Aspen Community Foundation

Financial Report

December 31, 2019

Aspen Community Foundation
(A Colorado Non-Profit Corporation)
December 31, 2019

Table of Contents

	Page(s)
INDEPENDENT AUDITOR'S REPORT	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 17

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Aspen Community Foundation

We have audited the accompanying financial statements of Aspen Community Foundation, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aspen Community Foundation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Aspen Community Foundation's 2018 financial statements and, in our report dated June 17, 2019, we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
July 31, 2020

Aspen Community Foundation
(A Colorado Non-Profit Corporation)
Statement of Financial Position
December 31, 2019
(With Comparative Amounts For December 31, 2018)

	2019	2018
Assets:		
Cash	3,438,277	4,274,929
Accounts receivable	48,685	53,467
Prepaid and other assets	14,311	10,615
Investments, at fair value	33,405,701	28,149,195
Assets held for agency funds	3,288,233	2,974,826
Property and equipment, net	1,293,555	1,340,079
Total Assets	41,488,762	36,803,111
Liabilities and Net Assets:		
Accounts payable and accrued expenses	1,554,704	1,550,013
Mortgage payable	753,675	802,196
Assets held for agency funds	3,288,233	2,974,826
Total Liabilities	5,596,612	5,327,035
Net Assets:		
Without donor restriction:		
Donor advised	16,073,319	13,979,935
Field-of-interest	1,563,821	1,634,579
Donor designated	51,203	70,944
Scholarship	1,117,636	908,824
Discretionary	16,997,894	14,806,090
Total without donor restriction	35,803,873	31,400,372
With donor restriction:		
Alpine skier scholarship program	38,277	25,704
Nonspendable alpine skier scholarship endowment	50,000	50,000
Total with donor restriction	88,277	75,704
Total Net Assets	35,892,150	31,476,076
Total Liabilities and Net Assets	41,488,762	36,803,111

The accompanying notes are an integral part of these financial statements.

Aspen Community Foundation
(A Colorado Non-Profit Corporation)
Statement of Activities
For the Year Ended December 31, 2019
(With Comparative Totals For the Year Ended December 31, 2018)

	2019			2018
	Without Donor Restriction	**With Donor Restriction**	**Total**	**Totals**
Revenue, Gains and Support				
Contributions	10,427,880	-	10,427,880	6,988,744
Special events	201,200	-	201,200	204,225
Investment income (loss), net of investment fees	5,283,974	12,573	5,296,547	(2,057,274)
Donated goods and services	-	-	-	5,100
Other income	47,618	-	47,618	69,405
Total revenue, gains, and support	15,960,672	12,573	15,973,245	5,210,200
Expenses:				
Program services:				
Grants	9,845,675	-	9,845,675	8,485,311
Other program expenses	1,225,656	-	1,225,656	1,263,292
	11,071,331	-	11,071,331	9,748,603
Supporting services:				
Management and general	237,199	-	237,199	186,516
Development	248,641	-	248,641	187,996
	485,840	-	485,840	374,512
Total Expenses	11,557,171	-	11,557,171	10,123,115
Change in Net Assets	4,403,501	12,573	4,416,074	(4,912,915)
Net Assets - January 1	31,400,372	75,704	31,476,076	36,388,991
Net Assets - December 31	35,803,873	88,277	35,892,150	31,476,076

The accompanying notes are an integral part of these financial statements.

Aspen Community Foundation
(A Colorado Non-Profit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals For the Year Ended December 31, 2018)

