

**THE SUMMIT FOUNDATION  
BRECKENRIDGE, COLORADO  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2018 AND 2017**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
The Summit Foundation  
Breckenridge, Colorado

We have audited the accompanying financial statements of The Summit Foundation (a nonprofit organization), which comprises the Statements of Financial Position as of September 30, 2018 and 2017, 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 audit. We conducted our audit 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 from 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.

### **Basis for Qualified Opinion**

As more fully described in Note 1 to the financial statements, The Summit Foundation does not record the full amount of multi-year pledges at the time the commitment is made by the donor. Instead, the Foundation recognizes a receivable, and deferred revenue, in the amount equal to the total of all future payments on the multi-year pledge. In our opinion, accounting principles generally accepted in the United States of America require that the full amount of multi-year pledges be recognized as revenue at the time a commitment is made by a donor. If such revenue was recorded, net assets would increase by \$1,681,000 and \$1,673,000 as of September 30, 2018 and 2017, respectively.

### **Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The Summit Foundation as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Operating Fund Schedule of In-Kind Activities on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Watson Coon Ryan, LLC*

WATSON COON RYAN, LLC

Greenwood Village, CO  
January 25, 2019

**THE SUMMIT FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2018 AND 2017**

**ASSETS**

	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Operating Fund:		
Cash and Money Market	\$ 619,690	\$ 726,341
Endowment Fund:		
Cash and Money Market	539,743	154,451
Investments at fair value	10,675,132	11,231,360
Total Endowment Fund	11,214,875	11,385,811
Cash Held in Escrow	362,317	301,458
Unconditional Promises to Give, net of Allowance for Doubtful Accounts	880,076	797,722
Prepaid Expenses	19,363	10,847
Fundraising Events Receivable	87,512	39,242
<b>TOTAL CURRENT ASSETS</b>	13,183,833	13,261,421
Property and Equipment, net	65,579	41,963
<b>NONCURRENT ASSETS</b>		
Unconditional Promises to Give, less Current Portion Above	790,000	876,000
Deposits	100	100
<b>TOTAL NONCURRENT ASSETS</b>	790,100	876,100
<b>TOTAL ASSETS</b>	\$ 14,039,512	\$ 14,179,484

**LIABILITIES AND NET ASSETS**

	<b>2018</b>	<b>2017</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 15,054	\$ 40,348
Grants and Scholarships Payable	96,262	60,000
Escrow Payable	362,317	307,475
Deferred Revenue	1,051,393	969,261
<b>TOTAL CURRENT LIABILITIES</b>	1,525,026	1,377,084
<b>NONCURRENT LIABILITIES</b>		
Deferred Revenue	790,000	\$ 876,000
<b>TOTAL LIABILITIES</b>	2,315,026	2,253,084
<b>NET ASSETS</b>		
Unrestricted Net Assets		
Designated by the Board for donor advised funds	4,662,246	5,093,943
Designated by the Board for endowment purposes	6,552,629	6,291,868
Undesignated	509,611	540,589
<b>TOTAL NET ASSETS</b>	11,724,486	11,926,400
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 14,039,512	\$ 14,179,484

