

**THE SUMMIT FOUNDATION  
BRECKENRIDGE, COLORADO  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2023 and 2022**

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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, 2023 and 2022, 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, 2023 and 2022, 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*

April 23, 2024  
Centennial, Colorado

**THE SUMMIT FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2023 AND 2022**

**ASSETS**

	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Operating Fund:		
Cash and Money Market	\$ 1,967,369	\$ 1,968,844
Endowment Fund:		
Cash and Money Market	282,052	254,663
Certificate of Deposit	1,004,341	-
Investments at Fair Value	15,505,574	13,849,983
Total Endowment Fund	16,791,967	14,104,646
Cash Held in Escrow	-	58,407
Unconditional Promises to Give	1,163,853	376,133
Prepaid Expenses and Deposits	53,079	32,571
Fundraising Events Receivable	33,001	56,000
<b>TOTAL CURRENT ASSETS</b>	<b>20,009,269</b>	<b>16,596,601</b>
<b>NONCURRENT ASSETS</b>		
Property and Equipment, Net	24,622	37,324
Unconditional Promises to Give, less Current Portion Above	1,755,852	1,763,865
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,780,474</b>	<b>1,801,189</b>
<b>TOTAL ASSETS</b>	<b>\$ 21,789,743</b>	<b>\$ 18,397,790</b>

**LIABILITIES AND NET ASSETS**

	<b>2023</b>	<b>2022</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 35,839	\$ 25,453
Grants and Scholarships Payable	98,150	80,500
Escrow Payable	-	58,407
Deferred Revenue	92,326	82,200
<b>TOTAL CURRENT LIABILITIES</b>	<b>226,315</b>	<b>246,560</b>
<b>NONCURRENT LIABILITIES</b>		
Deferred Revenue	73,134	146,880
<b>TOTAL LIABILITIES</b>	<b>299,449</b>	<b>393,440</b>
<b>NET ASSETS</b>		
Net Assets Without Donor Restriction		
Designated by the Board for donor advised funds	7,458,057	6,248,393
Designated by the Board for endowment purposes	9,333,910	7,856,253
Designated by the Board for future grants	219,000	110,000
Undesignated	1,296,581	1,175,186
Total Net Assets Without Donor Restriction	18,307,548	15,389,832
Net Assets With Donor Restriction	3,182,746	2,614,518
<b>TOTAL NET ASSETS</b>	<b>21,490,294</b>	<b>18,004,350</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 21,789,743</b>	<b>\$ 18,397,790</b>

The accompanying notes are an integral part of these financial statements

**THE SUMMIT FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<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	\$ 1,291,391	\$ 5,000	\$ 1,296,391
Ski Pass Medallion Contributions	127,249	1,637,980	1,765,229
Donor Advised Agencies and Scholarships	3,041,618	-	3,041,618
Contributed Nonfinancial Assets	159,911	-	159,911
<b>Total Contributions</b>	<b>4,620,169</b>	<b>1,642,980</b>	<b>6,263,149</b>
Ski Pass Medallion Earned Revenue	338,400	-	338,400
Special Events, Net	213,117	-	213,117
Net Investment Gain	1,418,616	-	1,418,616
Interest and Dividends	415,052	-	415,052
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>7,005,354</b>	<b>1,642,980</b>	<b>8,648,334</b>
Net Assets Released from Restriction	1,074,752	(1,074,752)	-
<b>TOTAL REVENUE AND RECLASSIFICATIONS</b>	<b>8,080,106</b>	<b>568,228</b>	<b>8,648,334</b>
<b>EXPENSES</b>			
Grants, Scholarships and Special Events	4,275,523	-	4,275,523
Management and General	355,311	-	355,311
Fundraising	531,556	-	531,556
<b>TOTAL EXPENSES</b>	<b>5,162,390</b>	<b>-</b>	<b>5,162,390</b>
Increase in Net Assets	\$ 2,917,716	\$ 568,228	\$ 3,485,944
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>15,389,832</b>	<b>2,614,518</b>	<b>18,004,350</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 18,307,548</b>	<b>\$ 3,182,746</b>	<b>\$ 21,490,294</b>

