

**THE SUMMIT FOUNDATION  
BRECKENRIDGE, COLORADO  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
The Summit Foundation  
Breckenridge, Colorado

### *Opinion*

We have audited the financial statements of the Summit Foundation, which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Summit Foundation as of September 30, 2022 and 2021, 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.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Summit Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Summit Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Summit Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Summit Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Watson Coon Ryan, LLC*

May 1, 2023

WATSON COON RYAN, LLC  
Centennial, CO

**THE SUMMIT FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2022 AND 2021**

**ASSETS**

	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>		
Operating Fund:		
Cash and Money Market	\$ 1,968,844	\$ 1,246,511
Endowment Fund:		
Cash and Money Market	254,663	734,170
Investments at Fair Value	13,849,983	16,787,300
Total Endowment Fund	14,104,646	17,521,470
Cash Held in Escrow	58,407	42,826
Unconditional Promises to Give	376,133	1,213,245
Prepaid Expenses and Deposits	32,571	13,427
Fundraising Events Receivable	56,000	142,615
<b>TOTAL CURRENT ASSETS</b>	16,596,601	20,180,094
<b>NONCURRENT ASSETS</b>		
Property and Equipment, Net	37,324	35,030
Unconditional Promises to Give, less Current Portion Above	1,763,865	1,930,700
<b>TOTAL NONCURRENT ASSETS</b>	1,801,189	1,965,730
<b>TOTAL ASSETS</b>	\$ 18,397,790	\$ 22,145,824

**LIABILITIES AND NET ASSETS**

	<b>2022</b>	<b>2021</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 25,453	\$ 55,912
Grants and Scholarships Payable	80,500	170,369
Escrow Payable	58,407	42,826
Deferred Revenue	82,200	303,327
<b>TOTAL CURRENT LIABILITIES</b>	246,560	572,434
<b>NONCURRENT LIABILITIES</b>		
Deferred Revenue	146,880	283,242
<b>TOTAL LIABILITIES</b>	393,440	855,676
<b>NET ASSETS</b>		
Net Assets Without Donor Restriction		
Designated by the Board for donor advised funds	6,248,393	7,694,679
Designated by the Board for endowment purposes	7,856,253	9,826,791
Designated by the Board for future grants	110,000	-
Undesignated	1,175,186	1,312,394
Total Net Assets Without Donor Restriction	15,389,832	18,833,864
Net Assets With Donor Restriction	2,614,518	2,456,284
<b>TOTAL NET ASSETS</b>	18,004,350	21,290,148
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 18,397,790	\$ 22,145,824

The accompanying notes are an integral part of these financial statements

**THE SUMMIT FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Support and Gains</b>			
Contributions			
Individual, Corporate and Board Giving	\$ 1,639,399	\$ 77,129	\$ 1,716,528
Ski Pass Medallion Contributions	274,633	756,097	1,030,730
Donor Advised Agencies and Scholarships	1,163,155	-	1,163,155
Contributed Nonfinancial Assets	128,258	-	128,258
<b>Total Contributions</b>	<b>3,205,445</b>	<b>833,226</b>	<b>4,038,671</b>
Ski Pass Medallion Earned Revenue	309,600	-	309,600
Special Events, Net	189,298	-	189,298
Net Investment Loss	(3,338,818)	-	(3,338,818)
Interest and Dividends	402,947	-	402,947
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>768,472</b>	<b>833,226</b>	<b>1,601,698</b>
Net Assets Released from Restriction	674,992	(674,992)	-
<b>TOTAL REVENUE AND RECLASSIFICATIONS</b>	<b>1,443,464</b>	<b>158,234</b>	<b>1,601,698</b>
<b>EXPENSES</b>			
Grants, Scholarships and Special Events	4,285,058	-	4,285,058
Management and General	393,573	-	393,573
Fundraising	208,865	-	208,865
<b>TOTAL EXPENSES</b>	<b>4,887,496</b>	<b>-</b>	<b>4,887,496</b>
Decrease in Net Assets	\$ (3,444,032)	\$ 158,234	\$ (3,285,798)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>18,833,864</b>	<b>2,456,284</b>	<b>21,290,148</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 15,389,832</b>	<b>\$ 2,614,518</b>	<b>\$ 18,004,350</b>

