



Consolidated Financial Statements  
May 31, 2019 and 2018

# Vail Valley Foundation

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## Independent Auditor's Report

To the Board of Directors  
Vail Valley Foundation  
Avon, Colorado

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Vail Valley Foundation, which comprise the consolidated statements of financial position as of May 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vail Valley Foundation as of May 31, 2019 and 2018, 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.

*Eide Sully LLP*

Denver, Colorado  
September 6, 2019

Vail Valley Foundation  
Consolidated Statements of Financial Position  
May 31, 2019 and 2018

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 1,091,148	\$ 2,273,128
Operating investments	4,036,159	3,726,199
Accounts receivable, net	59,708	74,131
Promises to give, net	599,041	1,158,699
Prepaid expenses and other assets	996,221	969,273
Restricted cash and cash equivalents	2,227,663	1,627,874
Investments - Donor Advised Funds	4,614,721	4,575,048
Investments with donor restrictions	587,612	595,723
Restricted promises to give, net	1,020,223	1,496,700
Property and equipment, net	2,467,505	2,641,860
Property and equipment, net - limited as to use:		
Gerald R. Ford Amphitheater	10,567,506	11,596,602
Vilar Center	9,198,022	8,694,557
Endowment investments	4,609,281	4,925,249
Goodwill and intangible assets, net	489,065	497,065
Total assets	\$ 42,563,875	\$ 44,852,108
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 183,955	\$ 215,542
Accrued expenses and other liabilities	1,150,185	1,219,194
Advance ticket sales	781,339	701,712
Deferred membership and benefits	368,289	609,084
Deferred event revenue	2,915,984	3,358,625
Refundable advances	1,000	277,000
Line of credit	47,372	-
Bonds payable, net of debt issuance costs	4,547,999	4,699,372
Interest rate swap	1,115,083	913,621
Total liabilities	11,111,206	11,994,150
<b>Net Assets</b>		
Without Donor Restrictions		
Undesignated	2,759,503	3,241,402
Invested in property and equipment, net of related debt	7,045,029	8,414,775
	9,804,532	11,656,177
With Donor Restrictions	21,648,137	21,201,781
Total net assets	31,452,669	32,857,958
Total liabilities and net assets	\$ 42,563,875	\$ 44,852,108

Vail Valley Foundation  
Consolidated Statements of Activities  
Year Ended May 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support and Gains</b>			
Program revenue	\$ 3,226,289	\$ 134,747	\$ 3,361,036
Sponsorships	5,419,892	-	5,419,892
Contributions	6,186,644	3,616,178	9,802,822
In-kind contributions	1,090,613	114,107	1,204,720
Exchange portion of membership dues	947,935	-	947,935
Net investment return (loss)	(53,852)	1,284	(52,568)
Special events revenue, net	439,346	1,146,896	1,586,242
Interest and other income	109,048	9,222	118,270
Net assets released from restrictions	5,287,629	(5,287,629)	-
Total revenue, support and gains	<u>22,653,544</u>	<u>(265,195)</u>	<u>22,388,349</u>
<b>Expenses and Losses</b>			
Program services	16,314,314	-	16,314,314
General and administrative	2,560,412	-	2,560,412
Fundraising and development	2,522,750	-	2,522,750
Depreciation and amortization	1,609,419	-	1,609,419
Interest expense	305,369	-	305,369
Total expenses	<u>23,312,264</u>	<u>-</u>	<u>23,312,264</u>
Loss on disposal of property and equipment	2,552	276,360	278,912
Loss on uncollectible promise to give	1,000	-	1,000
Total expenses and losses	<u>23,315,816</u>	<u>276,360</u>	<u>23,592,176</u>
Change in net assets before change in value of interest rate swap	(662,272)	(541,555)	(1,203,827)
Change in value of interest rate swap	<u>(201,462)</u>	<u>-</u>	<u>(201,462)</u>
Change in Net Assets	(863,734)	(541,555)	(1,405,289)
Transfer of assets to VCAF	(987,911)	987,911	-
Net Assets, Beginning of Year	<u>11,656,177</u>	<u>21,201,781</u>	<u>32,857,958</u>
Net Assets, End of Year	<u>\$ 9,804,532</u>	<u>\$ 21,648,137</u>	<u>\$ 31,452,669</u>

Vail Valley Foundation  
Consolidated Statements of Activities  
Year Ended May 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support and Gains</b>			
Program revenue	\$ 3,376,883	\$ 74,004	\$ 3,450,887
Sponsorships	4,801,761	-	4,801,761
Contributions	4,951,149	4,635,179	9,586,328
In-kind contributions	1,701,653	104,412	1,806,065
Exchange portion of membership dues	1,128,199	-	1,128,199
Net investment return	429,633	635,421	1,065,054
Special events revenue, net	553,950	1,132,775	1,686,725
Interest and other income	45,564	3,721	49,285
Net assets released from restrictions	5,623,062	(5,623,062)	-
Total revenue, support and gains	<u>22,611,854</u>	<u>962,450</u>	<u>23,574,304</u>
<b>Expenses and Losses</b>			
Program services	14,935,556	-	14,935,556
General and administrative	2,639,655	-	2,639,655
Fundraising and development	3,262,958	-	3,262,958
Depreciation and amortization	1,481,458	-	1,481,458
Interest expense	273,572	-	273,572
Total expenses	<u>22,593,199</u>	<u>-</u>	<u>22,593,199</u>
Loss on uncollectible promises to give	13,800	-	13,800
Total expenses and losses	<u>22,606,999</u>	<u>-</u>	<u>22,606,999</u>
Change in net assets before change in value of interest rate swap	4,855	962,450	967,305
Change in value of interest rate swap	<u>339,833</u>	<u>-</u>	<u>339,833</u>
Change in Net Assets	344,688	962,450	1,307,138
Transfer of assets to VCAF	(726,301)	726,301	-
Net Assets, Beginning of Year	12,037,790	19,513,030	31,550,820
Net Assets, End of Year	<u>\$ 11,656,177</u>	<u>\$ 21,201,781</u>	<u>\$ 32,857,958</u>

Vail Valley Foundation  
Consolidated Statements of Functional Expenses  
Year Ended May 31, 2019

	Program Services	General and Administrative	Fundraising and Development	Direct Benefits to Donors	Total
<b>Personnel costs</b>					
Salaries, bonus and contract wages	\$ 4,709,700	\$ 1,456,340	\$ 1,111,103	\$ -	\$ 7,277,143
Benefits, retirement and taxes	942,618	472,084	313,422	-	1,728,124
<b>Total personnel costs</b>	<b>5,652,318</b>	<b>1,928,424</b>	<b>1,424,525</b>	<b>-</b>	<b>9,005,267</b>
<b>Expenses</b>					
Production costs	2,386,865	2,623	116,192	-	2,505,680
Performers, talent and speakers	2,408,236	-	-	-	2,408,236
Advertising and promotion	1,363,056	4,314	335,348	-	1,702,718
Depreciation and amortization	1,424,825	184,594	-	-	1,609,419
Awards and prizes	913,366	-	28,073	-	941,439
Member benefits	-	-	414,223	415,378	829,601
Concessions, food and beverage	788,417	-	11,517	-	799,934
Occupancy and utilities	650,556	127,782	139	-	778,477
Grants paid in community	666,680	1,000	-	-	667,680
Office expense	179,681	180,169	143,382	-	503,232
Equipment rental and snowmaking	490,929	-	-	-	490,929
Travel, lodging and meals	389,713	9,341	2,526	-	401,580
Interest and bond swap payments	164,910	140,459	-	-	305,369
Information technology	130,665	123,158	35,671	-	289,494
Insurance	167,863	53,781	-	-	221,644
Professional fees	68,215	110,591	5,332	-	184,138
Education and training	54,952	22,031	5,822	-	82,805
	<u>12,248,929</u>	<u>959,843</u>	<u>1,098,225</u>	<u>415,378</u>	<u>14,722,375</u>
<b>Total personnel costs and expenses</b>	<b>17,901,247</b>	<b>2,888,267</b>	<b>2,522,750</b>	<b>415,378</b>	<b>23,727,642</b>
<b>Less expenses included with revenues on the statement of activities:</b>					
Cost of direct benefit to donors	-	-	-	(415,378)	(415,378)
<b>Total expenses</b>	<b><u>\$ 17,901,247</u></b>	<b><u>\$ 2,888,267</u></b>	<b><u>\$ 2,522,750</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 23,312,264</u></b>

