

**THE SUMMIT FOUNDATION
BRECKENRIDGE, COLORADO
FOR THE YEAR ENDED
SEPTEMBER 30, 2019**

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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 Statement of Financial Position as of September 30, 2019, and the related Statement of Activities, Statement of Functional Expenses and Statement of Cash Flows for the year 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Summit Foundation as of September 30, 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, The Summit Foundation adopted new accounting guidance contained in FASB ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 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 13, 2020

**THE SUMMIT FOUNDATION
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019**

ASSETS

	2019
CURRENT ASSETS	
Operating Fund:	
Cash and Money Market	\$ 559,935
Endowment Fund:	
Cash and Money Market	191,355
Investments at fair value	12,025,238
Total Endowment Fund	12,216,593
Cash Held in Escrow	57,324
Unconditional Promises to Give, net of Allowance for Doubtful Accounts	701,645
Prepaid Expenses and Deposits	34,858
Fundraising Events Receivable	41,776
TOTAL CURRENT ASSETS	13,612,131
NONCURRENT ASSETS	
Property and Equipment, net	59,984
Unconditional Promises to Give, less Current Portion Above	1,927,350
TOTAL NONCURRENT ASSETS	1,987,334
TOTAL ASSETS	\$ 15,599,465

LIABILITIES AND NET ASSETS

	2019
CURRENT LIABILITIES	
Accounts Payable	\$ 21,769
Grants and Scholarships Payable	33,600
Escrow Payable	57,324
Deferred Revenue	438,154
TOTAL CURRENT LIABILITIES	550,847
NONCURRENT LIABILITIES	
Deferred Revenue	247,844
TOTAL LIABILITIES	798,691
NET ASSETS	
Net Assets Without Donor Restriction	
Designated by the Board for donor advised funds	4,662,246
Designated by the Board for endowment purposes	6,552,629
Undesignated	956,904
Total Net Assets Without Donor Restriction	12,171,779
Net Assets With Donor Restriction	2,628,995
TOTAL NET ASSETS	14,800,774
TOTAL LIABILITIES AND NET ASSETS	\$ 15,599,465

The accompanying notes are an integral part of these financial statements

**THE SUMMIT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Contributions			
Individual, Corporate and Board Giving	\$ 1,207,654	\$ -	\$ 1,207,654
Ski Pass Medallion Contributions	528,757	961,843	1,490,600
Donor Advised Agencies and Scholarships	2,114,685	-	2,114,685
Total Contributions	<u>3,851,096</u>	<u>961,843</u>	<u>4,812,939</u>
Special Events, Net	504,161	-	504,161
Investment Earnings (Losses), Net of Management Fees	237,037	-	237,037
Interest and Dividends	<u>301,986</u>	<u>-</u>	<u>301,986</u>
TOTAL PUBLIC SUPPORT AND REVENUES	4,894,280	961,843	5,856,123
Net Assets Released from Restriction	<u>689,000</u>	<u>(689,000)</u>	<u>-</u>
TOTAL REVENUE AND RECLASSIFICATIONS	5,583,280	272,843	5,856,123
EXPENSES			
Grants, Scholarships and Special Events	4,459,063	-	4,459,063
Management and General	261,368	-	261,368
Fundraising	<u>172,820</u>	<u>-</u>	<u>172,820</u>
TOTAL EXPENSES	<u>4,893,251</u>	<u>-</u>	<u>4,893,251</u>
Increase In Net Assets	\$ 690,029	\$ 272,843	\$ 962,872
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>11,481,750</u>	<u>2,356,152</u>	<u>13,837,902</u>
NET ASSETS, END OF YEAR	<u>\$ 12,171,779</u>	<u>\$ 2,628,995</u>	<u>\$ 14,800,774</u>

The accompanying notes are an integral part of these financial statements

THE SUMMIT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total</u>
	Grants, Scholarships and Special Events	Management and General	Fundraising	Total Supporting Services	
Salaries and Wages	\$ 415,232	\$ 108,408	\$ 140,923	\$ 249,331	\$ 664,563
Grants and Scholarships Expense	3,489,213	-	-	-	3,489,213
Medallion Expenses - Indirect costs	7,564	36,810	6,051	42,861	50,425
Postage and Shipping	3,977	530	795	1,326	5,302
Rent	11,024	5,065	13,706	18,771	29,795
Travel & Meetings	13,324	1,903	3,807	5,710	19,034
Professional Fees - Accounting/Legal	-	28,210	-	28,210	28,210
Office Supplies & Technology Expenses	37,692	5,026	7,538	12,564	50,256
Marketing	-	46,203	-	46,203	46,203
Special events - facility rental and meal costs	148,123	-	-	-	148,123
Investment Management Fees	-	21,743	-	21,743	21,743
Donated goods and services	481,038	-	-	-	481,038
Depreciation Expense	-	19,819	-	19,819	19,819
Miscellaneous	-	9,393	-	9,393	9,393
Total Expenses by Function	4,607,186	283,111	172,820	455,931	5,063,117
Less Expenses Included With Revenue					
Investment Management Fees	-	(21,743)	-	(21,743)	(21,743)
Cost of Special Events	(148,123)	-	-	-	(148,123)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 4,459,063	\$ 261,368	\$ 172,820	\$ 434,188	\$ 4,893,251

