

**THE SUMMIT FOUNDATION  
BRECKENRIDGE, COLORADO  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2020 AND SEPTEMBER 30, 2019**

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expense	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-21

## 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, 2020 and 2019, and the related Statements of Activities, Statements of Functional Expenses and Statements of 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.

## 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Watson Coon Ryan, LLC*

January 24, 2020

WATSON COON RYAN, LLC  
Greenwood Village, CO

**THE SUMMIT FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2020 and 2019**

**ASSETS**

	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Operating Fund:		
Cash and Money Market	\$ 1,201,268	\$ 559,935
Endowment Fund:		
Cash and Money Market	754,576	191,355
Investments at fair value	14,017,835	12,025,238
Total Endowment Fund	14,772,411	12,216,593
Cash Held in Escrow	72,325	57,324
Unconditional Promises to Give, net of Allowance for Doubtful Accounts	897,676	701,645
Prepaid Expenses and Deposits	23,333	34,858
Fundraising Events Receivable	25,400	41,776
<b>TOTAL CURRENT ASSETS</b>	16,992,413	13,612,131
<b>NONCURRENT ASSETS</b>		
Property and Equipment, net	50,568	59,984
Unconditional Promises to Give, less Current Portion Above	1,749,330	1,927,350
<b>TOTAL NONCURRENT ASSETS</b>	1,799,898	1,987,334
<b>TOTAL ASSETS</b>	\$ 18,792,311	\$ 15,599,465

**LIABILITIES AND NET ASSETS**

	<b>2020</b>	<b>2019</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 26,435	\$ 21,769
Grants and Scholarships Payable	142,575	33,600
Escrow Payable	72,325	57,324
Deferred Revenue	225,679	438,154
<b>TOTAL CURRENT LIABILITIES</b>	467,014	550,847
<b>NONCURRENT LIABILITIES</b>		
Deferred Revenue	243,228	\$ 247,844
<b>TOTAL LIABILITIES</b>	710,242	798,691
<b>NET ASSETS</b>		
Net Assets Without Donor Restriction		
Designated by the Board for donor advised funds	6,803,594	4,662,246
Designated by the Board for endowment purposes	7,968,817	6,552,629
Designated by the Board for future grants	198,200	-
Undesignated	1,161,150	956,904
Total Net Assets Without Donor Restriction	16,131,761	12,171,779
Net Assets With Donor Restriction	1,950,308	2,628,995
<b>TOTAL NET ASSETS</b>	18,082,069	14,800,774
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 18,792,311	\$ 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, 2020**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Operating Activities</b>			
Contributions			
Individual, Corporate and Board Giving	\$ 1,384,970	\$ 636,478	\$ 2,021,448
Ski Pass Medallion Contributions	723,673	692,784	1,416,457
Governmental Grant- Paycheck Protection Program	125,300	-	125,300
Donor Advised Agencies and Scholarships	3,791,771	-	3,791,771
Total Contributions	<u>6,025,714</u>	<u>1,329,262</u>	<u>7,354,976</u>
Special Events, Net	251,841	-	251,841
Investment Earnings, Net of Management Fees	293,547	-	293,547
Interest and Dividends	<u>341,829</u>	<u>-</u>	<u>341,829</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	6,912,931	1,329,262	8,242,193
Net Assets Released from Restriction	<u>2,007,949</u>	<u>(2,007,949)</u>	<u>-</u>
<b>TOTAL REVENUE AND RECLASSIFICATIONS</b>	8,920,880	(678,687)	8,242,193
<b>EXPENSES</b>			
Grants, Scholarships and Special Events	4,508,968	-	4,508,968
Management and General	308,636	-	308,636
Fundraising	<u>143,294</u>	<u>-</u>	<u>143,294</u>
<b>TOTAL EXPENSES</b>	<u>4,960,898</u>	<u>-</u>	<u>4,960,898</u>
Increase In Net Assets	\$ 3,959,982	\$ (678,687)	\$ 3,281,295
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>12,171,779</u>	<u>2,628,995</u>	<u>14,800,774</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 16,131,761</u>	<u>\$ 1,950,308</u>	<u>\$ 18,082,069</u>