Vail Valley Foundation  
Consolidated Statements of Functional Expenses  
Year Ended May 31, 2018

	Program Services	General and Administrative	Fundraising and Development	Direct Benefits to Donors	Total
<b>Personnel costs</b>					
Salaries, bonus and contract wages	\$ 5,095,539	\$ 1,458,837	\$ 917,396	\$ -	\$ 7,471,772
Benefits, retirement and taxes	996,934	449,904	218,935	-	1,665,773
<b>Total personnel costs</b>	<b>6,092,473</b>	<b>1,908,741</b>	<b>1,136,331</b>	<b>-</b>	<b>9,137,545</b>
<b>Expenses</b>					
Production costs	1,069,863	-	9,224	-	1,079,087
Performers, talent and speakers	2,119,143	-	45,358	-	2,164,501
Advertising and promotion	1,304,853	4,433	489,530	-	1,798,816
Depreciation and amortization	1,341,767	139,691	-	-	1,481,458
Awards and prizes	1,107,392	-	156,977	-	1,264,369
Member benefits	-	-	940,056	403,257	1,343,313
Concessions, food and beverage	676,903	5,386	305,471	-	987,760
Occupancy and utilities	581,587	131,501	43,474	-	756,562
Grants paid in community	611,472	-	-	-	611,472
Office expense	78,660	342,362	117,246	-	538,268
Equipment rental and snowmaking	514,296	-	-	-	514,296
Travel, lodging and meals	398,266	3,887	19,291	-	421,444
Interest and bond swap payments	136,786	136,786	-	-	273,572
Information technology	181,704	80,215	-	-	261,919
Insurance	172,646	19,449	-	-	192,095
Professional fees	26,298	143,681	-	-	169,979
	<b>10,321,636</b>	<b>1,007,391</b>	<b>2,126,627</b>	<b>403,257</b>	<b>13,858,911</b>
<b>Total personnel costs and expenses</b>	<b>16,414,109</b>	<b>2,916,132</b>	<b>3,262,958</b>	<b>403,257</b>	<b>22,996,456</b>
<b>Less expenses included with revenues on the statement of activities:</b>					
Cost of direct benefit to donors	-	-	-	(403,257)	(403,257)
<b>Total expenses</b>	<b>\$ 16,414,109</b>	<b>\$ 2,916,132</b>	<b>\$ 3,262,958</b>	<b>\$ -</b>	<b>\$ 22,593,199</b>

Vail Valley Foundation  
Consolidated Statements of Cash Flows  
Years Ended May 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Contributions	\$ 13,610,616	\$ 14,942,316
Sponsorships	5,027,046	5,757,208
Program revenue and other	3,531,742	3,575,794
Payments to vendors	(11,842,941)	(12,974,566)
Payments for salaries, benefits and taxes	(9,101,887)	(9,490,811)
Grants paid in community	(433,321)	(611,472)
Net Cash from (used for) Operating Activities	791,255	1,198,469
Cash Flows from Investing Activities		
Purchases of investments	(514,314)	-
Proceeds from sales of investments	173,669	272,372
Purchases of property and equipment	(1,177,699)	(1,149,553)
Additions to Donor Advised Funds	(661,476)	(372,790)
Distributions from Donor Advised Funds	649,000	532,251
(Addition to) endowment	-	(1,000,000)
Withdrawal from endowment	275,002	61,056
Net Cash from (used for) Investing Activities	(1,255,818)	(1,656,664)
Cash Flows from Financing Activities		
Collection of contribution restricted to endowment	-	1,000,000
Net borrowings under lines of credit	47,372	-
Principal payments on bonds	(165,000)	(155,000)
Net Cash from (used for) Financing Activities	(117,628)	845,000
Net Change in Cash, Cash Equivalents, and Restricted Cash	(582,191)	386,805
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	3,901,002	3,514,197
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 3,318,811	\$ 3,901,002
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 271,605	\$ 217,084
Supplemental Disclosure of Non-cash Activities:		
Accounts payable for property and equipment	\$ 2,646	\$ 166,014

## **Note 1 - Principal Activities and Significant Accounting Policies**

### **Organization**

Vail Valley Foundation (VVF) is a nonprofit organization whose mission is to enhance the quality of life in Colorado's Vail Valley and showcase our community to a global audience through arts, athletics and education. Vilar Center Arts Foundation (VCAF) is a nonprofit organization whose sole purpose is to hold the specific real property which houses the Vilar Performing Arts Center (VPAC), a program of VVF. YouthPower365 (YouthPower) is a nonprofit organization whose mission is to prepare children in need for success in life through education and recreational opportunities.

### **Principles of Consolidation**

The consolidated financial statements include the accounts of VVF, VCAF and YouthPower because VVF has both control of and/or an economic interest in VCAF and YouthPower. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "VVF".

### **Programs and Activities**

VVF accomplishes its mission through a variety of programs and activities.

#### **Arts**

VVF leases and operates two performing-arts venues: the exquisite VPAC in Beaver Creek and the award-winning Gerald R. Ford Amphitheater (GRFA) in Vail.

VPAC is a premier year-round performing-arts venue which showcases a diverse lineup of entertainment options that include concerts, Broadway musicals, classical, dance and comedy performances, family programming and community events. In addition, VPAC is an invaluable community asset, playing host to a variety of youth performances, fundraising events and the STARS (Support the Arts Reaching Children) series.

GRFA is home to VVF's Vail Dance Festival, an event held annually since 1989. GRFA is also home to one of VVF's two free concert series and the exciting new Whistle Pig Vail concert series. In addition, GRFA hosts the annual Bravo! Vail Valley Music Festival.

#### **Athletics**

VVF is responsible for providing the Vail Valley community with some of its most treasured annual athletic events, such as GoPro Mountain Games and the Birds of Prey World Cup Race Week.

#### **Education**

VVF's education initiatives, spearheaded by YouthPower, reach from cradle to college with a focused early childhood development effort, after-school academic and enrichment programs, summer academic and recreational programs, teenage mentorship and leadership development along with the Vail Valley's largest collegiate scholarship program.

### Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position to the sum of the corresponding amounts within the consolidated statements of cash flows:

	2019	2018
Cash and cash equivalents	\$ 1,091,148	\$ 2,273,128
Restricted cash and cash equivalents	2,227,663	1,627,874
	\$ 3,318,811	\$ 3,901,002

### Receivables and Credit Policies

Accounts receivable consist primarily of noninterest bearing amounts due for sponsorships, ticket sales and other programs. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At May 31, 2019 and 2018 management believes the amount of uncollectible balances to be insignificant and no allowance is reflected in the consolidated financial statements.

### Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the consolidated statements of activities. Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At May 31, 2019 and 2018 management believes the amount of uncollectible balances to be insignificant and no allowance is reflected in the consolidated financial statements.

### Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return (loss) is reported in the consolidated statements of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less external and direct internal investment expenses.

### **Property and Equipment**

Property and equipment additions over \$5,000 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

VVF reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended May 31, 2019 and 2018.

### **Interest Rate Swap**

An interest rate swap is used to mitigate interest rate risk on the bonds payable (Note 8). The related liability or asset is reported at fair value in the consolidated statements of financial position and change in value is included in the consolidated statements of activities.

### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- (or certain grantor-) imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

*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. VVF 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.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Program revenue received in advance are deferred to the applicable period in which the related services are performed. Deferred event revenue arises from sponsorship payments received for future events and other revenues related to future periods that VVF would be required to return should the event not occur. Advance ticket sales arise from ticket purchases received for future events. These deferred revenues will be recognized in the periods in which the related events occur.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

VVF receives contributions from various patron membership programs, several of which require multi-year commitments. Commitments beyond the current year are considered to be indications of a member's intention to renew membership, and not as completed sales or unconditional promises to give, and therefore are not recorded. Depending on the patron membership agreement, patrons receive various benefits such as complimentary event tickets and ski passes. Deferred membership and benefits represent the amount of any memberships paid in advance and also the estimated benefits purchased but not yet used by patron members as of May 31, 2019 and 2018.

Special event revenues have been reduced by the amount of direct benefits to attendees, such as the cost of food and beverages at the event.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to VVF's program services, general and administrative, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received (Note 12).

### **Advertising and Promotion Costs**

Advertising and promotion costs are expensed as incurred, with \$1,286,653 and \$1,503,596 paid in cash and \$416,065 and \$295,220 recorded as in-kind donations received during the years ended May 31, 2019 and 2018, respectively.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated 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.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Such expenses require allocation on a reasonable basis that is consistently applied. Certain salaries, bonus and contract wages, benefits, and payroll taxes are allocated on the basis of time and effort.

### **Income Taxes**

VVF, VCAF and YouthPower are organized as Colorado nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). VVF has been determined to not be a private foundation under Section 509(a)(2) and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(viii). VCAF and YouthPower have been determined to not be private foundations under Section 509(a)(1) and both qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi).

Each entity 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. VCAF and YouthPower have determined they are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. VVF files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income and these tax filings are no longer subject to examination for years before 2015. No income taxes were paid during or for the years ended May 31, 2019 and 2018.

VVF believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The entities would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Estimates**

The preparation of consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

### **Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash, money market accounts and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, VVF has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members and entities supportive of VVF's mission. Investment recommendations on fund managers and portfolio allocations are made by an investment consultant to management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of VVF.

### **Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

### **Note 2 - Liquidity and Availability**

VVF continually monitors liquidity required to meet its ongoing operating needs and other financial commitments, including distribution requests from VVF sponsored Donor Advised Funds, while also striving to (1) preserve capital and (2) maximize investment returns on its available funds.

To meet its ongoing financial needs over the next twelve months, VVF has various sources of liquidity at its disposal; including cash and cash equivalents and unrestricted operating investments. Cash receipts are subject to the seasonality of programs and/or driven by donor tax calendars, while cash disbursements tend to occur more smoothly over the year, therefore, in addition to the financial assets listed, VVF maintains lines of credit of \$2.0 million to provide additional liquidity in times of net cash needs. Additional information on the lines of credit can be found in Note 7.

Cash and cash equivalents are held primarily in local bank accounts, segregated by organization. For instance, VPAC's cash and cash equivalents are held separately from VVF's, VCAF's or YouthPower's funds and each organization's funds not required to fund ongoing operations are invested in certificates of deposit and/or money market funds. Alternatively, each organization's operating investments are invested in VVF's Pooled Investment Fund, which is managed by an outside financial advisor and whose performance and investment strategy are reviewed quarterly by VVF's Investment Committee of the Board of Directors. Additional information regarding the composition of VVF's investment portfolio can be found in Note 3.

Endowment funds consist of five donor restricted endowments, where the net investment earnings generated from these endowments are restricted in most cases for specific purposes and spending rules. All endowment funds, both corpus and accumulated net investment earnings, are invested alongside the operating investments in VVF's Investment Portfolio. Additional information regarding the endowment funds' Investment and Spending Policy can be found in Note 10.

In addition to the financial assets available to meet general expenditures over the next twelve months, VVF operates with a balanced budget and anticipates that revenues received will exceed expected expenditures. Refer to the consolidated statements of cash flows which identifies the sources and uses of VVF's cash and shows positive cash flow from operating activities for the years ended May 31, 2019 and 2018.

Capital expenditures made over the next twelve-month period will be funded with restricted funds contributed specifically for the purpose of capital investment. As such, these funds are set aside, separate from and in addition to the financial assets identified to meet the operating needs of VVF.

As of May 31, 2019 and 2018, the following table shows the total financial assets held by VVF and the amounts of those financial assets that could be made readily available to meet general expenditures within one year of the consolidated statements of financial position date.

	2019	2018
Financial Assets		
Cash, cash equivalents, and restricted cash	\$ 3,318,811	\$ 3,901,002
Investments, excluding endowment	9,238,492	8,896,970
Accounts receivable, net	59,708	74,131
Promises to give, net	1,619,264	2,655,399
Endowment investments	4,609,281	4,925,249
	<u>\$ 18,845,556</u>	<u>\$ 20,452,751</u>
Financial assets available to meet operating needs over the next year		
Cash and cash equivalents	\$ 1,091,148	\$ 2,273,128
Operating investments	4,036,159	3,726,199
Accounts receivable, net	59,708	74,131
Promises to give, net	599,041	1,158,699
Endowment appropriation	585,829	143,149
	<u>\$ 6,371,885</u>	<u>\$ 7,375,306</u>

### **Note 3 - Fair Value Measurements and Disclosures**

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability 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 or liability, 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 or liability 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. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed 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 or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset or liability within the hierarchy is based upon the pricing transparency of the asset or liability and does not necessarily correspond to VVF's assessment of the quality, risk or liquidity profile of the asset or liability.

VVF's investment assets are classified within Level 1 because they are comprised of open-end mutual funds, bond mutual funds, exchange-traded funds, common stocks, and equity securities with readily determinable fair values based on daily redemption values or closing market prices, respectively.

The interest rate swap is valued using a third party's proprietary discounted cash flow model, which considers past, present and future assumptions regarding interest rates and market conditions to estimate the fair value of the agreement. This liability is classified within Level 2.

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost as identified below, at May 31, 2019:

	Total	Fair Value Measurements at Report Date		
		Level 1	Level 2	Level 3
<u>Assets</u>				
Investments, excluding endowment				
Cash and money market (at cost)	\$ 697,251	\$ -	\$ -	\$ -
Bond Mutual Funds	2,173,394	2,173,394	-	-
Domestic Equity Mutual Funds	3,097,635	3,097,635	-	-
International Equity Mutual funds	1,716,115	1,716,115	-	-
US Stock Funds (ETFs)	1,067,901	1,067,901	-	-
US Common Stocks (Including MLPs)	486,196	486,196	-	-
	<u>\$ 9,238,492</u>	<u>\$ 8,541,241</u>	<u>\$ -</u>	<u>\$ -</u>
Operating investments	\$ 4,036,159			
Investments - Donor Advised Funds	4,614,721			
Investments with donor restrictions	587,612			
	<u>\$ 9,238,492</u>			
Endowment investments				
Cash and money market (at cost)	\$ 347,873	\$ -	\$ -	\$ -
Bond Mutual Funds	1,084,353	1,084,353	-	-
Domestic Equity Mutual Funds	1,545,477	1,545,477	-	-
International Equity Mutual funds	856,206	856,206	-	-
US Stock Funds (ETFs)	532,799	532,799	-	-
US Common Stocks (Including MLPs)	242,573	242,573	-	-
	<u>\$ 4,609,281</u>	<u>\$ 4,261,408</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities</u>				
Interest rate swap	<u>\$ 1,115,083</u>	<u>\$ -</u>	<u>\$ 1,115,083</u>	<u>\$ -</u>

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost as identified below, at May 31, 2018:

	Total	Fair Value Measurements at Report Date		
		Level 1	Level 2	Level 3
<u>Assets</u>				
Investments, excluding endowment				
Cash and money market (at cost)	\$ 558,814	\$ -	\$ -	\$ -
Bond Mutual Funds	2,001,938	2,001,938	-	-
Domestic Equity Mutual Funds	2,327,700	2,327,700	-	-
International Equity Mutual funds	1,810,634	1,810,634	-	-
US Stock Funds (ETFs)	1,681,806	1,681,806	-	-
US Common Stocks (Including MLPs)	516,078	516,078	-	-
	<u>\$ 8,896,970</u>	<u>\$ 8,338,156</u>	<u>\$ -</u>	<u>\$ -</u>
Operating investments	\$ 3,726,199			
Investments - Donor Advised Funds	4,575,048			
Investments with donor restrictions	595,723			
	<u>\$ 8,896,970</u>			
Endowment investments				
Cash and money market (at cost)	\$ 309,352	\$ -	\$ -	\$ -
Bond Mutual Funds	1,108,248	1,108,248	-	-
Domestic Equity Mutual Funds	1,288,585	1,288,585	-	-
International Equity Mutual funds	1,002,343	1,002,343	-	-
US Stock Funds (ETFs)	931,027	931,027	-	-
US Common Stocks (Including MLPs)	285,694	285,694	-	-
	<u>\$ 4,925,249</u>	<u>\$ 4,615,897</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities</u>				
Interest rate swap	\$ 913,621	\$ -	\$ 913,621	\$ -

**Note 4 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows as of May 31, 2019 and 2018:

	2019	2018
Within one year	\$ 1,077,158	\$ 1,731,098
In one to five years	574,750	975,000
	1,651,908	2,706,098
Less discount to net present value, at rates averaging 4.0%	(32,644)	(50,699)
	\$ 1,619,264	\$ 2,655,399

Promises to give appear as follows in the consolidated statements of financial position:

Promises to give, net	\$ 599,041	\$ 1,158,699
Restricted promises to give, net	1,020,223	1,496,700
	\$ 1,619,264	\$ 2,655,399

VVF has received conditional promises to give in regard to memberships and contributions of \$1,544,745 and \$1,715,420 at May 31, 2019 and 2018, respectively. The conditional promises to give are for future memberships and contributions and are not reflected in the consolidated financial statements.

**Note 5 - Property and Equipment**

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

	Asset Cost				Ending Balance May 31, 2019	
	Beginning Balance June 1, 2018	Additions	Transfers	Disposals		
VVF						
Ford Amphitheater, including fixtures	\$ 18,381,594	\$ -	\$ -	\$ -	\$ 18,381,594	
Ford Amphitheater, work-in-progress	451,595	185,085	(534,236)	-	102,444	
	<u>18,833,189</u>	<u>185,085</u>	<u>(534,236)</u>	<u>-</u>	<u>18,484,038</u>	
Office building	2,670,000	-	-	-	2,670,000	
Furniture and equipment	1,799,261	43,265	607,884	(70,654)	2,379,756	
Work-in-progress	46,968	26,680	(73,648)	-	-	
	<u>23,349,418</u>	<u>255,030</u>	<u>-</u>	<u>(70,654)</u>	<u>23,533,794</u>	
VPAC						
Equipment and Fixtures	1,459,293	-	(1,227,347) *	(15,036)	216,910	
Work-in-progress	-	253,974	(253,974) *	-	-	
	<u>1,459,293</u>	<u>253,974</u>	<u>(1,481,321) *</u>	<u>(15,036)</u>	<u>216,910</u>	
VCAF						
Vilar Center facility, including land	17,227,843	-	1,617,168 *	(630,997)	18,214,014	
Work-in-progress	131,923	499,959	(135,847) *	-	496,035	
	<u>17,359,766</u>	<u>499,959</u>	<u>1,481,321 *</u>	<u>(630,997)</u>	<u>18,710,049</u>	
YouthPower						
Equipment, including buses	333,804	21,382	-	(20,074)	335,112	
Work-in-progress	-	150,000	-	-	150,000	
	<u>333,804</u>	<u>171,382</u>	<u>-</u>	<u>(20,074)</u>	<u>485,112</u>	
	<u>\$ 42,502,281</u>	<u>\$ 1,180,345</u>	<u>\$ -</u>	<u>\$ (736,761)</u>	<u>\$ 42,945,865</u>	
		Accumulated Depreciation			Net Book Value	
	Beginning Balance June 1, 2018	Depreciation Expense	Transfers	Depreciation Recapture From Disposals	Ending Balance May 31, 2019	Ending Balance May 31, 2019
VVF						
Ford Amphitheater, including fixtures	\$ 7,236,587	\$ 679,945	\$ -	\$ -	\$ 7,916,532	\$ 10,465,062
Ford Amphitheater, work-in-progress	-	-	-	-	-	102,444
	<u>7,236,587</u>	<u>679,945</u>	<u>-</u>	<u>-</u>	<u>7,916,532</u>	<u>10,567,506</u>
Office building	1,305,195	104,317	-	-	1,409,512	1,260,488
Furniture and equipment	1,413,854	166,274	-	(70,654)	1,509,474	870,282
	<u>9,955,636</u>	<u>950,536</u>	<u>-</u>	<u>(70,654)</u>	<u>10,835,518</u>	<u>12,698,276</u>
VPAC						
Equipment and Fixtures	825,307	30,848	(634,044) *	(15,036)	207,075	9,835
VCAF						
Vilar Center facility, including land	8,665,209	567,411	634,044 *	(354,637)	9,512,027	8,701,987
Work-in-progress	-	-	-	-	-	496,035
	<u>8,665,209</u>	<u>567,411</u>	<u>634,044 *</u>	<u>(354,637)</u>	<u>9,512,027</u>	<u>9,198,022</u>
YouthPower						
Equipment, including buses	123,110	52,624	-	(17,522)	158,212	176,900
Work-in-progress	-	-	-	-	-	150,000
	<u>123,110</u>	<u>52,624</u>	<u>-</u>	<u>(17,522)</u>	<u>158,212</u>	<u>326,900</u>
	<u>\$ 19,569,262</u>	<u>\$ 1,601,419</u>	<u>\$ -</u>	<u>\$ (457,849)</u>	<u>\$ 20,712,832</u>	<u>\$ 22,233,033</u>

\* During the year ended May 31, 2019, certain assets of the Vilar Center facility, having a book value of \$847,277, were transferred from VPAC to VCAF to reflect VCAF's responsibility for the facility assets. In addition, \$140,634 was transferred from the VPAC cash reserve to VCAF for renovations to the May Gallery, for a total net asset transfer of \$987,911, as reflected in the consolidated statements of activities.