The accompanying notes are an integral part of these financial statements

**THE SUMMIT FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue, Support and Gains</b>			
Contributions			
Individual, Corporate and Board Giving	\$ 1,485,545	\$ 337,844	\$ 1,823,389
Ski Pass Medallion Contributions	-	1,199,336	1,199,336
Governmental Grant- Paycheck Protection Program	125,300	-	125,300
Donor Advised Agencies and Scholarships	2,143,699	-	2,143,699
Contributed Nonfinancial Assets	19,012	-	19,012
Total Contributions	<u>3,773,556</u>	<u>1,537,180</u>	<u>5,310,736</u>
Ski Pass Medallions Earned Revenue	362,308	-	362,308
Special Events, Net	198,626	-	198,626
Net Investment Revenue	2,489,764	-	2,489,764
Interest and Dividends	<u>330,678</u>	<u>-</u>	<u>330,678</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	7,154,932	1,537,180	8,692,112
Net Assets Released from Restriction	<u>1,031,204</u>	<u>(1,031,204)</u>	<u>-</u>
<b>TOTAL REVENUE AND RECLASSIFICATIONS</b>	8,186,136	505,976	8,692,112
<b>EXPENSES</b>			
Grants, Scholarships and Special Events	5,035,883	-	5,035,883
Management and General	280,407	-	280,407
Fundraising	<u>167,744</u>	<u>-</u>	<u>167,744</u>
<b>TOTAL EXPENSES</b>	<u>5,484,033</u>	<u>-</u>	<u>5,484,033</u>
Increase in Net Assets	\$ 2,702,103	\$ 505,976	\$ 3,208,079
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>16,131,761</u>	<u>1,950,308</u>	<u>18,082,069</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 18,833,864</u>	<u>\$ 2,456,284</u>	<u>\$ 21,290,148</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, 2022**

	<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	\$ 403,401	\$ 238,510	\$ 89,457	\$ 327,967	731,368
Grants and Scholarships Expense	3,776,880	-	-	-	3,776,880
Board Meetings and Donor Receptions	2,793	13,592	2,234	15,826	18,619
Postage and Shipping	33,741	4,499	6,748	11,247	44,988
Rent	13,504	6,204	16,787	22,991	36,495
Travel, Food and Lodging	8,297	29,818	2,371	32,189	40,486
Professional Fees	-	20,662	-	20,662	20,662
Supplies	36,930	4,924	7,386	12,310	49,240
Marketing	-	49,639	72,057	121,696	121,696
Special events - Facility Rental and Meal Costs	130,453	-	-	-	130,453
Depreciation Expense	9,512	4,370	11,825	16,195	25,707
Miscellaneous	-	21,355	-	21,355	21,355
<b>Total Expenses by Function</b>	<b>4,415,511</b>	<b>393,573</b>	<b>208,865</b>	<b>602,438</b>	<b>5,017,949</b>
Less Expenses Included With Revenue					
Cost of Special Events	(130,453)	-	-	-	(130,453)
<b>Total Expenses Included in the Expense Section of the Statement of Activities</b>	<b>\$ 4,285,058</b>	<b>\$ 393,573</b>	<b>\$ 208,865</b>	<b>\$ 602,438</b>	<b>\$ 4,887,496</b>
	88%	8%	4%	12%	100%