	2019				2018
	Program Services	Management and General	Development Expenses	Total	Totals
Expenses:					
Activities and special events	-	-	24,986	24,986	23,889
Marketing and promotions	16,889	2,548	2,403	21,840	25,311
Grants and other assistance	9,845,675	-	-	9,845,675	8,485,311
Salaries and wages	807,652	133,325	125,712	1,066,689	1,131,936
Accounting	13,803	4,921	4,640	23,364	22,750
Professional fees	23,507	6,886	6,492	36,885	55,024
Donor cultivation	113,706	39,651	37,387	190,744	941
Information technology	33,716	8,519	8,033	50,268	54,243
Interest	19,001	6,774	6,387	32,162	34,195
Insurance	2,598	926	873	4,397	7,994
Rent	3,311	1,180	1,113	5,604	5,484
Repairs, maintenance, and cleaning	6,771	2,347	2,213	11,331	37,487
Utilities	4,878	1,739	1,640	8,257	9,010
Telephone	3,929	556	524	5,009	5,244
Bus expense	4,424	-	-	4,424	7,524
Board expense	2,432	867	818	4,117	2,352
Classroom programs	12,985	2,959	2,790	18,734	52,627
Office supplies	29,805	5,157	4,862	39,824	45,001
Travel, meals and entertainment	7,127	1,217	1,147	9,491	6,420
Dues and subscriptions	15,623	5,133	4,840	25,596	24,839
Miscellaneous expenses	71,046	924	872	72,842	35,914
Depreciation expense	32,453	11,570	10,909	54,932	49,619
	11,071,331	237,199	248,641	11,557,171	10,123,115

The accompanying notes are an integral part of these financial statements.

Aspen Community Foundation
(A Colorado Non-Profit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Amounts For the Year Ended December 31, 2018)

	2019	2018
Cash Flows From Operating Activities:		
Cash received from contributions	10,432,664	7,006,901
Cash received from interest	283,852	159,761
Cash received from special events	201,200	204,225
Other cash receipts / disbursements	47,617	69,404
Cash paid for grants, goods, and services	(11,501,244)	(10,093,874)
Net Cash Provided (Used) by Operating Activities	(535,911)	(2,653,583)
Cash Flows From Investing Activities:		
Purchase of fixed assets	(8,408)	(54,740)
Net (purchases) sale of non-cash investments	(243,812)	789,171
Net Cash Provided (Used) by Investing Activities	(252,220)	734,431
Cash Flows From Financing Activities:		
Principal repayments	(48,521)	(45,637)
Net Cash Provided (Used) by Financing Activities	(48,521)	(45,637)
Net Change in Cash and Cash Equivalents	(836,652)	(1,964,789)
Cash and Cash Equivalents - Beginning of year	4,274,929	6,239,718
Cash and Cash Equivalents - End of year	3,438,277	4,274,929
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Change in net assets	4,416,074	(4,912,915)
Adjustments to reconcile:		
Depreciation	54,932	49,619
Net (gain) loss on investment	(5,012,694)	2,217,035
(Increase) decrease in prepaid expenses	(3,696)	8,008
(Increase) decrease in contributions receivable	4,782	13,057
Increase (decrease) in accounts payable	4,691	(28,387)
Total Adjustments	(4,951,985)	2,259,332
Net Cash Provided (Used) by Operating Activities	(535,911)	(2,653,583)

The accompanying notes are an integral part of these financial statements.

Aspen Community Foundation
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019

1. Organization

The Aspen Community Foundation (the "Foundation") was incorporated in the State of Colorado as a non-profit corporation in 1980 to build philanthropy and support nonprofits throughout the greater Roaring Fork Valley by connecting donors to community needs, building permanent charitable funds, and bringing people together to solve community problems.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

B. Basis of Presentation

The Foundation follows the requirements of Financial Accounting Standards Board Accounting Standards Codification, *Not-for-Profit Entities ("ASC 958")*. Under ASC 958, the Foundation is required to report information regarding its financial position and activities based upon the existence or absence of donor imposed restrictions into these three classes: unrestricted, temporarily restricted, and permanently restricted.

Financial position and activity should be classified as permanently restricted only when both of the following conditions are met:

- The donor gift instrument does not permit invasion of the principal and
- The governing documents of the community foundation do not provide for the invasion of corpus.

C. Cash and Cash Equivalents

The Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less, and which are not held by investment managers as part of an investment portfolio, to be cash equivalents.

D. Contributions

The Foundation also follows the requirements of ASC 958 as it relates to contributions. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support based upon the recommendations of the Fiscal and Administrative Officers Group ("FAOG") Report.

Donor-restricted support, including pledges, is recorded as an increase in net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

2. Summary of Significant Accounting Policies (continued)

E. Contributions Receivable

Unconditional pledges are recognized as revenues in the period the pledge is received. Pledges are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional pledges are recognized when the conditions on which they depend are substantially met.

F. Investments

Investments in marketable equity and fixed income securities with readily determinable fair values are recorded at fair value as required by ASC 958, *Not-for-Profit Entities*.