The accompanying notes are an integral part of these financial statements

**THE SUMMIT FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
	<b>Unrestricted</b>	<b>Unrestricted</b>
<b>UNRESTRICTED PUBLIC SUPPORT AND REVENUES</b>		
Contributions		
Individual, Corporate and Board Giving	\$ 1,165,439	\$ 1,080,634
Ski Pass Medallion Contributions	1,154,000	1,073,000
Donor Advised Agencies and Scholarships	911,535	1,322,745
Contributions- Mountain Futures Programs	20,654	101,000
Total Contributions	<u>3,251,628</u>	<u>3,577,379</u>
Fundraisers	1,091,052	1,349,279
Investment Earnings (Losses), Net of Management Fees	460,874	868,044
Interest and Dividends	<u>246,750</u>	<u>207,631</u>
<b>TOTAL UNRESTRICTED PUBLIC SUPPORT AND REVENUES</b>	<b>5,050,304</b>	<b>6,002,333</b>
<b>EXPENSES</b>		
Grants:		
Agencies and Scholarships	2,082,890	1,948,189
Donor Advised Agencies and Scholarships	<u>1,622,798</u>	<u>1,368,088</u>
Total Grants	<u>3,705,688</u>	<u>3,316,277</u>
Fundraising Expenses	639,512	704,708
Administrative Expenses:		
Salaries, Benefits and Related Taxes	614,503	522,596
Rent, Utilities and Telephone	28,396	27,195
Advertising, Printing and Graphics	90,099	75,413
Insurance	4,011	5,374
Board, Committee and Donors Reception Expenses	47,634	44,745
Professional Fees, Dues and Subscriptions	27,884	19,869
Office Supplies and Postage	12,475	14,530
Technology	34,973	29,238
Travel and Entertainment	<u>24,760</u>	<u>22,256</u>
Total Administrative Expenses	<u>884,735</u>	<u>761,216</u>
Other Expenses:		
Depreciation	15,344	14,305
Credit Card and Bank Fees	<u>6,939</u>	<u>7,229</u>
Total Other Expenses	<u>22,283</u>	<u>21,534</u>
<b>TOTAL EXPENSES</b>	<b><u>5,252,218</u></b>	<b><u>4,803,735</u></b>
Increase In Net Assets	(201,914)	1,198,598
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>11,926,400</u>	<u>10,727,802</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 11,724,486</u></u>	<u><u>\$ 11,926,400</u></u>

The accompanying notes are an integral part of these financial statements

**THE SUMMIT FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (201,914)	\$ 1,198,598
Adjustments To Reconcile Net Income To Net Cash Provided By (Used In) Operating Activities:		
Depreciation	15,344	14,305
Unrealized Gain/Loss on Investments	(339,993)	(932,667)
(Increase)/Decrease in Receivables	(44,624)	94,292
Increase/(Decrease) in Accounts Payable	(31,311)	31,421
(Increase)/Decrease in Other Assets	(8,516)	1,584
Increase in Grants and Scholarships Payable	36,262	5,575
(Decrease) in Deferred Revenue	(3,868)	(65,686)
Total Adjustments	<u>(376,706)</u>	<u>(851,176)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	(578,620)	347,422
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Marketable Securities	(1,012,409)	(1,853,082)
Proceeds from Sale of Marketable Securities	<u>1,908,630</u>	<u>1,436,479</u>
<b>CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<u>896,221</u>	<u>(416,603)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for the Purchase of Property	<u>(38,960)</u>	<u>(7,359)</u>
<b>CASH USED FOR FINANCING ACTIVITIES</b>	<u>(38,960)</u>	<u>(7,359)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	278,641	(76,540)
<b>CASH AT BEGINNING OF YEAR</b>	<u>880,792</u>	<u>957,332</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 1,159,433</u>	<u>\$ 880,792</u>

The accompanying notes are an integral part of these financial statements

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Summit Foundation (The Foundation) is a public, community foundation dedicated to improving the quality of life for residents and guests of Summit County and Neighboring Communities. The Summit Foundation is a 501 (c) (3) nonprofit corporation that accepts charitable contributions and serves as a philanthropic vehicle to accept scholarship funds, donor advised funds, agency endowments and other such gifts. The Foundation funds nonprofit organizations that provide programs and services to create thriving adult communities, create bright futures for children and youth, encourage community engagement and enrichment, promote environmental stewardship and foster healthy and safe communities. Additionally, scholarship programs have been established to support graduating seniors at Summit High School and high schools in Leadville, Fairplay, and Kremmling. A college sophomore year scholarship program is available to previous scholarship recipients. The Foundation was originally called The Breckenridge Development Foundation incorporated under the nonprofit statutes of the State of Colorado on May 23, 1984. The articles were amended to change the name to The Summit Foundation on September 26, 1991.

Basis Of Accounting - The financial statements of the Foundation have been prepared on the accrual basis and accordingly reflects all significant receivables, payables and other liabilities.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification Topic 958, subtopic 205 related to Not-for-Profit Entities and the Presentation of Financial Statements, except for the revenue recognition departure. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Foundation does not have any temporarily or permanently restricted net assets.