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

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Contributions			
Individual, Corporate and Board Giving	\$ 1,207,654	\$ -	\$ 1,207,654
Ski Pass Medallion Contributions	173,089	961,843	1,134,932
Donor Advised Agencies and Scholarships	2,114,685	-	2,114,685
Total Contributions	<u>3,495,428</u>	<u>961,843</u>	<u>4,457,271</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>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	4,538,612	961,843	5,500,455
Net Assets Released from Restriction	<u>689,000</u>	<u>(689,000)</u>	<u>-</u>
<b>TOTAL REVENUE AND RECLASSIFICATIONS</b>	5,227,612	272,843	5,500,455
<b>EXPENSES</b>			
Grants, Scholarships and Special Events	4,103,395	-	4,103,395
Management and General	261,368	-	261,368
Fundraising	<u>172,820</u>	<u>-</u>	<u>172,820</u>
<b>TOTAL EXPENSES</b>	<u>4,537,583</u>	<u>-</u>	<u>4,537,583</u>
Increase In Net Assets	\$ 690,029	\$ 272,843	\$ 962,872
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>11,481,750</u>	<u>2,356,152</u>	<u>13,837,902</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 12,171,779</u>	<u>\$ 2,628,995</u>	<u>\$ 14,800,774</u>

**THE SUMMIT FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Program Services</u>	<u>Supporting Services</u>			Total
	Grants, Scholarships and Special Events	Management and General	Fundraising	Total Supporting Services	
Salaries and Wages	\$ 359,753	\$ 220,962	\$ 106,683	\$ 327,645	\$ 687,398
Grants and Scholarships Expense	4,064,310	-	-	-	4,064,310
Board Meetings and Expenses	1,314	6,396	1,051	7,447	8,761
Postage and Shipping	3,195	426	639	1,065	4,260
Rent	10,816	4,969	13,447	18,416	29,232
Travel	8,159	1,166	2,331	3,497	11,656
Professional Fees	-	20,131	-	20,131	20,131
Supplies	38,418	5,122	7,684	12,806	51,224
Marketing	-	26,216	-	26,216	26,216
Special events - facility rental and meal costs	106,923	-	-	-	106,923
Investment Management Fees	-	24,005	-	24,005	24,005
Donated goods and services	13,786	-	-	-	13,786
Depreciation Expense	9,217	4,235	11,459	15,694	24,911
Miscellaneous	-	19,013	-	19,013	19,013
<b>Total Expenses by Function</b>	<b>4,615,891</b>	<b>332,641</b>	<b>143,294</b>	<b>475,935</b>	<b>5,091,826</b>
Less Expenses Included With Revenue					
Investment Management Fees	-	(24,005)	-	(24,005)	(24,005)
Cost of Special Events	(106,923)	-	-	-	(106,923)
<b>Total Expenses Included in the Expense Section of the Statement of Activities</b>	<b>\$ 4,508,968</b>	<b>\$ 308,636</b>	<b>\$ 143,294</b>	<b>\$ 451,930</b>	<b>\$ 4,960,898</b>

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
Board Meetings and Expenses	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	13,324	1,903	3,807	5,710	19,034
Professional Fees	-	28,210	-	28,210	28,210
Supplies	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	125,370	-	-	-	125,370
Depreciation Expense	-	19,819	-	19,819	19,819
Miscellaneous	-	9,393	-	9,393	9,393
<b>Total Expenses by Function</b>	<b>4,251,518</b>	<b>283,111</b>	<b>172,820</b>	<b>455,931</b>	<b>4,707,449</b>
Less Expenses Included With Revenue					
Investment Management Fees	-	(21,743)	-	(21,743)	(21,743)
Cost of Special Events	(148,123)	-	-	-	(148,123)
<b>Total Expenses Included in the Expense Section of the Statement of Activities</b>	<b>\$ 4,103,395</b>	<b>\$ 261,368</b>	<b>\$ 172,820</b>	<b>\$ 434,188</b>	<b>\$ 4,537,583</b>