The fair values for alternative investments represent the Foundation's pro-rata interest in the net assets of each investment and are based on financial information determined and reported by investment managers or on the basis of other information evaluated. Investment income consists of the Foundation's distributive share of any interest, dividends, capital gains and capital losses, generated from the Foundation's investments, as well as the change in fair value of the investments.

Gains and losses attributable to the Foundation's investments are realized and reported upon a sale or disposition of the investment.

F. Fair Value Measurements

The carrying amounts reported in the statement of financial position for cash and cash equivalents, prepaid and other assets, accounts payable and accrued liabilities, approximate fair value because of the immediate or short-term maturities of these financial instruments. The Foundation adopted ASC 820, *Fair Value Measurement and Disclosure* as of January 1, 2008, which among other things requires enhanced disclosures about financial assets that are measured and reported at fair value on a recurring basis. ASC 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial assets at fair value. The hierarchy prioritizes the inputs into the following three levels:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include money-market funds, mutual funds, listed equities, listed derivatives, cash, and cash equivalents. For the Foundation, Level I investments consist of equity securities and mutual funds.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate and government bonds, less liquid and restricted equity securities and certain over-the-counter derivatives. For the Foundation, Level 2 investments consist of money-market funds and pooled investments.

2. Summary of Significant Accounting Policies (continued)

F. Fair Value Measurements (continued)

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include limited partnership interests in corporate private equity and real estate funds, funds of hedge funds, and distressed debt. For the Foundation, Level 3 investments consist of investments made through investment vehicles such as limited partnerships and private corporations which in turn invest in funds of funds, and hedge funds.

In certain cases, the inputs used to measure fair value may fall in to different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

We use net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

G. Assets Held for Agency Funds

The Foundation follows the reporting requirements of ASC 958 for reporting Agency Funds. In accordance with ASC 958, certain transfers of assets to the Foundation that are for the benefit of the transferring entity, called agency funds, are accounted for as a liability by the Foundation and appear in the accompanying Statement of Financial Position as "assets held for agency funds". The Foundation holds and invests the funds on behalf of the transferring entity. The Foundation has no variance power over the funds. Instead, the funds are distributed to the transferring entity upon request to the Foundation. At December 31, 2019 and 2018, the balance of those funds totaled $3,288,233 and $2,974,826, respectively.

H. Property and Equipment

Property and equipment is stated at cost, or if donated, at the fair value at the date of donation. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the asset's ranging from three to thirty nine years. The Foundation capitalizes all fixed asset purchases over $500 with an estimated useful life of three years or more.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (continued)

J. Functional Allocation of Expenses

The costs of providing grants, programs and other activities have been summarized on a functional basis in the accompanying financial statements. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

K. Method Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated on an individual asset basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

L. Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction. However, income from activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

The transactions of Crystal Lake, LLC, a single member LLC wholly controlled by the Foundation is consolidated for the purposes of tax reporting as a disregarded entity within the requirements set forth in 170(c)(2) of the Internal Revenue Code.

The Foundation receives income from its investments in limited partnerships that is classified as unrelated business income. For the years ended December 31, 2019 and 2018, the Foundation did not incur taxes for unrelated business taxable income. The Federal information returns of the Foundation are subject to examination by the Internal Revenue Service. The Foundation is no longer subject to examination for tax years prior to 2016.

M. Prior Year Comparative Information

The consolidated financial statements include certain prior year summarized, comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended December 31, 2018, from which the summarized information was derived.

3. Investments

Investments are stated at their estimated fair values (see note 4 below). The Foundation's investment assets, which include private and publicly held investments, are dedicated to providing the financial resources needed to meet the Foundation's grant making, scholarship and other charitable objectives. The Foundation's investments are managed by independent professional investment management firms and are held in various investment structures such as mutual funds and limited partnerships. Marketable and private alternative investments are exposed to various risks that may cause the reported value of the Foundation's investment assets to fluctuate from period to period and result in a material change to the net assets of the Foundation. Investments in equity securities fluctuate in value in response to many factors such as the activities and financial condition of individual companies, business and industry market conditions and the general economic environment.

The value of fixed income securities fluctuates in response to changing interest rates, credit worthiness of issuers and overall economic policies that impact market conditions.

