Aspen Community Foundation

Financial Report

December 31, 2022

Aspen Community Foundation
(A Colorado Non-Profit Corporation)
December 31, 2022

Table of Contents

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

Chapel Square, Bldg C
245 Chapel Place, Suite 300
P.O. Box 5850, Avon, CO 81620

Web Site: www.mcmahancpa.com
Main Office: (970) 845-8800
Facsimile: (970) 845-8108
E-mail: mcmahan@mcmahancpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Aspen Community Foundation
Basalt, CO

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aspen Community Foundation (the "Foundation"), a Colorado non-profit corporation, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 Foundation as of December 31, 2022, 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. 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 Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 U.S. GAAP, 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 Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Aspen Community Foundation
Basalt, CO

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 U.S. 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 U.S. 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 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 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 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.
Avon, Colorado
June 5, 2023

Aspen Community Foundation
(A Colorado Non-Profit Corporation)
Statement of Financial Position
December 31, 2022
(With Comparative Amounts For December 31, 2021)

	2022	2021
Assets:		
Cash	5,075,174	9,682,612
Accounts receivable	25,477	61,609
Prepaid and other assets	1,480	19,716
Investments, at fair value	42,679,825	48,444,811
Assets held for agency funds	2,662,337	3,065,758
Property and equipment, net	1,197,461	1,237,251
Total Assets	51,641,754	62,511,757
Liabilities and Net Assets:		
Accounts payable and accrued expenses	451,142	1,871,131
Mortgage payable	596,158	650,885
Deferred grant revenue	-	118,118
Assets held for agency funds	2,662,337	3,065,758
Total Liabilities	3,709,637	5,705,892
Net Assets:		
Without donor restriction:		
Donor advised	26,905,014	31,639,741
Field-of-interest	1,825,508	2,647,524
Scholarship	967,931	1,297,082
Discretionary	17,972,620	21,022,943
Total without donor restriction	47,671,073	56,607,290
With donor restriction:		
Alpine skier scholarship program	211,044	148,575
Nonspendable alpine skier scholarship endowment	50,000	50,000
Total with donor restriction	261,044	198,575
Total Net Assets	47,932,117	56,805,865
Total Liabilities and Net Assets	51,641,754	62,511,757

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, 2022
(With Comparative Totals For the Year Ended December 31, 2021)

	2022			2021
	Without Donor Restriction	With Donor Restriction	Total	Totals
Revenue, Gains and Support				
Contributions	13,568,032	100,000	13,668,032	27,642,037
Investment income (loss), net of investment fees	(6,884,304)	(37,531)	(6,921,835)	4,545,276
Other income	56,845	-	56,845	225,526
Total revenue, gains, and support	6,740,573	62,469	6,803,042	32,412,839
Expenses:				
Program services:				
Grants	13,684,325	-	13,684,325	16,080,005
Other program expenses	1,316,772	-	1,316,772	963,648
	15,001,097	-	15,001,097	17,043,653
Supporting services:				
Management and general	302,757	-	302,757	271,889
Development	372,936	-	372,936	248,349
	675,693	-	675,693	520,238
Total Expenses	15,676,790	-	15,676,790	17,563,891
Change in Net Assets	(8,936,217)	62,469	(8,873,748)	14,848,948
Net Assets - January 1	56,607,290	198,575	56,805,865	41,956,917
Net Assets - December 31	47,671,073	261,044	47,932,117	56,805,865

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, 2022
(With Comparative Totals For the Year Ended December 31, 2021)

	2022				2021
	Program Services	**Management and General**	**Development Expenses**	**Total**	**Totals**
Expenses:					
Activities and special events	36,700	2,330	2,806	41,836	27,500
Marketing and promotions	18,682	5,835	7,027	31,544	36,326
Grants and other assistance	13,684,325	-	-	13,684,325	16,080,005
Salaries and wages	749,913	209,077	252,134	1,211,124	987,431
Accounting	15,046	4,938	5,946	25,930	23,945
Professional fees	139,016	24,015	28,916	191,947	83,210
Donor cultivation	9,325	2,334	10,811	22,470	3,744
Information technology	27,707	9,093	10,948	47,748	51,072
Interest	15,061	4,943	5,952	25,956	28,190
Insurance	5,288	1,735	2,090	9,113	7,622
Repairs, maintenance, and cleaning	5,841	1,918	2,308	10,067	24,705
Utilities	7,017	2,303	2,773	12,093	8,687
Telephone	4,150	1,362	1,640	7,152	7,005
Board expense	1,734	568	685	2,987	266
Classroom programs	16,128	4,968	5,982	27,078	11,941
Office supplies	23,008	7,540	9,079	39,627	31,203
Travel, meals and entertainment	9,143	683	823	10,649	3,429
Dues and subscriptions	20,678	6,786	8,171	35,635	33,757
Miscellaneous expenses	179,688	1,615	1,945	183,248	62,293
Depreciation expense	32,647	10,714	12,900	56,261	51,560
	15,001,097	302,757	372,936	15,676,790	17,563,891