The accompanying notes are an integral part of these financial statements

**THE SUMMIT FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,281,295	\$ 962,872
Adjustments To Reconcile Net Income To Net Cash Provided By (Used In) Operating Activities:		
Depreciation	24,911	19,819
Unrealized Gain on Investments	(132,309)	(184,010)
Increase in Receivables	(1,635)	(338,535)
(Increase)/Decrease in Other Assets	11,525	(15,395)
Increase in Accounts Payable	4,666	6,715
Increase/(Decrease) in Scholarships Payable	108,975	(62,662)
Increase in Deferred Revenue	(217,092)	383,373
Total Adjustments	<u>(200,959)</u>	<u>(190,695)</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	3,080,336	772,177
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Marketable Securities	(3,544,348)	(2,694,800)
Proceeds from Sale of Marketable Securities	<u>1,684,061</u>	<u>1,528,704</u>
<b>CASH USED FOR INVESTING ACTIVITIES</b>	<u>(1,860,287)</u>	<u>(1,166,096)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for the Purchase of Property	<u>(15,495)</u>	<u>(14,224)</u>
<b>CASH USED FOR FINANCING ACTIVITIES</b>	<u>(15,495)</u>	<u>(14,224)</u>
<b>NET INCREASE (DECREASE) IN CASH AND ENDOWMENT CASH</b>	1,204,554	(408,143)
<b>CASH AND ENDOWMENT CASH AT BEGINNING OF YEAR</b>	<u>751,290</u>	<u>1,159,433</u>
<b>CASH AND ENDOWMENT CASH AT END OF YEAR</b>	<u>\$ 1,955,844</u>	<u>\$ 751,290</u>

**THE SUMMIT FOUNDATION  
SCHEDULE OF IN-KIND ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Actual</u>	<u>In-Kind Donated</u>	<u>2020 Total</u>
<b>UNRESTRICTED PUBLIC SUPPORT AND REVENUES</b>			
Contributions	\$ 7,354,976	\$ -	\$ 7,354,976
Fundraisers:			
Rubber Duck Race	78,982	13,786	92,768
Golf Tournament	27,646	-	27,646
Miscellaneous Programs and Other Donated Products and Services	129,667	700	130,367
Parade of Homes	1,060	-	1,060
Total Fundraisers	<u>237,355</u>	<u>14,486</u>	<u>251,841</u>
Investment Earnings, Net of Management Fees	293,547	-	293,547
Interest and Dividends	<u>341,829</u>	<u>-</u>	<u>341,829</u>
<b>TOTAL UNRESTRICTED PUBLIC SUPPORT AND REVENUES</b>	<b>8,227,707</b>	<b>14,486</b>	<b>8,242,193</b>
<b>EXPENSES</b>			
Grants, Scholarships and Special Events	4,494,482	14,486	4,508,968
Management and General	308,636	-	308,636
Fundraising	<u>143,294</u>	<u>-</u>	<u>143,294</u>
<b>TOTAL EXPENSES</b>	<b><u>4,946,412</u></b>	<b><u>14,486</u></b>	<b><u>4,960,898</u></b>
<b>Increase In Net Assets</b>	<b><u>\$ 3,281,295</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,281,295</u></b>

The accompanying notes are an integral part of these financial statements

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 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.

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 SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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:

	<u>2020</u>	<u>2019</u>
Cash and Money Market Funds	\$1,201,268	\$559,935
Endowment Cash and Money Market Funds	<u>754,576</u>	<u>191,355</u>
Total Cash and Endowment Cash	\$1,754,866	\$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, 2020 and 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, 2020 and 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.

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

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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, 2020 and 2019, there were no contributed services recorded.

Advertising Costs- Advertising costs are expensed as incurred, and approximated \$26,216 and \$46,203 during the year ended September 30, 2020 and 2019, respectively.

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.

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

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

adoption permitted. Management is currently evaluating the effect that this Update will have on its financial statements.

The Foundation has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting. The standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional.

### 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:

	2020	2019
Cash and cash equivalents	\$ 1,201,268	\$ 559,935
Fundraising events receivables	25,400	41,776
Quasi endowment fund	14,772,411	12,216,593
Unconditional promise to give	2,647,006	2,628,995
Financial assets available	<u>\$ 18,646,085</u>	<u>\$ 15,447,229</u>

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.

	2020	2019
Financial assets, at year-end	\$ 18,646,085	\$ 15,447,299
Less those unavailable for general expenditure within one year due to donor imposed purpose restrictions	<u>(1,950,308)</u>	<u>(2,628,995)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 16,695,777</u>	<u>\$ 12,818,304</u>

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

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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.