Investments consisted of the following at December 31, 2019 and 2018:

	2019	2018
Domestic equities	$ 12,650,254	$ 10,380,288
Absolute return	5,870,010	5,435,530
International equity	7,242,082	5,933,946
Hedged equity	6,172,079	5,341,650
Fixed income	993,980	1,000,000
Private equity	3,765,529	3,032,607
	36,693,934	31,124,021
Less investments held for agency endowments	(3,288,233)	(2,974,826)
	$ 33,405,701	$ 28,149,195

Investment income is summarized as follows:

	2019	2018
Interest and dividend income	$ 309,788	$ 173,570
Net realized and unrealized gains (losses)	5,837,327	(2,143,182)
Less investment management and advisory fees	(363,245)	(281,461)
Total net investment return	5,783,870	(2,251,073)
Less agency income	(487,323)	193,799
Net investment return excluding agency income	$ 5,296,547	$ (2,057,274)

4. Fair Value Measurements

The following table summarizes the valuation of the Foundation's fair value of assets measured on a recurring basis by the above ASC 820 fair value hierarchy levels as of December 31, 2019:

	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Cash	$ 3,438,277	$ 3,438,277	$ -	$ -	$ -
Investments:					
Domestic equities	$ 12,650,254	$ 10,622,480	$ -	$ -	$ 2,027,774
Absolute return	5,870,010	-	-	2,375,849	3,494,161
International equities	7,242,082	2,865,639	2,061,669	1,167,992	1,146,782
Hedge equities	6,172,079	-	-	-	6,172,079
Fixed income	993,980	993,980	-	-	-
Private equity	3,765,529	-	-	1,494,663	2,270,866
	36,693,934	14,482,099	2,061,669	5,038,504	15,111,662
Total	$ 40,132,211	$ 17,920,376	$ 2,061,669	$ 5,038,504	$ 15,111,662

The Foundation measures fair value for Level 3 investments by reviewing financial statements, various reports provided by the fund managers and any analysis done by their investment advisor. The changes in financial assets measured at fair value for which the Foundation has used Level 3 inputs to determine fair value as follows:

	Investments
Balance at December 31, 2018	$ 4,481,535
Total realized gains (losses)	75,016
Total unrealized gains (losses)	582,534
Investment fees	(118,724)
Purchases, net of distributions	18,143
Balance at December 31, 2019	$ 5,038,504

The gains and losses shown above are included in investment income (loss), net of investment fees in the financial statements. There was a net unrealized gain of $582,534 attributable to Level 3 investments still held at December 31, 2019. Transfers between levels in the fair value hierarchy are deemed to have occurred when the composition of a fund that the Foundation is invested in changes.

4. Fair Value Measurements (continued)

The following investments calculate net asset value per share and are measured at fair value:

Investment Strategy	Fair Value (in millions)	Unfunded Commitments (in millions)	Redemption Frequency	Redemption Notice Period	Redemption Restrictions
Absolute return	$1.91	-	quarterly	90 days	Discretionary gate, 2 year lock up
Absolute return	$1.58	-	quarterly	90 days	Discretionary gate
Mid cap equity	$2.03	-	monthly	30 days	None noted
Hedge equities	$2.45	-	quarterly	45 days	Discretionary gate, 2 year lock up
Hedge equities	$1.59	-	quarterly	30 days	None noted
Hedge equities	$2.13	-	monthly	30 days	None noted
International equity	$1.15	-	monthly	15 days	None noted
Private equity	$0.62	-	quarterly	90 days	3 year lock up. Distribution at fund discretion
Private equity	$0.51	$0.49	N/A	10 days	3 year lock up. Distribution at fund discretion
Private equity	$0.25	$0.75	N/A	5 days	4 year lock up. Distribution at fund discretion
Private equity	$0.88	$0.13	quarterly	10 days	Discretionary gate, 5 year lock up

Absolute Return Funds – Funds that offer an alternative to more traditional stock, bond, or balanced funds. An absolute return strategy is independent of traditional benchmarks such as the S&P 500 Index or the Barclays U.S. Aggregate Bond Index, and has it the freedom to invest in a wide variety of securities as well as a variety of strategies to hedge specific types of risk.