The accompanying notes are an integral part of these financial statements

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

	<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	\$ 1,639,399	\$ 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
Total Contributions	<u>3,205,445</u>	<u>833,226</u>	<u>4,038,671</u>
Ski Pass Medallions Earned Revenue	309,600	-	309,600
Special Events, Net	189,298	-	189,298
Net Investment Revenue	(3,338,818)	-	(3,338,818)
Interest and Dividends	<u>402,947</u>	<u>-</u>	<u>402,947</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	768,472	833,226	1,601,698
Net Assets Released from Restriction	<u>674,992</u>	<u>(674,992)</u>	<u>-</u>
<b>TOTAL REVENUE AND RECLASSIFICATIONS</b>	<u>1,443,464</u>	<u>158,234</u>	<u>1,601,698</u>
<b>EXPENSES</b>			
Grants, Scholarships and Special Events	4,285,058	-	4,285,058
Management and General	393,573	-	393,573
Fundraising	<u>208,865</u>	<u>-</u>	<u>208,865</u>
<b>TOTAL EXPENSES</b>	<u>4,887,496</u>	<u>-</u>	<u>4,887,496</u>
Increase (Decrease) in Net Assets	\$ (3,444,032)	\$ 158,234	\$ (3,285,798)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>18,833,864</u>	<u>2,456,284</u>	<u>21,290,148</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 15,389,832</u>	<u>\$ 2,614,518</u>	<u>\$ 18,004,350</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, 2023**

	<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	\$ 273,437	\$ 233,642	\$ 333,596	\$ 567,238	\$ 840,675
Grants and Scholarships Expense	3,883,255	-	-	-	3,883,255
Board Meetings and Donor Receptions	2,792	13,589	2,234	15,823	18,615
Medallion Supplies & Fees	31,422	4,190	6,284	10,474	41,896
Occupancy	27,796	12,771	34,556	47,327	75,123
Travel, Food and Lodging	11,997	1,714	3,428	5,142	17,139
Professional Fees	-	20,888	-	20,888	20,888
Supplies	40,124	5,351	8,025	13,376	53,500
Marketing	-	45,163	99,607	144,770	144,770
Special events - Facility Rental and Meal Costs	137,093	-	-	-	137,093
Depreciation Expense	4,700	2,159	5,843	8,002	12,702
Miscellaneous	-	15,844	37,983	53,827	53,827
<b>Total Expenses by Function</b>	<b>4,412,616</b>	<b>355,311</b>	<b>531,556</b>	<b>886,867</b>	<b>5,299,483</b>
Less Expenses Included With Revenue					
Cost of Special Events	(137,093)	-	-	-	(137,093)
<b>Total Expenses Included in the Expense Section of the Statement of Activities</b>	<b>\$ 4,275,523</b>	<b>\$ 355,311</b>	<b>\$ 531,556</b>	<b>\$ 886,867</b>	<b>\$ 5,162,390</b>
	83%	7%	10%	17%	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, 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
Medallion Supplies & Fees	33,741	4,499	6,748	11,247	44,988
Occupancy	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  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,485,944	\$ (3,285,798)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used for)		
Operating Activities:		
Depreciation	12,702	25,707
Unrealized (Gain) Loss on Investments	(1,424,989)	3,338,818
Realized (Gain) Loss on Investments	(35,388)	-
(Increase) Decrease in Receivables	(756,709)	1,278,300
(Increase) Decrease in Other Assets	(20,508)	(19,145)
Increase (Decrease) in Accounts Payable	10,386	(30,456)
Increase (Decrease) in Scholarships Payable	17,650	(89,869)
Increase (Decrease) in Deferred Revenue	(63,620)	(545,229)
Total Adjustments	<u>(2,260,476)</u>	<u>3,958,126</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	1,225,468	672,328
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	-	(28,001)
Purchases of Operating Investments	(371,666)	(401,501)
Proceeds from Sale of Operating Investments	172,112	-
Purchase of Certificate of Deposit	(1,000,000)	-
<b>CASH USED FOR INVESTING ACTIVITIES</b>	<u>(1,199,554)</u>	<u>(429,502)</u>
<b>NET INCREASE IN CASH AND ENDOWMENT CASH</b>	25,914	242,826
<b>CASH AND ENDOWMENT CASH AT BEGINNING OF YEAR</b>	<u>2,223,507</u>	<u>1,980,681</u>
<b>CASH AND ENDOWMENT CASH AT END OF YEAR</b>	<u>\$ 2,249,421</u>	<u>\$ 2,223,507</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, 2023 AND 2022

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.