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, 2022
(With Comparative Amounts For the Year Ended December 31, 2021)

	2022	2021
Cash Flows From Operating Activities:		
Cash received from contributions	13,586,046	27,801,425
Cash received from interest	85,775	145,820
Other cash receipts / disbursements	56,423	16,726
Cash paid for grants, goods, and services	(15,810,941)	(16,177,361)
Cash paid to employees	(1,211,512)	(987,431)
Net Cash Provided (Used) by Operating Activities	(3,294,209)	10,799,179
Cash Flows From Investing Activities:		
Purchase of fixed assets	(16,300)	(28,331)
Net (purchases) sale of non-cash investments	(1,242,202)	(5,433,266)
Net Cash Provided (Used) by Investing Activities	(1,258,502)	(5,461,597)
Cash Flows From Financing Activities:		
Principal repayments	(54,727)	(52,493)
Net Cash Provided (Used) by Financing Activities	(54,727)	(52,493)
Net Change in Cash and Cash Equivalents	(4,607,438)	5,285,089
Cash and Cash Equivalents - Beginning of year	9,682,612	4,397,523
Cash and Cash Equivalents - End of year	5,075,174	9,682,612
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Change in net assets	(8,873,748)	14,848,948
Adjustments to reconcile:		
Depreciation	56,261	51,561
Debt forgiveness	-	(208,800)
Net (gain) loss on disposal of fixed assets	(171)	-
Net (gain) loss on investment	7,007,188	(4,399,454)
(Increase) decrease in prepaid expenses	18,235	(14,061)
(Increase) decrease in contributions receivable	36,132	41,270
Increase (decrease) in accounts payable	(1,419,988)	361,597
Increase (decrease) in deferred grant revenue	(118,118)	118,118
Total Adjustments	5,579,539	(4,049,769)
Net Cash Provided (Used) by Operating Activities	(3,294,209)	10,799,179

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, 2022

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 two classes: with donor restriction and without donor restriction.

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 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.

E. 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.

2. Summary of Significant Accounting Policies (continued)

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.

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.

2. Summary of Significant Accounting Policies (continued)

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, 2022 and 2021, the balance of those funds totaled $2,662,337 and $3,065,758, 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.

J. Support Revenue and Revenue Recognition

The Foundation recognizes contributions when cash, securities, or other assets are received. Contribution revenue is recorded as unrestricted support unless donor stipulations impose restrictions on the contribution, whether by time, period, or purpose. 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.

Non-monetary contributions of goods and services are recorded at their fair values in the period received. Donated services are recorded at their fair values in the period received, provided that such services either create or enhance non-financial assets or the services are considered “professional” services which the Foundation would otherwise be required to purchase. Donated fixed assets are recorded at fair value when received and reflected in these financial statements as contribution revenue and an addition to fixed assets. Nonmonetary donations are recognized as revenue and offsetting expense or asset, depending on the nature of such support received.

The Foundation also derives revenues from special events within the fiscal year in which the related services are provided. The Foundation may receive program funding from various governmental or corporate sources in exchange for an equivalent benefit in return. Revenues from such exchange transactions are recognized as related costs to the program.

2. Summary of Significant Accounting Policies (continued)

K. 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.

L. 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.

M. 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, 2022 and 2021, 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 2019.

N. 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, 2021, 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, 2022 and 2021:

	2022	2021
Domestic equities	$ 13,383,058	$ 17,499,683
Absolute return	7,376,705	7,483,130
International equity	8,365,680	11,111,092
Hedged equity	7,424,221	7,500,515
Fixed income	4,809,599	3,999,140
Private equity	3,982,899	3,917,009
	45,342,162	51,510,569
Less investments held for agency endowments	(2,662,337)	(3,065,758)
	$ 42,679,825	$ 48,444,811

Investment income is summarized as follows:

	2022	2021
Interest and dividend income	$ 89,817	$ 155,754
Net realized and unrealized gains (losses)	(7,134,253)	5,033,855
Less investment management and advisory fees	(294,501)	(333,076)
Total net investment return	(7,338,937)	4,856,533
Less agency income	417,102	(311,257)
Net investment return excluding agency income	$ (6,921,835)	$ 4,545,276

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, 2022:

	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	$ 5,075,174	$ 5,075,174	$ -	$ -	$ -
Investments:					
Domestic equities	$ 13,383,058	$ 49,297	$ -	$ -	$ 13,333,761
Absolute return	7,376,705	-	-	5,566,250	1,810,455
International equities	8,365,680	1,278,899	1,717,527	1,147,294	4,221,960
Hedge equities	7,424,221	-	-	-	7,424,221
Fixed income	4,809,599	4,809,599	-	-	-
Private equity	3,982,899	-	-	1,270,706	2,712,193
	45,342,162	6,137,795	1,717,527	7,984,250	29,502,590
Total	$ 50,417,336	$ 11,212,969	$ 1,717,527	$ 7,984,250	$ 29,502,590

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, 2021	$ 8,352,056
Total realized gains (losses)	27,827
Total unrealized gains (losses)	(14,650)
Investment fees	(104,435)
Purchases, net of distributions	(276,548)
Balance at December 31, 2022	$ 7,984,250

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 loss of $14,650 attributable to Level 3 investments still held at December 31, 2022. 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	$0.19	-	quarterly	90 days	Discretionary gate, 2 year lock up
Absolute return	$1.62	-	quarterly	90 days	Discretionary gate
Hedge equities	$2.95	-	quarterly	45 days	Discretionary gate, 2 year lock up
Hedge equities	$2.76	-	monthly	30 days	None noted
Hedge equities	$1.70	-	quarterly	60 days	1 year commitment period
International equity	$1.19	-	monthly	15 days	None noted
Private equity	$0.76	-	quarterly	90 days	3 year lock up. Distribution at fund discretion
Mid Cap	$3.05	-	N/A	30 days	None noted
International equity	$3.03	-	N/A	30 days	None noted
Large Cap	$5.41	-	monthly	30 days	None noted
Private equity	$0.98	$0.20	N/A	5 days	4 year lock up. Distribution at fund discretion
Private equity	$0.88	$0.12	quarterly	10 days	Discretionary gate, 5 year lock up
Private equity	$0.09	$0.08	quarterly	10 days	2 year lock up
Large Cap	$4.88	$0.00	monthly	90 days	None noted

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.

Large Cap Equity Funds – Funds focused on private equity investments based on companies in large market capitalization values (market capitalization values of more than $10 billion).

5. Property and Equipment

Property and equipment consists of the following at December 31, 2022 and 2021:

	2022	2021
Office furniture and equipment	$ 96,501	$ 96,733
Computer hardware and software	175,087	176,020
Leasehold improvements	59,327	43,028
Building	1,300,000	1,300,000
	1,630,915	1,615,781
Less accumulated depreciation and amortization	(433,454)	(378,530)
	$ 1,197,461	$ 1,237,251

Depreciation expense for the year ended December 31, 2022 was $56,261.

6. Mortgage Payable

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
2023	$ 57,050	$ 26,633	$ 83,683
2024	59,461	21,222	80,683
2025	61,974	18,709	80,683
2026	64,593	16,089	80,682
2027	67,323	13,359	80,682
2028 - 2030	285,757	23,776	309,533
	$ 596,158	$ 119,788	$ 715,946

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.

7. Net Assets (continued)

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.

At December 31, 2022, the Foundation had $211,044 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.

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

7. Net Assets (continued)

At December 31, 2022, the Foundation had the following net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated funds	$ 47,671,073	$ -	$ 47,671,073
Donor restricted funds:			
Alpine skier scholarship program	-	211,044	211,044
Nonspendable alpine skier scholarship endowment	-	50,000	50,000
	$ 47,671,073	$ 261,044	$ 47,932,117

Following are the changes in the endowment net assets for the year ended December 31, 2022:

	With Donor Restrictions
Endowment net assets at December 31, 2021	$ 98,370
Other income (fees)	(867)
Net appreciation (realized and unrealized)	(13,754)
Endowment net assets at December 31, 2022	$ 83,749

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, 2022 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	$ 5,075,174
Accounts receivable	25,477
Operating investments	31,743,097
	$ 36,843,748

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.

8. Liquidity and Availability (continued)

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. Revenue from Contracts with Customers

For the year ended 2022, there were no revenues recognized for goods transferred or performance obligations met at a point in time. There were also no revenues recognized for goods transferred or performance obligations met over time. Revenues may be affected by general economic conditions and inflationary pressures.

11. 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 $159,568 and $52,464 in 2022 and 2021, 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 2022, there were no transactions for Crystal Lake.

14. Subsequent Events

Management has evaluated subsequent events through June 5, 2023, the date these financial statements were available to be issued.