Mid Cap Equity Funds – Funds focused on private equity investments based on companies in middle market capitalization values.

Hedge Equities – Funds that can invest long and short, primarily in common stocks. Fund managers may invest in value, growth, or event-driven equity opportunities and typically are not restricted by market capitalization, industry sector, or geography. Leverage may be utilized, which can magnify changes in the values of the underlying securities.

International Equity Funds – Funds focused on private equity investments primarily in foreign markets, including emerging markets.

Private Equity Funds – Funds focused on growth in equity, buyout opportunities, or distressed debt. These investments are not readily redeemable; however, a secondary market does exist. Distributions normally are received through the liquidation of the underlying assets in the fund.

5. Property and Equipment

Property and equipment consists of the following at December 31, 2019 and 2018:

	2019	2018
Office furniture and equipment	$ 96,733	$ 95,923
Computer hardware and software	154,687	150,713
Leasehold improvements	17,936	14,312
Building	1,300,000	1,300,000
	1,569,356	1,560,948
Less accumulated depreciation and amortization	(275,801)	(220,869)
	$ 1,293,555	$ 1,340,079

Depreciation expense for the year ended December 31, 2019 was $54,932.

6. Debt

On October 5, 2016, the Foundation executed a promissory note ("the Note") in the amount of $900,000 with the principal and interest due on October 5, 2031. Unpaid principal accrues interest at 4.09% per annum. Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2020	$ 50,387	$ 30,296	$ 80,683
2021	52,517	28,166	80,683
2022	54,736	25,947	80,683
2023	57,050	26,633	83,683
2024	59,461	26,633	86,094
2025 - 2029	337,103	79,893	416,996
2030 - 2031	142,421	13,262	155,683
	$ 753,675	$ 230,830	$ 984,505

7. Net Assets

Net assets without donor restrictions are the portion of net assets that are not restricted by the donor stipulations on their use. Net assets with donor restrictions are the portion of net assets resulting from contributions or other inflows of assets whose use is limited by donor imposed stipulations. 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. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the contribution as unrestricted. Net assets consist of the following types of internally developed funds:

Donor Advised Funds – The Foundation maintains donor advised funds in which donors are given the opportunity to make recommendations for grants to charities to be paid from the fund. The Foundation keeps control over these funds and makes grants at its sole discretion.

Field-of-interest Funds – The Foundation maintains field-of-interest funds to support a broad array of interests, such as the arts, education, or health. The donor specifies their interests at the time the fund is created. The Foundation then makes grants from these funds to the most appropriate organizations. Field-of-interest funds can also be established to be advised by the donor. The Foundation keeps control over these funds and makes grants at its sole discretion.

Donor Designated Funds – The Foundation maintains donor designated funds to ensure long-term support for one or more specific nonprofit organizations identified by the donor at the time the fund is established. The named organizations receive an annual contribution from the fund. The Foundation keeps control over these funds and makes grants at its sole discretion.

Scholarship Funds – The Foundation maintains scholarship funds bringing together students in need and individuals who care about education to enable more students to reach their educational goals. Scholarship funds may be established to benefit a specific student demographic, school or field of study. The Foundation keeps control over these funds and makes grants at its sole discretion.

Discretionary Funds – Discretionary funds are unrestricted assets which the Foundation keeps control over and makes grants at its sole discretion.

7. Net Assets (continued)

At December 31, 2019, the Foundation had $38,277 of unexpended endowment earnings restricted to be used for financial assistance to alpine skiers in the Aspen Valley Ski/Snowboard Club who have genuine potential for growth within the ranks of amateur racing. The Foundation also had net assets with donor restrictions consisting of the Rip McManus Endowment in the amount of $50,000. The Rip McManus Endowment Fund was established in the memory of former Olympic ski racer Rip McManus and income from the fund is to be used for financial assistance to alpine skiers in the Aspen Valley Ski/Snowboard Club who have genuine potential for growth within the ranks of amateur racing. As required by generally accepted accounting principles, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 1, 2008. Accordingly, the Foundation adopted ASC 958-205-45-28, *Not-for-Profit Entities, Presentation of Financial Statements, Other Presentation Matters, Classification of Donor-Restricted Endowment Funds Subject to UPMIFA,* and Enhanced Disclosures for All Endowment Funds. There was no effect on the Foundation's financial statements as a result of adopting ASC 958-205-45-28.