Cash and Cash Equivalents - For purposes of the statements of cash flow, The Foundation considers all short-term debt securities purchased with a maturity of less than three months to be cash equivalents.

Cash held in escrow accounts represents funds held for community organizations. The Foundation has limited responsibility as to amounts deposited or withdrawn from these accounts. The amounts of escrow accounts held on behalf of other community organizations as of September 30, 2018 and 2017 was \$343,571 and \$301,458, respectively.

Concentration of Credit Risks - The Foundation places its cash and equivalents in high quality financial institutions and, from time to time, cash balances may be in excess of the FDIC & SIPC insurance limits. Management believes that credit risk related to cash balances and investments are minimal. The Foundation has accepted the risks associated with having balances at financial institutions that exceed FDIC & SIPC limits.

Fair Value of Financial Instruments - The Foundation's financial instruments include cash and cash equivalents, pledges receivable, and pledges payable. The Foundation estimates that the fair value of all financial instruments at September 30, 2018 and 2017 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The carrying amount of these financial instruments approximates fair value because of the short maturity dates of these instruments.



THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Revenue recognition - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the 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. For the years ended September 30, 2018 and 2017 there were no contributions restricted by donors.

Generally accepted accounting principles require the recognition of a multi-year commitment as contributed income in the year in which the commitment is made. The Summit Foundation, however, records all multiyear contributions related to ski passes as a receivable and deferred revenue. The Summit Foundation offers three year pledges related to the ski passes. Income subsequently is recognized annually as the receivables are repaid and the ski medallions are released. As of September 30, 2018, the pledge receivable and deferred revenue are comprised of pledge commitments for the periods ending 2019, 2020 and 2021.

Generally accepted accounting principles state that in-kind revenue and expense should not be recorded for items donated to be used for soliciting donations. The Summit Foundation, however records in-kind revenue for the value of the ski pass medallions donated to secure multi-year pledges. This departure in GAAP does not result in net assets being misstated, as the amount of the in-kind revenue is the same for both revenue and expense.

Grants payable - Grants payable represent amounts approved by the Trustees and are due to recipients as of the end of the year. All grant applications are subject to Foundation guidelines and Trustees' approval.

Scholarships payable - Scholarships payable represent amounts approved by the Trustees for requested and unrequested scholarship funds that have been granted, but have not yet been paid.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recently Issued Accounting Standards

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The Update is intended to make several improvements to current reporting requirements that address: complexities in the current requirement to present three classes of net assets, deficiencies in the transparency and utility of information useful in assessing an entity's liquidity caused by misunderstandings and confusion about the term *unrestricted net assets* and how restrictions or limits imposed by donors, grantors, laws, contracts and governing boards affect an entity's liquidity, classes of net assets and financial performance. The update is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Management is currently evaluating the effect that this Update will have on the Foundation's financial statements.

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

2. INVESTMENTS

Investments are stated at fair value and consist of primarily mutual funds. Cash held in money market funds has been treated as cash for financial statement presentation purposes. Money held in these cash equivalent funds totaled \$539,743 and \$154,451 as of the years ended September 30, 2018 and 2017, respectively. The amounts as of September 30, 2018 and 2017 are as follows:

<u>Endowment Funds</u> <u>As of September 30, 2018</u>			
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized appreciation/ (depreciation)</u>
Fixed Income Funds	\$ 3,204,421	\$3,271,240	\$ (66,819)
Complimentary Strategies Funds	540,140	537,306	2,834
Equity Funds	6,404,654	5,527,215	877,439
Real Estate Mutual Funds	<u>525,917</u>	<u>525,275</u>	<u>642</u>
Total Investments:	<u>\$10,675,132</u>	<u>\$9,861,036</u>	<u>\$ 814,096</u>

<u>Endowment Funds</u> <u>As of September 30, 2017</u>			
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized appreciation/ (depreciation)</u>
Fixed Income Funds	\$ 3,328,080	\$3,302,339	\$ 25,741
Complimentary Strategies Funds	546,731	542,375	4,356
Equity Funds	6,806,908	6,352,889	454,019
Real Estate Mutual Funds	<u>549,641</u>	<u>540,351</u>	<u>9,290</u>
Total Investments:	<u>\$11,231,360</u>	<u>\$10,737,954</u>	<u>\$ 493,406</u>

These funds represent board designated amounts set aside in prior years for the purpose of providing an income stream.

3. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Statement *Accounting Standards Codifications* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1*** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

THE SUMMIT FOUNDATION  
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*Level 2* Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2018 and 2017.

*Registered investment companies:* Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while The Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments have been thoroughly reviewed by management and are all classified as level 1 investments as of September 30, 2018 and 2017. The following note describes the investments in further detail.

**Assets at Fair Value as of September 30, 2018**

	Level 1	Level 2	Level 3	Total
Registered Investment Companies	\$10,675,132	\$ -	\$ -	\$10,675,132
Total assets at fair value	\$10,675,132	\$ -	\$ -	\$10,675,132

**Assets at Fair Value as of September 30, 2017**

	Level 1	Level 2	Level 3	Total
Registered Investment Companies	\$11,261,360	\$ -	\$ -	\$11,261,360
Total assets at fair value	\$11,261,360	\$ -	\$ -	\$11,231,360

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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4. UNCONDITIONAL PROMISES TO GIVE

The Foundation records pledges receivable from donors with residence or businesses primarily in the Summit County region. Based on the historical collection experience of The Foundation, management feels that an allowance for doubtful accounts of \$13,415 and \$13,515 for the years ended September 30, 2018 and 2017, respectively is appropriate.

	<u>2018</u>	<u>2017</u>
Contributions Receivable		
Premier Patron Pass Program	\$1,683,491	\$1,687,237
Events	87,512	39,243
Allowance for Doubtful Accounts	<u>(13,415)</u>	<u>(13,515)</u>
Total	<u>\$1,757,588</u>	<u>\$1,712,965</u>
Amounts due in:		
Less than one year	\$ 967,588	\$ 836,965
One to five years	<u>790,000</u>	<u>876,000</u>
Total	<u>\$1,757,588</u>	<u>\$1,712,965</u>

5. PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded at their estimated fair value. Purchased property and equipment is capitalized at cost. Depreciation is computed using the straight line and accelerated methods over a period of five to seven years; leasehold improvements are depreciated over the life of the current lease.

Property as of September 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Furniture and Fixtures	\$ 56,753	\$ 54,289
Leasehold Improvements	22,185	22,185
Computer Equipment and Software	<u>87,738</u>	<u>51,242</u>
Total Property, Plant and Equipment	\$166,676	\$127,716
Less accumulated depreciation	<u>(101,097)</u>	<u>(85,753)</u>
	<u>\$ 65,579</u>	<u>\$ 41,963</u>

Depreciation and amortization expense for the twelve months ended September 30, 2018 and 2017 was \$15,344 and \$14,305, respectively.

THE SUMMIT FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

6. DONATED BENEFITS AND SERVICES

Various contribution levels have the right to benefit packages. Contributions of \$5,000 and \$6,000 or more, receive a 4-mountain or 6-mountain (respectively) transferable season ski pass, complimentary golf at Breckenridge, Copper, and Keystone golf courses as well as a variety of other benefits. A four-year patron program, requiring a \$17,000 contribution, is recognized with a 6-mountain transferable season ski pass and other benefits as noted above.

These benefits are donated to the Foundation by the Arapahoe Basin Ski Area, Beaver Creek Resort, Breckenridge Ski Resort, Copper Mountain Resort, Keystone Resort, Vail Mountain and other sponsor organizations and businesses.