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

	Asset Cost				Ending Balance May 31, 2018
	Beginning Balance June 1, 2017	Additions	Transfers	Disposals	
<b>VVF</b>					
Ford Amphitheater, including fixtures	\$ 18,361,469	\$ 23,001	\$ 4,605	\$ (7,481)	\$ 18,381,594
Ford Amphitheater, work-in-progress	-	512,871	(61,276)	-	451,595
	<u>18,361,469</u>	<u>535,872</u>	<u>(56,671)</u>	<u>(7,481)</u>	<u>18,833,189</u>
Office building	2,670,000	-	-	-	2,670,000
Furniture and equipment	2,240,051	50,484	226,461	(717,735)	1,799,261
Work-in-progress	115,325	101,433	(169,790)	-	46,968
	<u>23,386,845</u>	<u>687,789</u>	<u>-</u>	<u>(725,216)</u>	<u>23,349,418</u>
<b>VPAC</b>					
Equipment and Fixtures	2,189,755	76,634	(726,301) *	(80,795)	1,459,293
<b>VCAF</b>					
Vilar Center facility, including land	15,815,436	-	1,464,833 *	(52,426)	17,227,843
Work-in-progress	471,490	398,965	(738,532)	-	131,923
	<u>16,286,926</u>	<u>398,965</u>	<u>726,301</u>	<u>(52,426)</u>	<u>17,359,766</u>
<b>YouthPower</b>					
Equipment, including buses	122,227	-	211,577	-	333,804
Work-in-progress	59,398	152,179	(211,577)	-	-
	<u>\$ 42,045,151</u>	<u>\$ 1,315,567</u>	<u>\$ -</u>	<u>\$ (858,437)</u>	<u>\$ 42,502,281</u>
					Net Book Value
	Beginning Balance June 1, 2017	Accumulated Depreciation Depreciation Expense	Depreciation Recapture From Disposals	Ending Balance May 31, 2018	Ending Balance May 31, 2018
<b>VVF</b>					
Ford Amphitheater, including fixtures	\$ 6,566,896	\$ 677,172	\$ (7,481)	\$ 7,236,587	\$ 11,145,007
Ford Amphitheater, work-in-progress	-	-	-	-	451,595
	<u>6,566,896</u>	<u>677,172</u>	<u>(7,481)</u>	<u>7,236,587</u>	<u>11,596,602</u>
Office building	1,200,879	104,316	-	1,305,195	1,364,805
Furniture and equipment	2,017,051	114,538	(717,735)	1,413,854	385,407
Work-in-progress	-	-	-	-	46,968
	<u>9,784,826</u>	<u>896,026</u>	<u>(725,216)</u>	<u>9,955,636</u>	<u>13,393,782</u>
<b>VPAC</b>					
Equipment, fixtures, and land	873,513	32,589	(80,795)	825,307	633,986
<b>VCAF</b>					
Vilar Center facility, including land	8,200,403	517,232	(52,426)	8,665,209	8,562,634
Work-in-progress	-	-	-	-	131,923
	<u>8,200,403</u>	<u>517,232</u>	<u>(52,426)</u>	<u>8,665,209</u>	<u>8,694,557</u>
<b>YouthPower</b>					
Equipment, including buses	95,517	27,593	-	123,110	210,694
	<u>\$ 18,954,259</u>	<u>\$ 1,473,440</u>	<u>\$ (858,437)</u>	<u>\$ 19,569,262</u>	<u>\$ 22,933,019</u>

\* During the year ended May 31, 2018, certain land underlying the Vilar Center facility, having a book value of \$726,301, was transferred from VPAC to VCAF to reflect VCAF's responsibility for the facility assets.

*Agreement with Town of Vail*

VVF leases land, on which the Ford Amphitheater is situated, from the Town of Vail. The lease, which is rent-free, expires May 31, 2038, but may be extended to May 31, 2048. Upon expiration of the lease term, VVF will convey title of the Ford Amphitheater to the Town of Vail. The land is available only for recreational use, and as such, has a low commercial rental value which management has determined to be immaterial for recording as an in-kind contribution and related rental expense in the consolidated statements of activities. Net property and equipment included above that is subject to reversion to the Town of Vail upon expiration of the lease totaled \$10,567,506 and \$11,596,602 as of May 31, 2019 and 2018, respectively.

**Note 6 - Goodwill and Intangible Assets**

VVF has goodwill and intangible assets as a result of the acquisition of the Summer Mountain Games. Goodwill represents the excess of the purchase price over the fair value of net assets acquired, including the estimated fair value of the intangible assets.

Goodwill and intangible assets consist of the following at May 31, 2019 and 2018:

	2019	2018
Trademark and other	\$ 100,000	\$ 100,000
Non-compete agreement	20,000	20,000
Less accumulated amortization	(83,333)	(75,333)
Amortizable intangible assets	36,667	44,667
Goodwill	452,398	452,398
	\$ 489,065	\$ 497,065

Amortization of the intangible assets (excluding goodwill) is calculated using the straight-line method over the terms of the respective assets. Amortization expense for all intangible assets was \$8,000 for each of the years ended May 31, 2019 and 2018.

Future amortization expense related to intangibles is expected to be recognized as follows:

<u>Year ending May 31,</u>	
2020	\$ 8,000
2021	8,000
2022	8,000
2023	8,000
2024	4,667
	<u>\$ 36,667</u>

VVF reviews the carrying values of goodwill and intangible assets for impairment whenever events or circumstances indicate that the carrying value of the assets may not be recoverable from the estimated future cash flows expected to result from their use. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended May 31, 2019 and 2018.

#### **Note 7 - Lines of Credit**

VVF has available the following three lines of credit:

VVF has a \$1,250,000 revolving line of credit that is secured by receivables, inventory, equipment, contract rights, investments and intangibles as well as the right of set off against all depository account balances. Borrowings under the line bear interest at the bank's prime rate plus 1% (6.5% and 5.75% at May 31, 2019 and 2018, respectively). Accrued interest is due monthly and accrued interest and principal are due at maturity (April 30, 2020). There was \$47,372 and \$0 outstanding on the line of credit at May 31, 2019 and 2018, respectively. The agreement requires VVF to comply with certain financial and nonfinancial covenants.

VVF has a \$400,000 revolving line of credit specifically designated for VPAC's financial needs and use that is secured by VVF's receivables, inventory, equipment, contract rights, investments and intangibles as well as the right of set off against all depository account balances. Borrowings under the line bear interest at the bank's prime rate plus 1.0% (6.5% and 5.75% at May 31, 2019 and 2018, respectively). Accrued interest is due monthly and accrued interest and principal are due at maturity (January 2, 2020). There were no amounts outstanding at May 31, 2019 and 2018. The agreement requires VVF to comply with certain financial and nonfinancial covenants.

VVF has a \$350,000 unsecured revolving line of credit specifically designated for YouthPower's financial needs and use. Borrowings under the line bear interest at a variable rate equal to the JP Morgan Chase Bank prime rate (5.5% and 4.75% at May 31, 2019 and 2018, respectively). Accrued interest is due monthly and accrued interest and principal are due at maturity (September 29, 2019). There were no amounts outstanding at May 31, 2019 and 2018. The agreement requires VVF to comply with certain financial and nonfinancial covenants.

**Note 8 - Bonds and Loan Payable**

On January 17, 2013, the Colorado Educational and Cultural Facilities Authority (the "Authority") issued \$5,570,000 of Variable Rate Revenue Refunding Bonds Series 2013 (the "Bonds") to refinance VVF's outstanding Series 2007 variable rate bonds. The interest rate on the Bonds is equal to the product of 1) the sum of (A) the Applicable Spread of 1.02% and (B) the product of (x) One Month LIBOR multiplied by (y) the Tax-Exempt Factor of 71.49%, collectively multiplied by (2) the Margin Rate Factor of 121.538%. The Margin Rate Factor means the greater of (i) 1.0 and (ii) the product of (a) one minus the Maximum Federal Corporate Tax Rate multiplied by (b) 1.53846. The effective date of any change in the Margin Rate Factor shall be the effective date of the decrease or increase (as applicable) in the Maximum Federal Corporate Tax Rate resulting in such change. The LIBOR Index Rate is a per annum rate of interest established monthly on each Computation Date and is effective on each related LIBOR Index Rate Reset Date. The Bonds may be converted to a fixed interest rate by the Authority on any interest rate adjustment date upon direction of VVF.

The Bonds are secured by a Deed of Trust on real property and an assignment of rents and leases. The Bonds mature in December 2037; however, the underlying loan requires annual principal payments and matures on December 1, 2022.

Future maturities, based on the terms of the underlying loan agreement, are as follows:

<u>Year ending May 31,</u>	
2020	\$ 170,000
2021	175,000
2022	185,000
2023	<u>4,165,000</u>
Principal balance outstanding	4,695,000
Less unamortized debt issuance costs	<u>(147,001)</u>
	<u><u>\$ 4,547,999</u></u>

To hedge against interest rate risk on the variable-rate bonds, VVF entered into an interest rate swap (the "Swap") with a major U.S. financial institution as the counterparty. The objective of the Swap is to convert VVF's variable-rate debt to fixed-rate debt. VVF pays interest on the notional value at 3.987% and receives interest on the notional value at a variable rate based on 67% of the weekly weighted average of one-month LIBOR calculated on a monthly basis (1.62877% and 1.29605% at May 31, 2019 and 2018, respectively). The Swap matures on December 1, 2037 and has a declining notional value approximately matching the outstanding bond principal over time. The declining notional value will result in the interest rate swap liability converging to zero upon its maturity.