The accompanying notes are an integral part of these financial statements

**THE SUMMIT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 962,872
Adjustments To Reconcile Net Income To Net Cash Provided By (Used In) Operating Activities:	
Depreciation	19,819
Unrealized (Gain)/Loss on Investments	(184,010)
(Increase)/Decrease in Receivables	(338,535)
(Increase)/Decrease in Other Assets	(15,395)
Increase/(Decrease) in Accounts Payable	6,715
Increase/(Decrease) in Scholarships Payable	(62,662)
(Decrease) in Deferred Revenue	383,373
	(190,695)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	772,177
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Marketable Securities	(2,694,800)
Proceeds from Sale of Marketable Securities	1,528,704
	(1,166,096)
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(1,166,096)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments for the Purchase of Property	(14,224)
	(14,224)
CASH USED FOR FINANCING ACTIVITIES	(14,224)
NET INCREASE (DECREASE) IN CASH AND ENDOWMENT CASH	(408,143)
CASH AND ENDOWMENT CASH AT BEGINNING OF YEAR	1,159,433
	\$ 751,290
CASH AND ENDOWMENT CASH AT END OF YEAR	\$ 751,290

The accompanying notes are an integral part of these financial statements

THE SUMMIT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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 accompanying financial statements have been prepared under generally accepted accounting principles and the accrual basis of accounting.

The Foundation prepares its financial statements in accordance with the financial reporting requirements of the FASB Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. ASC 958-205 requires classification of net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets be displayed in the statement of revenues, expenses and other changes in net assets as follows:

Under this guidance, the Foundation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of The Summit Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Summit Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

THE SUMMIT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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.

The following table provides a reconciliation of cash, cash equivalents, and endowment cash reported in the statement of financial position to the sum of the corresponding amounts within the statement of cash flows:

Cash and Money Market Funds	\$559,935
Endowment Cash and Money Market Funds	<u>191,355</u>
Total Cash and Endowment Cash	\$751,290

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.

Receivables and Credit Policies - Accounts receivable consist primarily of noninterest-bearing amounts due for fundraising events. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. As of September 30, 2019, all receivables are believed to be collectable.

Investments - The Foundation records investments purchases at cost, or if donated, at fair value on the date of donations. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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.

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, 2019 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.

Revenue recognition - Contributions received are recorded as a change in net assets without donor restriction, or net assets with donor restriction depending on the existence and/or nature of any donor restrictions.

THE SUMMIT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Promises to give- Unconditional promises to give are recognized as revenues or gains in the year promised, and as assets, decreases in liabilities, or expenses depending on the form of the benefits promised. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated goods and services- Contributed services are recognized if the service received (a) creates or enhances non-financial assets or (b) requires specialized skills, are performed by people with those skills, and would otherwise need to be purchased by the Foundation. Donated materials are recorded as contributions in the year received at their estimated fair value on the date of donation. As of September 30, 2019, there were no contributed services recorded.

Advertising Costs- Advertising costs are expensed as incurred, and approximated \$46,203 during the year ended September 30, 2019.

Functional Allocation of Expenses - The cost of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, expenses that can be directly identified with the program or supporting service to which they relate are allocated accordingly. Certain other expenses by function have been allocated by the Foundation between program and supporting services based on a methodology determined to be reasonable by the Foundation.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Wages	Time and effort
Rent	Square footage

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.

Income Taxes - The Summit Foundation is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC section 401(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi)and(vvi), and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the Foundation is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (*Form 990-T) with the IRS.

THE SUMMIT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Recently Issued Accounting Standards -In February 2016, the FASV issued ASU 2016-02, *Leases (Topic 842)*. The Update is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The Update is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. Management is currently evaluating the effect that this Update will have on its financial statements.

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. The guidance is intended to reduce the diversity in practice in how certain transactions are classified in the statement of cash flows. In addition, in November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. We have adopted the provisions in the accompanying financial statements.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Management is currently evaluating the effect that this Update will have on its financial statements.

Change in Accounting Principle-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 was effective for fiscal years beginning after December 15, 2017.