In-kind and donated services (support) and expenses are reported at fair market value in the financial statements of The Foundation as follows:

Fundraisers:

	<u>2018</u>	<u>2017</u>
Ski Pass Medallions	\$ 417,678	\$ 460,989
Rubber duck race	50,926	65,099
Golf Tournament	20,911	24,364
Parade of Homes	<u>11,500</u>	<u>9,560</u>
	501,015	560,012
Other donated product and services	<u>91,711</u>	<u>62,460</u>
Total	<u>\$ 592,726</u>	<u>\$ 622,472</u>

Certain contributed products and services are recorded as support and expenses at fair market value when determinable, otherwise at values indicated by the donor. A portion of the Foundation's functions are conducted by unpaid volunteers. No amounts have been recognized in the accompanying financial statements, since the volunteers' time does not meet the criteria for recognition under ASC Topic 958, subtopic 605. Under ASC Topic 958, subtopic 605, contributed services are recorded if they create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

During 2018 and 2017, The Foundation received various donated services, such as graphic design, printing, legal and marketing services, office supplies, etc. These donations were used during the course of the year to promote and support The Foundation and its objectives.

7. ENDOWMENT FUND AND SPENDING POLICY

The Foundation maintains Donor Advised Funds, as well as Board Designated Endowment Funds in six categories: 1. General Fund, 2. Peaks Society Fund, 3. Non Profit Agency Funds, 4. Scholarship Funds, 5. Field of Interest Funds and, 6. Designated Funds. All funds are managed together under a single investment policy.

The Foundation has adopted an Endowment Policy (most recently revised in August, 2018) which established a Contingency Reserve, a spending policy for the General Fund and the Peaks Society, a target rate for fund growth, risk tolerance and a policy related to social enterprise investments. The annual spending policy for the General Fund is up to 3.5% for proactive/legacy (special initiative) grants, and the spending policy of the Peaks Society Fund is up to 3.5% for either special initiatives, or to fund nonprofit

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NOTES TO FINANCIAL STATEMENTS  
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organizations within the community as part of its regular annual grants. This 3.5% spending policy is based upon a four year moving average of the principal value of the General Fund and the Peaks society Fund.

Although it is not the intention of the Foundation, all of its funds, as well as the Donor Advised Funds and Agency Funds, are in fact wholly expendable on a current year basis. The Board of Trustees has determined that none of the funds meet the definition of Endowment Fund under the State Prudent Management of Institutional Funds Act (SPMIFA.) Accordingly, The Foundation does not consider itself constrained by SPMIFA in the manner in which funds may be appropriated.

The Foundation has an Investment Policy (revised in 2017) which invests all Endowment Assets, including Donor Advised Funds, that is intended to produce results that exceed the rate annual inflation by 3.5% over time. Assuming a moderately aggressive level of investment risk, the Foundation expects its funds, over time, to provide an average rate of return of 6.5% annually. Actual returns in any given year may vary from this amount.

To satisfy its long term rate of return objectives, The Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends.) The Foundation targets a diversified asset allocation that places a greater emphasis on equity based investments to achieve its long term objectives within prudent risk constraints.

**Endowment Related Activities:**

	2018	2018	
	Donor-Advised	Board-Designated	
	Funds	Endowment	Total
	Funds	Funds	
Investment Return:			
Investment Income	\$ 109,063	\$ 134,908	\$ 243,971
Net Unrealized and Realized Gains	240,333	248,342	488,675
Total Investment Return	349,396	383,250	732,646
Contributions to endowment	854,935	124,582	979,517
Amounts appropriated for expenditure:			
Grants	(1,622,798)	(232,500)	(1,855,298)
Asset management fees	(13,229)	(14,572)	(27,801)
Total change in endowment funds	\$ (431,697)	\$ 260,761	\$ (170,936)

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NOTES TO FINANCIAL STATEMENTS  
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	2017	2017	
	Donor-Advised Funds	Board-Designated Endowment Funds	Total
Investment Return:			
Investment Income	\$ 109,178	\$ 96,845	\$ 206,023
Net Unrealized and Realized Losses	400,388	502,369	902,757
Total Investment Return	509,566	599,214	1,108,780
Contributions to endowment	1,339,712	135,066	1,474,778
Amounts appropriated for expenditure:			
Grants	(1,078,153)	(289,935)	(1,368,088)
Asset management fees	(22,599)	(32,150)	(54,749)
Total change in endowment funds	\$ 748,526	\$ 412,195	\$ 1,160,721