The accompanying notes are an integral part of these financial statements

**THE SUMMIT FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<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	\$ 364,482	\$ 215,482	\$ 124,006	\$ 339,488	\$ 703,970
Grants and Scholarships Expense	4,572,372	-	-	-	4,572,372
Board Meetings and Donor Receptions	1,166	5,676	933	6,609	7,775
Postage and Shipping	31,298	4,173	6,260	10,433	41,731
Rent	12,100	5,559	15,043	20,602	32,702
Travel, Food and Lodging	7,018	1,003	2,005	3,008	10,026
Professional Fees	-	15,615	-	15,615	15,615
Supplies	37,854	5,047	7,571	12,618	50,472
Marketing	-	22,653	-	22,653	22,653
Special events - Facility Rental and Meal Costs	85,552	-	-	-	85,552
Depreciation Expense	9,593	4,407	11,926	16,333	25,926
Miscellaneous	-	791	-	791	791
<b>Total Expenses by Function</b>	<b>5,121,435</b>	<b>280,408</b>	<b>167,744</b>	<b>448,150</b>	<b>5,569,585</b>
Less Expenses Included With Revenue					
Cost of Special Events	(85,552)	-	-	-	(85,552)
<b>Total Expenses Included in the Expense Section of the Statement of Activities</b>	<b>\$ 5,035,883</b>	<b>\$ 280,408</b>	<b>\$ 167,744</b>	<b>\$ 448,150</b>	<b>\$ 5,484,033</b>
	92%	5%	3%	8%	100%

The accompanying notes are an integral part of these financial statements

**THE SUMMIT FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (3,285,798)	\$ 3,208,079
Adjustments to Reconcile Net Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	25,707	25,926
Unrealized (Gain) Loss on Investments	3,338,818	(2,523,943)
(Increase) Decrease in Receivables	1,278,300	(801,894)
(Increase) Decrease in Other Assets	(19,145)	9,906
Increase (Decrease) in Accounts Payable	(30,456)	29,477
Increase (Decrease) in Scholarships Payable	(89,869)	27,794
Increase (Decrease) in Deferred Revenue	(545,229)	305,402
Total Adjustments	<u>3,958,126</u>	<u>(2,927,332)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	672,328	280,747
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(28,001)	(10,388)
Purchases of Operating Investments	(401,501)	(742,197)
Proceeds from Sale of Operating Investments	<u>-</u>	<u>496,675</u>
<b>CASH USED FOR INVESTING ACTIVITIES</b>	<u>(429,502)</u>	<u>(255,910)</u>
<b>NET INCREASE IN CASH AND ENDOWMENT CASH</b>	242,826	24,837
<b>CASH AND ENDOWMENT CASH AT BEGINNING OF YEAR</b>	<u>1,980,681</u>	<u>1,955,844</u>
<b>CASH AND ENDOWMENT CASH AT END OF YEAR</b>	<u>\$ 2,223,507</u>	<u>\$ 1,980,681</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, 2022 AND 2021

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 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.

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 Foundation’s management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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, 2022 AND 2021

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>2022</u>	<u>2021</u>
Cash and Money Market Funds	\$ 1,968,844	\$ 1,246,511
Endowment Cash and Money Market Funds	<u>254,663</u>	<u>734,170</u>
Total Cash and Endowment Cash	\$ 2,223,507	\$ 1,980,681

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. Accounts receivable are written off when deemed uncollectable. As of September 30, 2022 and 2021, 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, 2022 and 2021 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 - The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Special events and ski medallion revenue (note 7) are comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Foundation recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

place. The Foundation recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. The Foundation recognizes the exchange element of ski medallion revenue at the start of the ski season in which the benefit is received by the donor. The Foundation recognizes the contribution element of ski medallion revenue immediately.

The following table provides information about significant changes in deferred revenue for the years ended September 30, 2022 and 2021:

	2022	2021
Deferred revenue, beg. of year	\$ 586,569	\$ 468,907
Ski pass benefits paid	47,889	479,970
Ski pass revenue recognized	<u>(309,600)</u>	<u>(362,308)</u>
Deferred revenue, end of year	\$ <u>229,080</u>	\$ <u>586,569</u>

Contributed Nonfinancial Assets- 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, 2022 and 2021, there were no contributed services recorded.