During the year ended May 31, 2019, the fair value of the liability under the Swap increased \$201,462 and during the year ended May 31, 2018, the fair value of the liability under the Swap decreased \$339,833, which has been reflected in the accompanying consolidated statements of activities. At May 31, 2019 and 2018, the fair value of the Swap liability was \$1,115,083 and \$913,621, respectively.

Amortization of debt issuance costs is included in interest expense in the consolidated financial statements.

**Note 9 - Leases**

VVF leases office equipment, parking spaces and storage space under various non-cancellable operating leases expiring through 2023.

Future minimum lease payments are as follows:

<u>Year ending May 31,</u>	
2020	\$ 80,834
2021	58,714
2022	46,765
2023	9,774
	<u>\$ 196,087</u>

Rent expense, including common area maintenance charges on VVF's office space, was \$177,370 and \$150,107, for the years ended May 31, 2019 and 2018, respectively.

**Note 10 - Endowment**

VVF's endowment (the Endowment) consists of five individual funds established and restricted by donors to provide annual funding for specific activities.

VVF's Board of Directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (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 of May 31, 2019 and 2018 there were no such donor stipulations. As a result of this interpretation, VVF retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

The following factors are considered 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 organization 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 resources of the organization
7. The investment policies of the organization

*Investment and Spending Policies*

VVF attempts to achieve real growth of 5% in excess of inflation. Endowment assets are invested in a manner intended to provide, over time, a greater than 50% probability of achieving annualized returns of at least 5% plus the rate of inflation over a ten-year period. Actual returns in any given year may vary from this amount. To satisfy its stated return objectives, VVF seeks to maintain a prudent level of risk that is no more than 20% greater than the risk of a passive benchmark comprised of 70% of the MSCI All-Country World index and 30% of the Barclays Aggregate Bond Index. VVF seeks to meet these goals through a diversified asset allocation, consisting primarily of an appropriate weighting of high quality equities and investment-grade fixed income investments to achieve its long-term objectives.

VVF has a policy of appropriating for distribution only so much of the accumulated earnings in excess of the Endowment restricted net assets as is necessary to fund discretionary expenses as determined by the Board of Directors. In establishing this policy, VVF considered the long-term expected return on the Endowment. Accordingly, over the long term, VVF expects to preserve the Endowment restricted net assets. This is consistent with VVF's objective to preserve the fair values of the original gifts made to the Endowment while providing an opportunity for real growth through new gifts and undistributed investment return.

Changes in Endowment net assets for the years ended May 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Endowment net assets, beginning of year	\$ 4,925,249	\$ 3,857,464
Transfer of balances to operating investments	(18,296)	(147,383)
Contribution	-	1,000,000
Net investment return		
Interest and dividend income, net of fees	126,621	97,514
Net realized gain	271,163	41,215
Net unrealized gain (loss)	<u>(420,454)</u>	<u>137,495</u>
	<u>(22,670)</u>	<u>276,224</u>
Appropriation of endowment assets for expenditure	<u>(275,002)</u>	<u>(61,056)</u>
Endowment net assets, end of year	<u>\$ 4,609,281</u>	<u>\$ 4,925,249</u>

**Note 11 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods:

	2019	2018
<u>Donor-Advised Funds - VVF</u>		
Education - CCTC	\$ 3,766,037	\$ 3,662,303
Education - Non-CCTC	88,619	89,500
Education - Scholarship	237,168	264,051
Adaptive ski equipment	112,841	125,689
Sub-total	4,204,665	4,141,543
<u>Subject to expenditure for specified purpose</u>		
VVF:		
Bravo! Vail - Annual Capital Contribution	277,508	288,647
VPAC:		
Buckman Blount Community Fund - Performances	587,612	576,342
Beaver Creek Resort Company - Programming series	440,261	313,986
Kris Gary - Scholarship	-	19,383
	1,027,873	909,711
VCAF:		
Property used for operations	9,198,022	8,694,557
Beaver Creek Metro District - Capital improvements	565,126	840,150
Vilar Center operations	136,698	-
	9,899,846	9,534,707
YouthPower:		
Education programs	1,628,964	1,401,924
Sub-total	12,834,191	12,134,989
<u>Endowments</u>		
Subject to appropriation and expenditure when a specified event occurs, restricted by donors for:		
VVF - General Education, CCTC and non-CCTC	58,803	59,926
VVF - Gerald R. Ford Amphitheater - Maintenance	261,912	341,384
VPAC - Buckman Blount Community Fund - Performances	-	19,609
VPAC - Frechette Foundation - STARS performances/youth cultural enrichment	5,269	15,264
VCAF - Vilar Theater	-	205,769
	325,984	641,952
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
VVF - Education programs	54,202	54,202
VVF - Gerald R. Ford Amphitheater - Maintenance	1,000,000	1,000,000
VPAC - Buckman Blount Community Fund - Performances	251,117	251,117
VPAC - Frechette Foundation - STARS performances/youth cultural enrichment	1,000,000	1,000,000
VCAF - Vilar Theater - 90% to operations, 10% to maintenance	1,977,978	1,977,978
	4,283,297	4,283,297
Sub-total	4,609,281	4,925,249
	\$ 21,648,137	\$ 21,201,781

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the years ended May 31, 2019 and 2018:

	2019	2018
<u>Donor-Advised Funds - VVF</u>		
Education - CCTC	\$ 594,500	\$ 719,500
Education - Scholarship	24,000	-
Adaptive ski equipment	11,500	12,500
Sub-total	630,000	732,000
Satisfaction of purpose restrictions:		
VVF:		
YouthPower - PowerHour - education	-	250,257
Bravo! Vail - Annual Capital Contribution	200,000	100,000
	200,000	350,257
VPAC:		
Beaver Creek Resort Company - Programming series	157,894	239,556
Kris Gary - Scholarship	18,718	6,840
	176,612	246,396
VCAF:		
Property used for operations	67,452	-
Beaver Creek Metro District - Capital improvements	296,882	517,216
Vilar Center operations	3,936	-
	368,270	517,216
YouthPower:		
Education programs	3,637,745	3,716,137
Sub-total	4,382,627	4,830,006
Appreciation of Endowment funds, appropriated for expenditure:		
VVF - Gerald R. Ford Amphitheater - Maintenance	65,635	61,056
VCAF - Vilar Theater - May Gallery remodel	209,367	-
	275,002	61,056
Total	\$ 5,287,629	\$ 5,623,062

**Note 12 - Donated Professional Services and Materials**

VVF received donated professional services and materials as follows during the years ended May 31, 2019 and 2018:

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
<u>Year Ended May 31, 2019</u>				
Supplies	\$ 106,510	\$ -	\$ 55,827	\$ 162,337
Advertising	389,515	-	26,550	416,065
Traded goods	426,772	-	7,246	434,018
Lodging	184,127	8,173	-	192,300
	<u>\$ 1,106,924</u>	<u>\$ 8,173</u>	<u>\$ 89,623</u>	<u>\$ 1,204,720</u>
<u>Year Ended May 31, 2018</u>				
Supplies	\$ 185,637	\$ -	\$ 634,442	\$ 820,079
Advertising	295,220	-	-	295,220
Traded goods	454,096	-	-	454,096
Lodging	224,011	12,659	-	236,670
	<u>\$ 1,158,964</u>	<u>\$ 12,659</u>	<u>\$ 634,442</u>	<u>\$ 1,806,065</u>

**Note 13 - Related Party Transactions**

During the years ended May 31, 2019 and 2018, VVF purchased goods and services including on-mountain contract labor, snowmaking services, ski instructor days, first-light/first-track rentals, design and remodel, and other contract rentals and services totaling approximately \$1,388,000 and \$1,260,000, respectively, from entities whose employees or Board members include members of the VVF Board of Directors.