**Endowment Net Asset Composition by Type of Fund as of September 30,**

	2018	2017
Donor-advised funds	\$ 4,662,246	\$ 5,093,943
Board-designated endowment funds	<u>6,552,629</u>	<u>6,291,868</u>
<b>Total Unrestricted Funds</b>	<u><u>\$ 11,214,875</u></u>	<u><u>\$ 11,385,811</u></u>

8. APPROVED GRANTS (UNAUDITED)

In 2015, The Foundation Board of Trustees changed the previous funding categories to newly defined areas of impact in order to better reflect the impact and outcomes of The Summit Foundation and its grantees.

The Foundation Board approved grants to the following type of qualified tax-exempt organizations for the year ended September 30, 2018:

	<u>Foundation Funds</u>	<u>Donor Advised Funds</u>
Bright Futures	\$ 737,804	\$ 405,100
Arts & Culture	186,280	151,100
Environmental Stewardship	108,900	66,500
Healthy & Safe Communities	607,675	695,598
Mental Health Initiatives	-	144,000
Directed Grants	20,654	-
Scholarships	236,500	124,500
Special Initiatives (Endowment Funds)	180,000	-
Field of Interest Grants	-	2,500
The Summit Foundation	-	33,500
Grant Related Workshops & Other	<u>5,077</u>	<u>-</u>
Total	<u><u>\$ 2,082,890</u></u>	<u><u>\$ 1,622,798</u></u>

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The Foundation Board approved grants to the following types of qualifying tax-exempt organizations for the year ended September 30, 2017:

	<u>Foundation Funds</u>	<u>Donor Advised Funds</u>
Bright Futures	\$ 706,765	\$ 261,507
Arts & Culture	247,800	155,353
Environmental Stewardship	92,725	66,898
Healthy & Safe Communities	470,000	391,052
Mental Health Initiatives	-	82,500
Directed Grants	217,102	-
Scholarships	201,849	65,500
Special Initiatives (Endowment Funds)	180,000	-
Field of Interest Grants	-	46,943
The Summit Foundation	109,935	8,400
Grant Related Workshops & Other	11,948	-
Total	<u>\$ 2,238,124</u>	<u>\$ 1,078,153</u>

9. LEASE AGREEMENTS

The Foundation entered into a new office lease agreement with the Town of Breckenridge, a Colorado municipal corporation starting in November 2014. The lease requires monthly base payments of \$1,733 from February 2016 through January 2017. The Foundation has the right to extend the lease each January 1 through 2024. The lease was extended through January 2019, at the same monthly base rate. Upon each annual extension the monthly rent for the leased premises will be increased based on the Consumer Price Index for All Urban consumers in the Denver-Boulder area.

Total rental payments for the year ending September 30, 2018 and 2017 were \$23,539 and \$22,761, respectively.

Future commitments are as follows:

2018	21,264
2019	5,358

10. EMPLOYEE BENEFIT PLAN

The Foundation has adopted a 403(b) Retirement Plan effective September 9, 1999 and revised on December 15, 2010 and April 24, 2013. The plan covers all employees who have met certain service/eligibility requirements. After one year of employment, staff members that are at least 18 years of age and have worked a minimum of 1,000 hours in a consecutive 12 month period become eligible to participate in the Foundation's 403 (B) retirement plan. The plan is an Employee Contribution Tax Deferred Annuity Plan and qualifies as a 403 (B) plan. Employees may enroll in the plan on the first day of the month following the eligibility period. Employees are allowed to personally contribute (elective deferrals) to the retirement up to the IRS annual limit. All contributions are immediately 100% vested. Both matching and non-elective contributions were discretionary until the determination of a highly



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compensated employee (HCE) was established. During 2018, the HCE threshold was met and the matching formula was altered to meet the Safe Harbor requirements, which provide for 100% of deferrals up to the first 3% of compensation plus 50% of deferrals that exceed 3% but do not exceed 5% of the participant's §414 compensation.