Advertising Costs- Advertising costs are expensed as incurred, and approximated \$46,639 and \$22,653 during the year ended September 30, 2022 and 2021, 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
Board Meetings and Expenses	Time and effort
Rent	Square footage

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

Scholarships Payable - Scholarships payable represent amounts approved by the board of directors 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.

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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Income Taxes - The 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 (vii), 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. The Foundation has determined that it 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 FASB 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, 2021, with early adoption permitted. The Foundation is currently evaluating the effect that this Update will have on its financial statements.

### 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:

	2022	2021
Cash and Cash Equivalents	\$ 1,968,844	\$ 1,246,511
Fundraising Events Receivables	56,000	142,615
Quasi Endowment Fund	14,104,646	17,521,470
Unconditional Promise to Give	2,436,118	3,318,185
Assets Limited to Use:		
Time Restricted	(1,768,865)	(2,456,284)
Designated for 2023 Grants	(110,000)	-
Designated for Donor Advised Funds	(6,248,393)	(7,694,679)
Designated for Quasi Endowment	<u>(7,856,253)</u>	<u>(9,826,791)</u>
Financial Assets Available	\$ <u>2,582,097</u>	\$ <u>2,251,027</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.

The Foundation's Board designated quasi endowment is subject to an annual spending rate of 3.5% as described in Note 10 and totaled \$124,032 and \$115,526 at September 30, 2022 and 2021, respectively. Although the Foundation does not intend to spend from this board designated quasi endowment (other

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than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

#### 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.

*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, 2022 and 2021 .

*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.

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The following table sets forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value on a recurring basis as of September 30, 2022 and 2021:

**Assets at Fair Value as of September 30, 2022**

	Level 1	Level 2	Level 3	Total
Registered Investment Companies	\$13,849,983	\$ -	\$ -	\$13,849,983
Total Assets at Fair Value	<u>\$13,849,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$13,849,983</u>

**Assets at Fair Value as of September 30, 2021**

	Level 1	Level 2	Level 3	Total
Registered Investment Companies	\$16,787,300	\$ -	\$ -	\$16,787,300
Total Assets at Fair Value	<u>\$16,787,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$16,787,300</u>

5. INVESTMENTS

Investments are stated at fair value and consist of registered investment companies. Cash held in money market funds has been treated as cash for financial statement presentation purposes. Money held in these cash equivalent funds totaled \$254,663 and \$734,170 as of the year ended September 30, 2022 and 2021, respectively.

The amounts as of September 30, 2022 and 2021 are as follows:

Endowment Funds As of September 30, 2022			
	Fair Value	Cost	Unrealized Appreciation/ (Depreciation)
Fixed Income Funds	\$ 5,024,114	\$ 5,982,025	\$ (957,911)
Equity Funds	<u>8,825,869</u>	<u>7,762,737</u>	<u>1,063,132</u>
Total Investments:	<u>\$ 13,849,983</u>	<u>\$ 13,744,762</u>	<u>\$ 105,221</u>

Endowment Funds As of September 30, 2021			
	Fair Value	Cost	Unrealized appreciation/ (depreciation)
Fixed Income Funds	\$ 5,903,290	\$ 5,845,331	\$ 57,959
Equity Funds	<u>10,884,010</u>	<u>7,530,981</u>	<u>3,353,029</u>
Total Investments:	<u>\$ 16,787,300</u>	<u>\$ 13,376,312</u>	<u>\$ 3,410,988</u>

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

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6. UNCONDITIONAL PROMISES TO GIVE

The Foundation records pledges receivable from donors with residence or businesses primarily in the Summit County region. The following table summarizes pledges receivable from donors as of September 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Premier Patron Pass Program Pledges	\$ 2,139,998	\$ 3,331,685
Allowance for Doubtful Accounts	<u>-</u>	<u>-</u>
Total	\$ <u>2,139,998</u>	\$ <u>3,331,685</u>

Amounts due in:

Less than One Year	\$ 376,133	\$ 1,213,245
One to Five Years	<u>1,763,865</u>	<u>2,118,440</u>
Total	\$ <u>2,139,998</u>	\$ <u>3,331,685</u>

At September 30, 2022 and 2021, 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, 2022 and 2021 \$607,863 and \$595,704, respectively was released from restriction, representing pledge payments received during the fiscal year.