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

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

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

	<u>2023</u>	<u>2022</u>
Cash and Money Market Funds	\$ 1,967,369	\$ 1,968,844
Endowment Cash and Money Market Funds	<u>282,052</u>	<u>254,663</u>
Total Cash and Endowment Cash	\$ <u>2,249,421</u>	\$ <u>2,223,507</u>

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, 2023 and 2022, 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 or 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 three to thirty-six years; leasehold improvements are depreciated over the life of the current lease.

Leases - Recently Adopted Accounting Guidance - In February 2016, the Financial Accounting Standards Board (FASB) issued guidance in Accounting Standards Codification (ASC) 842, Leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the standard effective October 1, 2022 and no adjustment to the financial statements was required. Lease disclosures for the year ended September 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Foundation elected the available practical expedients to account for our existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. The Foundation also elected the short-term lease

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

As of October 1, 2022, the Foundation’s lease qualified for the short term lease accounting policy election and as a result, the Foundation elected to not record right-of-use (ROU) assets and lease liabilities with respect to its 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, 2023 and 2022 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 5) 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 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deferred revenue, beg. of year	\$ 229,080	\$ 586,569
Ski pass benefits paid	274,780	(47,889)
Ski pass revenue recognized	<u>(338,400)</u>	<u>(309,600)</u>
Deferred revenue, end of year	\$ <u>165,460</u>	\$ <u>229,080</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. Contributed services are recorded as contributions in the year received at their estimated fair value on the date of donation.

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Advertising Costs- Advertising costs are expensed as incurred, and approximated \$144,770 and \$121,696 during the year ended September 30, 2023 and 2022, 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.

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(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. 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.

THE SUMMIT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

2. 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:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,967,369	\$ 1,968,844
Fundraising Events Receivables	33,001	56,000
Quasi Endowment Fund	16,791,967	14,104,646
Unconditional Promise to Give	2,919,705	2,139,998
Assets Limited to Use:		
Time Restricted	(1,755,852)	(1,763,865)
Designated for Grants	(219,000)	(110,000)
Designated for Donor Advised Funds	(7,458,057)	(6,248,393)
Designated for Quasi Endowment	<u>(9,333,910)</u>	<u>(7,856,253)</u>
Financial Assets Available	\$ <u>2,945,223</u>	\$ <u>2,290,977</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 it’s 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 8 and totaled \$128,620 and \$124,032 on fiscal year ended September 30, 2023 and 2022, respectively. Although the Foundation does not intend to spend from this board designated quasi endowment (other 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.

3. FAIR VALUE MEASUREMENTS

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

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A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset. In these situations, the Foundation develops inputs using the best information available in the circumstances.

All of the Foundation's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values.

#### 4. 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, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Premier Patron Pass Program Pledges	\$ 2,919,705	\$ 2,139,998
Allowance for Doubtful Accounts	<u>-</u>	<u>-</u>
Total	\$ <u>2,919,705</u>	\$ <u>2,139,998</u>
Amounts due in:		
Less than One Year	\$ 1,163,853	\$ 376,133
One to Five Years	<u>1,755,852</u>	<u>1,763,865</u>
Total	\$ <u>2,919,705</u>	\$ <u>2,139,998</u>

At September 30, 2023 and 2022, 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, 2023 and 2022 \$1,064,752 and \$674,992, respectively was released from restriction, representing pledge payments received during the fiscal year.

#### 5. 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.

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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.

6. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets within the statement of activities includes:

	<u>2023</u>	<u>2022</u>
Rubber Duck Race Prizes	\$ 24,307	\$ 27,568
Advertising	60,214	72,057
Food and Beverage	39,393	22,194
Lodging	-	6,439
Rent	<u>35,997</u>	<u>-</u>
Total	\$ <u>159,911</u>	\$ <u>128,258</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.

The contributed rent relates to a below market lease for office space (see Note 11). The contribution is valued based on the market rate for comparable office space in the City of Breckenridge.