During the years ended May 31, 2019 and 2018, VVF received contributions, sponsorships and program revenue from members of the Board of Directors totaling approximately \$1,790,000 and \$1,650,000, respectively.

#### **Note 14 - Facility Lease and Operation Agreement**

A Facility Lease and Operation Agreement between VCAF, Beaver Creek Resort Company (BCRC) and VVF was entered into in 2011 (2011 Agreement) which leased the Vilar Center to VVF for an initial term of ten (10) years and under which VVF assumed full and exclusive operational responsibility for the Vilar Center and its programs and activities. Subsequent to year-end of May 31, 2019, and effective July 25, 2019, the 2011 Agreement was renewed early, where the basic terms of the new Agreement (2019 Agreement) are very similar to the 2011 Agreement and which contains the following terms and recitals:

1. VCAF owns a performing arts center located in Beaver Creek, Colorado known as the Vilar Performing Arts Center (the "VPAC").
2. BCRC is charged with overseeing operations and activities in the Beaver Creek development and is the sole member of VCAF.
3. VCAF desires to lease the VPAC to VVF, and VVF desires to lease the VPAC from VCAF and assume full and exclusive operation and responsibility for the VPAC and its programs and activities, all on the terms and conditions set forth in the 2019 Agreement.

The 2019 Agreement specifies an initial period of ten (10) years and may be renewed for successive periods of ten (10) years upon BCRC and VVF providing a formal written consent to renew. Either party may terminate the 2019 Agreement by providing written notice of non-renewal at least one (1) year prior to the end of the period then in effect. VCAF or BCRC may also terminate this Agreement in the event that VVF stages fewer than ten (10) publicly ticketed Performances at the VPAC during any year of the term.

Annual rent and other consideration paid by VVF to BCRC is set at a nominal amount.

During each year, BCRC shall donate an amount to be increased annually at the lesser of 4% per annum or the rate of inflation indicated by the CPI index as defined in the 2019 Agreement. The donation for the initial year of the 2019 Agreement is \$1,141,000 to be paid in quarterly installments. Annual donations may be reduced should assessments collected by BCRC fall below pre-determined levels. BCRC is required to provide VVF with written notification of such circumstances and the parties are to mutually determine the timing and duration of any reduction.

Upon the expiration or earlier termination of the 2019 Agreement, VVF shall surrender possession of the VPAC facilities to VCAF. The net book value of property and equipment that is subject to reversion upon expiration of the lease totaled \$9,198,022 and \$8,694,557 as of May 31, 2019 and 2018, respectively.

**Note 15 - Retirement Plan**

VVF has a salary deferral plan under Section 401(k) of the Internal Revenue Code (Plan). Full-time employees that have attained age 21 are eligible for participation in the Plan immediately upon employment with VVF. Participants may contribute up to the lower of 100% of their pre-tax compensation, or the maximum allowed by the IRS. VVF matches the participants' pre-tax contributions at 100% of the amount contributed up to a maximum of 4% of the participants' compensation. Participant contributions vest immediately; VVF matching contributions vest at the rate of 25% per year after the employee has completed one year of service. Contributions by VVF for the years ended May 31, 2019 and 2018 totaled \$191,587 and \$165,615, respectively.

**Note 16 - Self-Insured Employee Health Plan**

VVF's employee health benefit coverage consists of a self-insured medical plan. As of May 31, 2019 and 2018, VVF recorded a liability of \$48,200 and \$40,500, respectively, representing the estimated amount of medical claims incurred but not reported and medical claims reported but not processed. This estimate has been included in accrued expenses and other liabilities in the accompanying consolidated statements of financial position. Claims are filed directly with a third-party administrator (TPA) for processing. The TPA dispenses funds to and on behalf of participants for covered medical claims. The Plan carries specific stop-loss insurance coverage for payment of eligible participant claims in excess of certain limits. The aggregate individual stop-loss limit per participant is \$30,000. The aggregate stop-loss limit varies according to the number of participants in the Plan at any point in time.

**Note 17 - Subsequent Events**

Effective July 25, 2019, the Facility Lease and Operating Agreement between VCAF, BCRC and VVF was renewed. See details at Note 14.

VVF has evaluated subsequent events through September 6, 2019, the date the consolidated financial statements were available to be issued.



Supplementary Information  
May 31, 2019

**Vail Valley Foundation**



## Independent Auditor's Report on Supplementary Information

To the Board of Directors  
Vail Valley Foundation  
Avon, Colorado

We have audited the consolidated financial statements of Vail Valley Foundation as of and for the years ended May 31, 2019 and 2018, and our report thereon dated September 6, 2019, expressed an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following supplementary information for the year ended May 31, 2019 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Eide Bailly LLP*

Denver, Colorado  
September 6, 2019

Vail Valley Foundation  
Consolidating Statement of Financial Position Information  
May 31, 2019

	Vail Valley Foundation without VPAC Operations	Vilar Performing Arts Center (VPAC)	Vail Valley Foundation	Vilar Center Arts Foundation	YouthPower 365	Total Before Eliminations and Reclassifications	Eliminations and Reclassifications	Total
<b>Assets</b>								
Cash and cash equivalents	\$ 799,973	\$ 291,175	\$ 1,091,148	\$ 136,698	\$ 578,260	\$ 1,806,106	\$ (714,958)	\$ 1,091,148
Operating investments	1,186,049	2,850,110	4,036,159	-	-	4,036,159	-	4,036,159
Accounts receivable, net	9,871	49,487	59,358	-	350	59,708	-	59,708
Promises to give, net	507,441	91,600	599,041	-	52,962	652,003	(52,962)	599,041
Prepaid expenses and other assets	851,323	48,481	899,804	-	96,417	996,221	-	996,221
Restricted cash and cash equivalents	254,451	437,615	692,066	77,387	743,252	1,512,705	714,958	2,227,663
Investments - Donor Advised Funds	4,614,721	-	4,614,721	-	-	4,614,721	-	4,614,721
Investments with donor restrictions	-	587,612	587,612	-	-	587,612	-	587,612
Restricted promises to give, net	277,508	-	277,508	490,385	199,368	967,261	52,962	1,020,223
Property and equipment, net	2,130,770	9,835	2,140,605	-	326,900	2,467,505	-	2,467,505
Property and equipment, net - limited as to use:								
Gerald R. Ford Amphitheater	10,567,506	-	10,567,506	-	-	10,567,506	-	10,567,506
Vilar Center	-	-	-	9,198,022	-	9,198,022	-	9,198,022
Endowment investments	1,374,917	1,256,386	2,631,303	1,977,978	-	4,609,281	-	4,609,281
Goodwill and intangible assets, net	489,065	-	489,065	-	-	489,065	-	489,065
Intercompany receivable	120,392	-	120,392	-	-	120,392	(120,392)	-
<b>Total assets</b>	<b>\$ 23,183,987</b>	<b>\$ 5,622,301</b>	<b>\$ 28,806,288</b>	<b>\$ 11,880,470</b>	<b>\$ 1,997,509</b>	<b>\$ 42,684,267</b>	<b>\$ (120,392)</b>	<b>\$ 42,563,875</b>
<b>Liabilities and Net Assets</b>								
Accounts payable	\$ 154,038	\$ 14,351	\$ 168,389	\$ 2,646	\$ 12,920	\$ 183,955	\$ -	\$ 183,955
Accrued expenses and other liabilities	820,989	201,945	1,022,934	-	127,251	1,150,185	-	1,150,185
Advance ticket sales	524,002	255,122	779,124	-	2,215	781,339	-	781,339
Deferred membership and benefits	368,289	-	368,289	-	-	368,289	-	368,289
Deferred event revenue	2,639,056	96,400	2,735,456	-	180,528	2,915,984	-	2,915,984
Refundable advances	1,000	-	1,000	-	-	1,000	-	1,000
Line of credit	47,372	-	47,372	-	-	47,372	-	47,372
Bonds payable, net of debt issuance costs	4,547,999	-	4,547,999	-	-	4,547,999	-	4,547,999
Interest rate swap	1,115,083	-	1,115,083	-	-	1,115,083	-	1,115,083
Intercompany payable	-	74,761	74,761	-	45,631	120,392	(120,392)	-
<b>Total liabilities</b>	<b>10,217,828</b>	<b>642,579</b>	<b>10,860,407</b>	<b>2,646</b>	<b>368,545</b>	<b>11,231,598</b>	<b>(120,392)</b>	<b>11,111,206</b>
<b>Net Assets</b>								
<b>Without Donor Restrictions</b>								
Undesignated	73,875	2,685,628	2,759,503	136,698	359,444	3,255,645	(496,142)	2,759,503
Invested in property and equipment, net of related debt	7,035,194	9,835	7,045,029	9,198,022	326,900	16,569,951	(9,524,922)	7,045,029
	7,109,069	2,695,463	9,804,532	9,334,720	686,344	19,825,596	(10,021,064)	9,804,532
<b>With Donor Restrictions</b>	<b>5,857,090</b>	<b>2,284,259</b>	<b>8,141,349</b>	<b>2,543,104</b>	<b>942,620</b>	<b>11,627,073</b>	<b>10,021,064</b>	<b>21,648,137</b>
<b>Total net assets</b>	<b>12,966,159</b>	<b>4,979,722</b>	<b>17,945,881</b>	<b>11,877,824</b>	<b>1,628,964</b>	<b>31,452,669</b>	<b>-</b>	<b>31,452,669</b>
<b>Total liabilities and net assets</b>	<b>\$ 23,183,987</b>	<b>\$ 5,622,301</b>	<b>\$ 28,806,288</b>	<b>\$ 11,880,470</b>	<b>\$ 1,997,509</b>	<b>\$ 42,684,267</b>	<b>\$ (120,392)</b>	<b>\$ 42,563,875</b>