7. SKI MEDALLION PASSES

The Foundation provides for certain benefits when contributions are made as a part of its ski medallion program. The program allows for a variety of benefits including a fully transferable four or six 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 activities. 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.

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8. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets within the statement of activities includes:

	<u>2022</u>	<u>2021</u>
Rubber Duck Race Prizes	\$ 27,568	\$ 19,012
Advertising	72,057	-
Food and Beverage	22,194	-
Lodging	<u>6,439</u>	-
Total	\$ <u>128,258</u>	\$ <u>19,012</u>

The contributed Rubber Duck Race fundraiser prizes are provided to race participants. Contributed prizes are valued at reported at estimated fair market value based on the cost of the items to a consumer.

The contributed advertising comprise radio and print advertising and marketing for fundraising and special events held during the year. The contributions are valued and reported at fair market value based on based current rates for similar services.

The contributed food and beverage is used for board meetings and donor receptions held during the year. The contributions are valued and reported at fair market value based on what the donor would invoice customers.

The contributed lodging comprise of rooms at a local resort for travel related to board meetings and special events held during the year. The contributions are valued and reported at fair market valued based on the per night rates the resort would charge to guests.

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

9. PROPERTY AND EQUIPMENT

Property as of September 30, 2022 and 2021 is as follow:

	<u>2022</u>	<u>2021</u>
Furniture and Fixtures	\$ 56,753	\$ 56,753
Leasehold Improvements	22,185	22,185
Computer Equipment and Software	<u>155,846</u>	<u>127,845</u>
Total Property, Plant and Equipment	\$234,784	\$208,804
Less Accumulated Depreciation	<u>(197,460)</u>	<u>(171,753)</u>
	\$ <u>37,324</u>	\$ <u>35,030</u>

Depreciation and amortization expense for the twelve months ended September 30, 2022 and 2021 was \$25,707 and \$25,926 respectively.

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#### 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

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(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:**

	<b>2022</b>	<b>2022</b>	
	<b>Donor-Advised</b>	<b>Board-Designated</b>	<b>Total</b>
	<b>Funds</b>	<b>Endowment Funds</b>	
Investment Return:			
Investment Income	\$ 178,880	\$ 223,332	\$ 402,212
Net Unrealized and Realized Gains	<u>(1,524,768)</u>	<u>(1,782,038)</u>	<u>(3,306,806)</u>
Total Investment Return	(1,345,888)	(1,558,706)	(2,904,594)
Contributions to endowment	979,179	183,975	1,163,154
Amounts appropriated for expenditure:			
Grants	(1,489,878)	(153,494)	(1,643,372)
Asset management fees	<u>(14,425)</u>	<u>(17,587)</u>	<u>(32,012)</u>
Total change in endowment funds	<u>\$ (1,871,012)</u>	<u>\$ (1,545,812)</u>	<u>\$ (3,416,824)</u>

	<b>2021</b>	<b>2021</b>	
	<b>Donor-Advised</b>	<b>Board-Designated</b>	<b>Total</b>
	<b>Funds</b>	<b>Endowment Funds</b>	
Investment Return:			
Investment Income	\$ 157,082	\$ 173,368	\$ 330,450
Net Unrealized and Realized Gains	<u>767,319</u>	<u>1,774,624</u>	<u>2,523,943</u>
Total Investment Return	924,401	1,947,992	2,854,393
Contributions to endowment	1,753,988	310,172	2,064,160
Amounts appropriated for expenditure:			
Grants	(1,768,157)	(367,158)	(2,135,315)
Asset management fees	<u>(19,147)</u>	<u>(15,032)</u>	<u>(34,179)</u>
Total change in endowment funds	<u>\$ 891,085</u>	<u>\$ 1,875,974</u>	<u>\$ 2,749,059</u>