2. PRIOR YEAR GAAP DEPARTURE

Generally accepted accounting principles require the recognition of a multi-year commitment as contributed income in the year in which the commitment is made. During the fiscal year-ended September 30, 2018, The Summit Foundation recorded all multiyear contributions related to ski passes as a receivable and deferred revenue. Income subsequently was recognized annually as the receivables were repaid and the ski medallions were released. This departure from GAAP resulted in the September 30, 2018 financial statements to be presented with a qualified audit report. During the fiscal year-ended September 30, 2019, Management elected to present long-term pledges in accordance with GAAP, as discussed in footnote 1. Single year financial statements were presented for the fiscal year ended September 30, 2019, and an opening balance entry of \$2,113,416 to increase net assets was required to properly state the value of long-term pledges in accordance with GAAP.

Net Assets as of September 30, 2018 were restated as follows:

Net assets as originally stated	\$ 11,724,486
Increase due to change in revenue recognition policy	<u>2,113,416</u>
Net assets as restated	\$ 13,837,902

THE SUMMIT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

3. AVAILABLE RESOURCES AND LIQUIDITY

The Foundation financial assets available within one year of the statement of financial position date for general expenditure are as follow:

	2019
Cash and cash equivalents	\$ 559,935
Fundraising events receivables	41,776
Quasi Endowment Fund	12,216,593
Unconditional Promise to Give	2,628,995
Financial assets available	\$ 15,447,299

The following reflects The Foundation’s financial assets as of the statement of net assets date, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year of the balance sheet date. Amounts not available include contributions and pledges received at year-end, which are donor restricted for programs occurring in the next fiscal year.

	2019
Financial assets, at year-end	\$ 15,447,299
Less those unavailable for general expenditure within one year due to donor imposed purpose restrictions	(1,927,350)
Financial assets available to meet cash needs for general expenditures within one year	\$ 13,519,949

The Foundation is substantially supported by contributions. Because a portion of these contributions are restricted by the donor and resources must be used in a particular manner, or in a future period, The Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of The Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. 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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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, 2019.

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, 2019. The following note describes the investments in further detail.

Assets at Fair Value as of September 30, 2019

	Level 1	Level 2	Level 3	Total
Registered Investment Companies	\$12,025,238	\$ -	\$ -	\$12,025,238
Total assets at fair value	\$12,025,238	\$ -	\$ -	\$12,025,238

5. 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 \$191,355 as of the year ended September 30, 2019.

THE SUMMIT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

The amounts as of September 30, 2019 are as follows:

	<u>Endowment Funds</u> <u>As of September 30, 2019</u>		Unrealized appreciation/ (depreciation)
	<u>Fair Value</u>	<u>Cost</u>	
Fixed Income Funds	\$ 3,611,265	\$3,485,796	\$ 125,469
Complimentary Strategies Funds	598,110	549,875	48,235
Equity Funds	7,212,194	6,466,130	746,064
Real Estate Mutual Funds	<u>603,669</u>	<u>519,144</u>	<u>84,525</u>
Total Investments:	<u>\$12,025,238</u>	<u>\$11,020,945</u>	<u>\$ 1,004,293</u>

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

6. 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 for the year ended September 30, 2019.

	<u>2019</u>
Premier Patron Pass Program Pledges	\$2,642,410
Allowance for Doubtful Accounts	<u>(13,415)</u>
Total	<u>\$2,628,995</u>

Amounts due in:

Less than one year	\$ 701,645
One to five years	<u>1,927,350</u>
Total	<u>\$2,628,995</u>

At September 30, 2019, the Premier Patron Pass Program Pledges have been recorded as net assets with donor restriction, as there is an implied time restriction in place. Upon receipt of pledges payments, amounts will be reclassified from net assets with donor restriction to net assets without donor restriction. During the year-ended September 30, 2019 \$689,000 was released from restriction, representing pledge payments received during the fiscal year-ended September 30, 2019.

7. 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 \$21,000 contribution, is recognized with a 6-mountain transferable season ski pass and other benefits as noted above.

THE SUMMIT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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:

	<u>2019</u>
Fundraisers:	
Ski Pass Medallions	\$ 355,668
Rubber duck race	46,837
Golf Tournament	32,133
Parade of Homes	<u>9,000</u>
	443,638
Other donated product and services	<u>37,400</u>
Total	<u>\$ 481,038</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. 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 2019, 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.

8. PROPERTY AND EQUIPMENT

Property as of September 30, 2019 is as follow:

	<u>2019</u>
Furniture and Fixtures	\$ 56,753
Leasehold Improvements	22,185
Computer Equipment and Software	<u>101,962</u>
Total Property, Plant and Equipment	\$180,900
Less accumulated depreciation	<u>(120,916)</u>
	<u>\$ 59,984</u>

Depreciation and amortization expense for the twelve months ended September 30, 2019 was \$19,819.

9. 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 SUMMIT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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 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.

