneth King Foundation  
100 Fillmore Street, 5th Floor  
Denver, CO 80206

Phone: 303.832.3200

Fax: 303.328.2322

[www.kennethkingfoundation.org](http://www.kennethkingfoundation.org)

[info@kennethkingfoundation.org](mailto:info@kennethkingfoundation.org)