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

	<u>2022</u>	<u>2021</u>
Donor-Advised Funds	\$ 6,248,393	\$ 7,694,679
Board-Designated Endowment Funds	<u>7,856,253</u>	<u>9,826,791</u>
<b>Total Board-Designated Funds</b>	<u>\$ 14,104,646</u>	<u>\$ 17,521,470</u>

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11. APPROVED GRANTS (UNAUDITED)

The Foundation Board approved grants to the following type of qualified tax-exempt organizations for the year ended September 30, 2022:

	<u>Foundation Funds</u>	<u>Donor Advised Funds</u>
Bright Futures	\$ 718,750	\$ 406,687
Arts & Culture	254,629	191,600
Environmental Stewardship	98,300	61,164
Healthy & Safe Communities	816,971	622,924
Mental Health Initiatives	51,250	41,500
Scholarships	403,421	117,500
Special Initiatives (Endowment Funds)	50,000	-
The Summit Foundation	-	48,503
Total	<u>\$ 2,393,321</u>	<u>\$ 1,489,878</u>

The Foundation Board approved grants to the following type of qualified tax-exempt organizations for the year ended September 30, 2021:

	<u>Foundation Funds</u>	<u>Donor Advised Funds</u>
Bright Futures	\$ 928,356	\$ 399,230
Arts & Culture	286,500	120,950
Environmental Stewardship	134,800	146,225
Healthy & Safe Communities	1,033,073	808,836
Mental Health Initiatives	55,000	90,000
Scholarships	254,429	110,463
Special Initiatives (Endowment Funds)	50,000	-
The Summit Foundation	-	92,453
Total	<u>\$ 2,742,158</u>	<u>\$ 1,768,157</u>

As of September 30, 2022 and 2021, the Foundation awarded \$210,500 and 206,500, respectively, of scholarships that have not been paid. The scholarships are conditional on the recipient maintaining a minimum grade point average and therefore have not been recorded in these financial statements.

12. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Unconditional Promises to Give - Time Restriction	\$ 2,436,118	\$ 2,118,440
Operating Grant - Time Restriction	10,000	-
Summit County Cares fund - Purpose Restriction	-	337,844
Total	<u>\$ 2,446,118</u>	<u>\$ 2,456,284</u>

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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended September 30, 2022:

Support paid to local nonprofits via directed grants	\$	337,844
Payments on unconditional promises to give		337,148
Net assets released from restriction	\$	674,992

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended September 30, 2021:

Support paid to local nonprofits via the Summit County Cares fund.	\$	435,500
Payments on unconditional promises to give		595,704
Net assets released from restriction	\$	1,031,204

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 ranging from \$1,978 to \$2,016 and the lease matures December 2023. 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, 2022 and 2021 was \$27,434 and \$29,093, respectively.

Future commitments are as follows:

2022	\$ 7,822
2023	1,773
2024	1,182

14. PAYCHECK PROTECTION LOAN PROGRAM

The Foundation was granted a loan for \$125,300 under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan was granted in fiscal year 2021. 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, 2021.

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15. EMPLOYEE BENEFIT PLAN

The Foundation offers a 403(b) retirement plan (“the Plan”) which covers all employees who have met certain service and 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 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 Plan up to the IRS annual limit. All contributions are immediately 100% vested. The Foundation contributes a matching contribution equal to 100% of deferrals up to the first 3% of participant’s compensation, plus 50% of deferrals that exceed 3% but do not exceed 5% of the participant's compensation.

During the year ended September 2022 and 2021, matching contributions in the amount of \$17,344 and \$17,661 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, which is the date the financial statements were available to be issued.