The distribution policy for the Peaks Society Fund (most recently revised in April 2019) states:

In order to provide both long-term growth and immediate community support, there will be an annual distribution of 3.5% from the Peaks Society Fund based on a four-year rolling average to augment support for grants, scholarships or Special Initiatives as determined by the Board of Trustees. The Board of Trustees has the discretion to increase or decrease this amount to meet community needs or further augment its long-term endowment, however this distribution percentage represents a realistic expectation for Fund disbursements over time.

If the Foundation receives an undesignated bequest of over \$250,000, the Board of Trustees has the discretion to designate up to 5% of that bequest to be used for current community needs including grants, scholarships or Special Initiatives. This designation may be made each year for up to a total of five years and would be based on the current value of that bequest, which may fluctuate year to year during that time. Carryover of unused amounts would be allowed, but not beyond the five years subsequent to the bequest. Every effort should be made to distribute these funds to the community without skewing the operating budget or elevating expectations of the community for future support.

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.

THE SUMMIT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Endowment Related Activities:

	2019	2019	
	Donor-Advised Funds	Board-Designated Endowment Funds	Total
Investment Return:			
Investment Income	\$ 127,533	\$ 171,650	\$ 299,183
Net Unrealized and Realized Gains	103,870	155,806	259,725
Total Investment Return	231,403	327,456	558,859
Contributions to endowment	1,372,260	808,645	2,180,905
Amounts appropriated for expenditure:			
Grants	(1,262,579)	(452,828)	(1,715,407)
Asset management fees	(9,056)	(13,583)	(22,639)
Total change in endowment funds	\$ 332,028	\$ 669,690	\$ 1,001,718

**Endowment Net Asset Composition by Type of Fund as of September 30,
2019**

Donor-advised funds	\$ 4,994,274
Board-designated endowment funds	<u>7,222,319</u>
Total Board-Designated Funds	<u><u>\$ 12,216,593</u></u>

10. APPROVED GRANTS (UNAUDITED)

The Foundation Board approved grants to the following type of qualified tax-exempt organizations for the year ended September 30, 2019:

	<u>Foundation Funds</u>	<u>Donor Advised Funds</u>
Bright Futures	\$ 693,176	\$ 328,889
Arts & Culture	212,050	139,632
Environmental Stewardship	68,000	42,039
Healthy & Safe Communities	597,421	528,968
Mental Health Initiatives	56,025	35,000
Scholarships	292,323	114,625
Special Initiatives (Endowment Funds)	260,500	-
Field of Interest Grants	42,500	-
The Summit Foundation	-	73,426
Grant Related Workshops & Other	<u>4,638</u>	-
Total	<u><u>\$ 2,226,633</u></u>	<u><u>\$ 1,262,579</u></u>

THE SUMMIT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

11. 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 \$1,867 from January 2019 through December 2019. The Foundation has the right to extend the lease each January 1 through 2024. 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, 2019 was \$24,164.

Future commitments are as follows:

2020	\$ 5,601
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12. EMPLOYEE BENEFIT PLAN

The Foundation offers a 403(b) Retirement Plan effective which 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. 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 compensated employee (HCE) was established. During 2019, 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 2019, matching contributions in the amount of \$11,967 was made to the plan.

13. FUNCTIONAL ALLOCATION OF EXPENSES

Total expenses, less in-kind, for 2019 were \$4,597,736 of which 91% were related to programs, 6% to supporting services and 3% to fundraising.

Approximately 62% of the Foundation's staff expenses relate to program services, 16% to management and general, and 21% to fundraising in 2019.

14. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report, the date the financial statements were available to be issued.

**THE SUMMIT FOUNDATION
SCHEDULE OF IN-KIND ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Actual	In-Kind Donated	2019 Total
UNRESTRICTED PUBLIC SUPPORT AND REVENUES			
Contributions	\$ 4,812,939	\$ -	\$ 4,812,939
Fundraisers:			
Ski Pass Medallions	-	355,668	355,668
Rubber Duck Race	133,697	46,837	180,534
Golf Tournament	90,616	32,133	122,749
Miscellaneous Programs and Other Donated Products and Services	122,098	37,400	159,498
Parade of Homes	32,380	9,000	41,380
Total Fundraisers	378,791	481,038	859,829
Investment Earnings, Net of Management Fees	237,037	-	237,037
Interest and Dividends	301,986	-	301,986
	5,730,753	481,038	6,211,791
EXPENSES			
Grants, Scholarships and Special Events	3,978,025	481,038	4,459,063
Management and General	261,368	-	261,368
Fundraising	172,820	-	172,820
	4,412,213	481,038	4,893,251
Increase In Net Assets	\$ 1,318,540	\$ -	\$ 1,318,540

The accompanying notes are an integral part of these financial statements