*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, 2020 and 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, 2020 and 2019 . The following note describes the investments in further detail.

**Assets at Fair Value as of September 30, 2020**

	Level 1	Level 2	Level 3	Total
Registered Investment Companies	\$14,017,835	\$ -	\$ -	\$14,017,835
Total assets at fair value	\$14,017,835	\$ -	\$ -	\$14,017,835



THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

**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	<u>\$12,025,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$12,025,238</u>

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 \$754,576 and \$191,355 as of the year ended September 30, 2020 and 2019, respectively.

The amounts as of September 30, 2020 and 2019 are as follows:

Endowment Funds <u>As of September 30, 2020</u>			
	<u>Fair Value</u>	<u>Cost</u>	Unrealized appreciation/ (depreciation)
Fixed Income Funds	\$ 4,055,507	\$3,844,347	\$ 211,160
Complimentary Strategies Funds	593,436	694,234	(100,798)
Equity Funds	8,688,285	7,617,571	1,070,714
Real Estate Mutual Funds	<u>680,607</u>	<u>691,578</u>	<u>(10,971)</u>
Total Investments:	<u>\$14,017,835</u>	<u>\$12,847,730</u>	<u>\$ 1,170,105</u>

Endowment Funds <u>As of September 30, 2019</u>			
	<u>Fair Value</u>	<u>Cost</u>	Unrealized appreciation/ (depreciation)
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.

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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 each of the years ended September 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Premier Patron Pass Program Pledges	\$ 2,660,421	\$2,642,410
Allowance for Doubtful Accounts	<u>(13,415)</u>	<u>(13,415)</u>
Total	\$ <u>2,647,006</u>	\$ <u>2,628,995</u>

Amounts due in:

Less than one year	\$ 897,676	\$ 701,645
One to five years	<u>1,749,330</u>	<u>1,927,350</u>
Total	\$ <u>2,647,006</u>	\$ <u>2,628,995</u>

At September 30, 2020 and 2019, the long-term portion of 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, 2020 and 2019 \$1,572,449 and \$689,000, respectively was released from restriction, representing pledge payments received during the fiscal year.

7. SKI MEDALION PASSES

The Organization provides for certain benefits when contributions are made as a part of their ski medallion program. The program allows for a variety of benefits including a fully transferable 4 or 6 mountain ski pass based on the level of contribution.

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.

As these donated passes are used for fundraising purposes, the in-kind contribution is not recorded in the statement of activity. A portion of the contribution commensurate with the estimated value of the benefits provided is recorded as revenue when the pass is provided, the remainder of the contribution is recorded when the promise to give is made. Ski pass medallions issued were as follows:

For the year ended September 30, 2020:

	Passes Issued	Fair Value per Pass	Total Estimated Pass Value
Four Mountain Pass	12	\$ 1,100	\$ 13,200
Six Mountain Pass	289	\$ 1,200	<u>346,800</u>
			\$ 360,000

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

For the year ended September 30, 2019:

	Passes Issued	Fair Value per Pass	Total Estimated Pass Value
Four Mountain Pass	16	\$ 1,068	\$ 17,088
Six Mountain Pass	285	\$ 1,188	338,580
			\$ 355,580

#### 8. DONATED BENEFITS AND SERVICES

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

	<u>2020</u>	<u>2019</u>
Fundraisers:		
Rubber duck race	\$13,786	\$46,837
Golf Tournament	-	32,133
Parade of Homes	-	9,000
	13,786	87,970
Other donated product and services	700	37,400
Total	<u>\$ 14,486</u>	<u>\$ 125,370</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 2020 and 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.

#### 9. PROPERTY AND EQUIPMENT

Property as of September 30, 2020 is as follow:

	<u>2020</u>	<u>2019</u>
Furniture and Fixtures	\$ 56,753	\$ 56,753
Leasehold Improvements	22,185	22,185
Computer Equipment and Software	117,457	101,962
Total Property, Plant and Equipment	\$196,395	\$182,919
Less accumulated depreciation	(145,827)	(120,916)
	<u>\$ 50,568</u>	<u>\$ 59,984</u>

Depreciation and amortization expense for the twelve months ended September 30, 2020 and 2019 was \$24,911 and \$19,819 respectively.