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

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7. PROPERTY AND EQUIPMENT

Property as of September 30, 2023 and 2022 is as follow:

	<u>2023</u>	<u>2022</u>
Furniture and Fixtures	\$ 56,753	\$ 56,753
Leasehold Improvements	22,185	22,185
Computer Equipment and Software	<u>155,846</u>	<u>155,846</u>
Total Property, Plant and Equipment	234,784	234,784
Less Accumulated Depreciation	<u>(210,162)</u>	<u>(197,460)</u>
Net Property, Plant and Equipment	\$ <u>24,622</u>	\$ <u>37,324</u>

Depreciation and amortization expense for the twelve months ended September 30, 2023 and 2022 was \$12,702 and \$25,707 respectively.

8. 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.

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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.

**Endowment Related Activities:**

	<b>2023</b>	<b>2023</b>	
	<b>Donor Advised</b>	<b>Board-Designated</b>	<b>Total</b>
	<b>Funds</b>	<b>Endowment Funds</b>	
Investment Return:			
Investment Income	\$ 193,332	\$ 191,575	\$ 384,907
Net Unrealized and Realized Gain	<u>623,621</u>	<u>832,415</u>	<u>1,456,036</u>
Total Investment Return	816,953	1,023,990	1,840,943
Contributions to Endowment	1,873,827	1,167,791	3,041,618
Amounts Appropriated for Expenditure:			
Grants	(1,463,216)	(694,604)	(2,157,820)
Asset Management Fees	<u>(17,899)</u>	<u>(19,521)</u>	<u>(37,420)</u>
Total Change in Endowment Funds	\$ <u>1,209,665</u>	\$ <u>1,477,656</u>	\$ <u>2,687,321</u>

	<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 Loss	<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>

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Endowment Net Asset Composition by Type of Fund as of September 30:

	<u>2023</u>	<u>2022</u>
Donor-Advised Funds	\$ 7,458,057	\$ 6,248,393
Board-Designated Endowment Funds	<u>9,333,910</u>	<u>7,856,253</u>
Total Board-Designated Funds	<u>\$ 16,791,967</u>	<u>\$ 14,104,646</u>

9. APPROVED GRANTS (UNAUDITED)

The Foundation Board approved grants to the following type of qualified tax-exempt organizations for the year ended September 30, 2023:

	<u>Foundation Funds</u>	<u>Donor Advised Funds</u>
Bright Futures	\$ 839,000	\$ 239,275
Arts & Culture	164,000	58,000
Environmental Stewardship	114,500	27,000
Healthy & Safe Communities	704,500	950,291
Scholarships	230,750	167,300
Special Initiatives (Endowment Funds)	300,000	-
The Summit Foundation	-	<u>21,350</u>
Total	<u>\$ 2,352,750</u>	<u>\$ 1,463,216</u>

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	-	<u>48,503</u>
Total	<u>\$ 2,393,321</u>	<u>\$ 1,489,878</u>

As of September 30, 2023 and 2022, the Foundation awarded \$219,000 and 210,500, 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.

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10. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Unconditional Promises to Give - Time Restriction	\$ 3,177,746	\$ 2,604,518
Operating Grant - Time Restriction	<u>5,000</u>	<u>10,000</u>
Total	\$ <u>3,182,746</u>	\$ <u>2,614,518</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended September 30, 2023:

Passage of time	\$ 10,000
Payments on unconditional promises to give	<u>1,064,752</u>
Net assets released from restriction	\$ <u>1,074,752</u>

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	<u>337,148</u>
Net assets released from restriction	\$ <u>674,992</u>

11. OFFICE LEASE

The Foundation entered into an office lease agreement with the Town of Breckenridge, a Colorado municipal corporation starting in November 2014. In fiscal 2023 and 2022, the lease required monthly base payments ranging from \$2,016 to \$2,317. The lease payments are below market. Through 2024, both the Foundation and the Town of Breckenridge each have the right to terminate the lease without penalty, effective at the end of the calendar year. If the right to terminate is not exercised by either party, the lease renews for a twelve month period from January through December. The lease expires without further renewals effective December 31, 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.

Short term lease expense for the year ended September 30, 2023 was \$31,276. In-kind rent expense for the year ended September 30, 2023 was \$35,997. Rent expense for the year ended September 30, 2022 was \$27,434.

Future minimum lease payments payable in the year ended September 30, 2024 will be \$6,952.

12. 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

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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 30, 2023 and 2022, matching contributions in the amount of \$14,473 and \$17,344 was made to the plan.

### 13. 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.