The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original fair value of gifts donated to the permanent endowment, (b) the original fair value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other Foundation resources
7. The investment policies of the Foundation

At December 31, 2019, the Foundation had the following net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated funds	$ 35,803,873	$ -	$ 35,803,873
Donor restricted funds:			
Alpine skier scholarship program	-	38,277	38,277
Nonspendable alpine skier scholarship endowment	-	50,000	50,000
	$ 35,803,873	$ 88,277	$ 35,892,150

7. Net Assets (continued)

Following are the changes in the endowment net assets for the year ended December 31, 2019:

	With Donor Restrictions
Endowment net assets at December 31, 2018	$ 75,704
Net appreciation (realized and unrealized)	12,573
Endowment net assets at December 31, 2019	$ 88,277

A. Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. At December 31, 2019 there was no such deficiency.

8. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$ 3,438,277
Accounts receivable	48,685
Operating investments	31,743,097
	$ 35,230,059

The Foundation seeks to provide its grantees with a steady, predictable and growing source of support. In fulfillment of this objective and in consideration of investment strategies, market cycles and fluctuations, the Foundation attempts to maintain adequate liquidity to support donor advised grant making, distribution requests from organization funds, and Foundation discretionary grant making.

The Foundation Liquidity Policy ensures adequate liquidity while maximizing investment opportunities and results based on the following procedures:

- Grant requests up to $250,000 will be disbursed within 10 business days.
- Grant requests over $250,000 and up to $ 750,000 will be disbursed within 60 business days.
- Grant requests for amounts greater than $750,000 will be disbursed within 90 business days.

For purposes of this policy, a grant recommendation or disbursement request is considered to be the sum of the requests received within a 30-day period to be disbursed from a single fund.

9. Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies surrounding Foundation assets that attempt to provide a predictable stream of funding to programs. Under this policy, as approved by the Board of Directors, the Foundation assets are invested in a manner that is intended to maximize utilization of investments in income-producing instruments which preserve principal, maximize income commensurate with risk, provide liquidity to help ensure adequate reserves, and fit within the Foundation's preference of acceptable principal and interest risk. The Foundation relies on a return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

10. Employee Benefit Plan

The Foundation has a 401K pension plan covering all eligible full-time employees. Employees are able to contribute up to 15% of their salaries to the plan. Full-time employees are eligible for employer contributions to the plan upon the employee's attainment of age 21. Plan contributions are made at the discretion of the Foundation's Board of Directors. The contributions vest 100% to the employee's benefit over a six year graded vesting schedule. The Foundation's contributions, net of forfeitures, under the plan were $58,858 and $65,310 in 2019 and 2018, respectively.

11. Lease

The Foundation leased office space in Aspen under an extended operating lease agreement that required monthly payments through December 31, 2019. The Foundation paid its share of utilities which were prorated among the building tenants based upon actual expenses and space leased.

Rent expense, including utilities, trash and parking, was $5,604 and $5,484 in 2019 and 2018, respectively.

12. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of money market accounts, investment securities, and contributions receivable.

The Foundation places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. From time to time, there may be a portion of the funds are not insured by the FDIC or a related entity, but the Foundation's policy is to move cash into insured deposits as soon as possible.

The Foundation has significant investments and is therefore subject to concentrations of credit risk. Investments are made by investment managers engaged by the Foundation and the investments are monitored for the Foundation by an investment advisor. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Foundation and its beneficiaries.

Credit risk with respect to contributions receivable is limited due to the number and credit worthiness of the individuals who comprise the contributor base.

13. Crystal Lake, LLC

In 2015, the Foundation created Crystal Lake, LLC ("Crystal Lake"), for the primary purpose of accepting, holding, and selling donated real estate. Crystal Lake was incorporated as a single member limited liability corporation pursuant to Articles of Organization filed on February 4, 2015. During 2019, there were no transactions for Crystal Lake.

14. Subsequent Events

Management has evaluated subsequent events through July 31, 2020, the date these financial statements were available to be issued.

15. COVID-19

The spread of COVID-19 may have operational, economic, and financial impacts on the Foundation. The significance and duration of potential impacts cannot be reasonably estimated at this time.