During the year ended September 2018 and 2017, matching contributions in the amount of \$11,334 and \$14,407 were made to the plan.

11. FUNCTIONAL ALLOCATION OF EXPENSES (UNAUDITED)

Total expenses, less in-kind, for 2018 were \$4,659,492 of which 87% were related to programs, 8% to supporting services and 5% to fundraising compared to expense of \$4,181,263 in 2017 of which 85% was related to program expenses, 8% to supporting services and 7% to fundraising.

Approximately 47% of the Foundation's staff expenses relate to program services, 30% to supporting services, and 23% to fundraising for 2018 and 2017.

12. INCOME TAXES

The Summit Foundation is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

13. ACCOUNTING FOR UNCERTAIN TAX POSITIONS

The Foundation adopted ASC 740-10-25, Income Taxes- Overall-Recognition, on July 1, 2009, which provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax position. The Foundation must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Foundation did not recognize any additional liabilities for uncertain tax positions as a result of the implementation of ASC 740-10-25.

14. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 25, 2019, the date the financial statements were available to be issued.

**THE SUMMIT FOUNDATION  
SCHEDULE OF IN-KIND ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual</u>	<u>In-Kind Donated</u>	<u>2018 Total</u>
<b>UNRESTRICTED PUBLIC SUPPORT AND REVENUES</b>			
Contributions	\$ 3,251,628	\$ -	\$ 3,251,628
Fundraisers:			
Ski Pass Medallions	-	417,678	417,678
Rubber Duck Race	133,377	50,926	184,303
Golf Tournament	165,329	20,911	186,240
Miscellaneous Programs and Other Donated Products and Services	157,700	91,711	249,411
Parade of Homes	41,920	11,500	53,420
Total Fundraisers	<u>498,326</u>	<u>592,726</u>	<u>1,091,052</u>
Investment Earnings, Net of Management Fees	460,874	-	460,874
Interest and Dividends	<u>246,750</u>	<u>-</u>	<u>246,750</u>
<b>TOTAL UNRESTRICTED PUBLIC SUPPORT AND REVENUES</b>	<b>4,457,578</b>	<b>592,726</b>	<b>5,050,304</b>
<b>EXPENSES</b>			
Grants:			
Agencies and Scholarships	2,082,890	-	2,082,890
Donor Advised Agencies and Scholarships	<u>1,622,798</u>	<u>-</u>	<u>1,622,798</u>
Total Grants	3,705,688	-	3,705,688
Fundraising Expenses:			
Ski Pass Medallions	14,450	417,678	432,128
Rubber Duck Race	33,434	50,926	84,360
Golf Tournament	46,827	20,911	67,738
Miscellaneous Programs and Other Donated Products and Services	40,957	-	40,957
Parade of Homes	<u>2,829</u>	<u>11,500</u>	<u>14,329</u>
Total Fundraising Expenses	138,497	501,015	639,512
Administrative Expenses:			
Salaries, Benefits and Related Taxes	614,503	-	614,503
Rent, Utilities and Telephone	28,396	-	28,396
Advertising, Printing and Graphics	30,250	59,849	90,099
Insurance	4,011	-	4,011
Board, Committee and Donors Reception Expenses	15,772	31,862	47,634
Professional Fees, Dues and Subscriptions	27,884	-	27,884
Office Supplies and Postage	12,475	-	12,475
Technology	34,973	-	34,973
Travel and Entertainment	<u>24,760</u>	<u>-</u>	<u>24,760</u>
Total Administrative Expenses	793,024	91,711	884,735
Other Expenses:			
Depreciation	15,344	-	15,344
Credit Card and Bank Fees	<u>6,939</u>	<u>-</u>	<u>6,939</u>
Total Other Expenses	22,283	-	22,283
<b>TOTAL EXPENSES</b>	<b>4,659,492</b>	<b>592,726</b>	<b>5,252,218</b>
<b>Decrease In Net Assets</b>	<b>\$ (201,914)</b>	<b>\$ -</b>	<b>\$ (201,914)</b>

The accompanying notes are an integral part of these financial statements