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

10. 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 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 September 2020) 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 the same amount (5% of the initial bequest) for all five consecutive years. 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 2020) which invests all Endowment Assets, including Donor Advised Funds, with the objective of obtaining a nominal return between 4.5% and 5.5% (real return of 3.5%, assuming a 1% to 2% inflation rate). Risk is characterized as Moderately Aggressive. 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 YEARS ENDED SEPTEMBER 30, 2020 AND 2019

**Endowment Related Activities:**

	2020	2020	
	<b>Donor-Advised Funds</b>	<b>Board-Designated Endowment Funds</b>	<b>Total</b>
Investment Return:			
Investment Income	\$ 104,005	\$ 92,244	\$ 196,249
Net Unrealized and Realized Gains	327,288	133,681	460,969
Total Investment Return	431,293	225,925	657,218
Contributions to endowment	2,885,826	905,945	3,791,771
Amounts appropriated for expenditure:			
Grants	(1,497,883)	(370,499)	(1,868,382)
Asset management fees	(9,916)	(14,873)	(24,789)
Total change in endowment funds	<u>\$ 1,809,320</u>	<u>\$ 746,498</u>	<u>\$ 2,555,818</u>

	2019	2019	
	<b>Donor-Advised Funds</b>	<b>Board-Designated Endowment Funds</b>	<b>Total</b>
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	<u>\$ 332,028</u>	<u>\$ 669,690</u>	<u>\$ 1,001,718</u>

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

**Endowment Net Asset Composition by Type of Fund as of September 30,**  
2020 2019

Donor-advised funds	\$ 6,803,594	\$ 4,994,274
Board-designated endowment funds	<u>7,968,817</u>	<u>7,222,319</u>
<b>Total Board-Designated Funds</b>	<u><b>\$ 14,772,411</b></u>	<u><b>\$ 12,216,593</b></u>

11. APPROVED GRANTS (UNAUDITED)

The Foundation Board approved grants to the following type of qualified tax-exempt organizations for the year ended September 30, 2020:

	<u>Foundation Funds</u>	<u>Donor Advised Funds</u>
Bright Futures	\$ 937,400	\$ 499,950
Arts & Culture	154,800	159,550
Environmental Stewardship	92,500	50,250
Healthy & Safe Communities	1,007,202	616,968
Mental Health Initiatives	30,000	45,000
Scholarships	261,025	109,665
Special Initiatives (Endowment Funds)	100,000	-
The Summit Foundation	<u>-</u>	<u>16,500</u>
<b>Total</b>	<u><b>\$ 2,582,927</b></u>	<u><b>\$ 1,262,579</b></u>

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	<u>-</u>	<u>73,426</u>
Grant Related Workshops & Other	<u>4,638</u>	<u>-</u>
<b>Total</b>	<u><b>\$ 2,226,633</b></u>	<u><b>\$ 1,262,579</b></u>

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists to the following as of September 30:

	<u>2020</u>	<u>2019</u>
Long-term portion of unconditional promises to give.	\$ 1,749,330	\$ 2,628,995
Summit County Cares fund	200,978	-
Total	\$ 1,950,308	\$ 2,628,995

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended September 30, 2020:

Support paid to local nonprofits via the Summit County Cares fund.	\$ 435,500
Payments on unconditional promises to give	1,572,449
Net assets released from restriction	\$ 2,007,949

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended September 30, 2019:

Payments on unconditional promises to give	\$ 689,000
Net assets released from restriction	\$ 689,000

13. 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 2020. 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.

The Foundation leases an office printer and scanner with monthly payments of \$148 through May 2024.

Total rental payments for the years ending September 30, 2020 and 2019 was \$29,232.

Future commitments are as follows:

2021	\$ 7,374
2022	1,773
2023	1,773
2024	1,182

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

14. PAYCHECK PROTECTION LOAN PROGRAM

The Foundation was granted a \$125,300 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Foundation has recognized \$125,300 as grant revenue for the year ended September 30, 2020.

15. 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 2020 and 2019, matching contributions in the amount of \$16,167 and \$11,967 was made to the plan.

16. 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.

At the time these financial statements were issued, the world economy was responding to the novel COVID-19 pandemic. Management is unable to reasonably estimate the amount or scope of the impact and as such no accruals or adjustments are reflected in the current financial statements to account for the pandemic.