Vail Valley Foundation  
Consolidating Statement of Activities Information  
Year Ended May 31, 2019

	Vail Valley Foundation without VPAC Operations	Vilar Performing Arts Center (VPAC)	Vail Valley Foundation	Vilar Center Arts Foundation	YouthPower 365	Total Before Eliminations and Reclassifications	Eliminations and Reclassifications	Total
<b>Revenue, Support and Gains</b>								
Program revenue	\$ 1,580,556	\$ 1,656,466	\$ 3,237,022	\$ -	\$ 134,747	\$ 3,371,769	\$ (10,733)	\$ 3,361,036
Sponsorships	5,315,392	104,500	5,419,892	-	-	5,419,892	-	5,419,892
Contributions	5,352,791	2,517,066	7,869,857	18,861	2,137,003	10,025,721	(222,899)	9,802,822
In-kind contributions	946,572	144,041	1,090,613	-	441,908	1,532,521	(327,801)	1,204,720
Exchange portion of membership dues	947,935	-	947,935	-	-	947,935	-	947,935
Net investment return (loss)	10,271	(66,437)	(56,166)	3,598	-	(52,568)	-	(52,568)
Special events revenue, net	556,346	-	556,346	-	1,146,896	1,703,242	(117,000)	1,586,242
Interest and other income	106,496	1,991	108,487	3,000	6,783	118,270	-	118,270
<b>Total revenue, support and gains</b>	<b>14,816,359</b>	<b>4,357,627</b>	<b>19,173,986</b>	<b>25,459</b>	<b>3,867,337</b>	<b>23,066,782</b>	<b>(678,433)</b>	<b>22,388,349</b>
<b>Expenses and Losses</b>								
Program services	10,686,213	3,835,447	14,521,660	3,226	2,465,060	16,989,946	(675,632)	16,314,314
General and administrative	1,807,007	285,961	2,092,968	7,000	463,245	2,563,213	(2,801)	2,560,412
Fundraising and development	1,662,158	203,776	1,865,934	-	656,816	2,522,750	-	2,522,750
Depreciation and amortization	958,536	30,848	989,384	567,411	52,624	1,609,419	-	1,609,419
Interest expense	304,369	1,000	305,369	-	-	305,369	-	305,369
<b>Total expenses</b>	<b>15,418,283</b>	<b>4,357,032</b>	<b>19,775,315</b>	<b>577,637</b>	<b>3,637,745</b>	<b>23,990,697</b>	<b>(678,433)</b>	<b>23,312,264</b>
Loss on disposal of property and equipment	-	-	-	276,360	2,552	278,912	-	278,912
Loss on uncollectible promise to give	1,000	-	1,000	-	-	1,000	-	1,000
<b>Total expenses and losses</b>	<b>15,419,283</b>	<b>4,357,032</b>	<b>19,776,315</b>	<b>853,997</b>	<b>3,640,297</b>	<b>24,270,609</b>	<b>(678,433)</b>	<b>23,592,176</b>
Change in net assets before change in value of interest rate swap	(602,924)	595	(602,329)	(828,538)	227,040	(1,203,827)	-	(1,203,827)
Change in value of interest rate swap	(201,462)	-	(201,462)	-	-	(201,462)	-	(201,462)
<b>Change in Net Assets</b>	<b>(804,386)</b>	<b>595</b>	<b>(803,791)</b>	<b>(828,538)</b>	<b>227,040</b>	<b>(1,405,289)</b>	<b>-</b>	<b>(1,405,289)</b>
Transfer of assets to VCAF	-	(987,911)	(987,911)	987,911	-	-	-	-
Net Assets, Beginning of Year	13,770,545	5,967,038	19,737,583	11,718,451	1,401,924	32,857,958	-	32,857,958
<b>Net Assets, End of Year</b>	<b>\$ 12,966,159</b>	<b>\$ 4,979,722</b>	<b>\$ 17,945,881</b>	<b>\$ 11,877,824</b>	<b>\$ 1,628,964</b>	<b>\$ 31,452,669</b>	<b>\$ -</b>	<b>\$ 31,452,669</b>

Vail Valley Foundation  
Consolidating Statement of Cash Flows Information  
Year Ended May 31, 2019

	Vail Valley Foundation without VPAC Operations	Vilar Performing Arts Center (VPAC)	Vail Valley Foundation	Vilar Center Arts Foundation	YouthPower 365	Total
<b>Cash Flows from Operating Activities</b>						
Contributions	\$ 7,335,701	\$ 2,547,090	\$ 9,882,791	\$ 250,000	\$ 3,477,825	\$ 13,610,616
Sponsorships	4,961,646	65,400	5,027,046	-	-	5,027,046
Program revenue and other	1,689,124	1,750,325	3,439,449	3,000	89,293	3,531,742
Payments to vendors	(8,684,352)	(2,431,586)	(11,115,938)	(13,265)	(713,738)	(11,842,941)
Payments for salaries, benefits and taxes	(4,888,929)	(1,660,245)	(6,549,174)	-	(2,552,713)	(9,101,887)
Grants paid in community	(388,446)	(44,875)	(433,321)	-	-	(433,321)
Transfer from VPAC to VCAF	-	(140,634)	(140,634)	140,634	-	-
<b>Net Cash from (used for) Operating Activities</b>	<b>24,744</b>	<b>85,475</b>	<b>110,219</b>	<b>380,369</b>	<b>300,667</b>	<b>791,255</b>
<b>Cash Flows from Investing Activities</b>						
Purchases of investments	(514,314)	-	(514,314)	-	-	(514,314)
Proceeds from sales of investments	-	173,669	173,669	-	-	173,669
Purchases of property and equipment	(255,031)	(253,974)	(509,005)	(497,313)	(171,381)	(1,177,699)
Additions to Donor Advised Funds	(661,476)	-	(661,476)	-	-	(661,476)
Distributions from Donor Advised Funds	649,000	-	649,000	-	-	649,000
Withdrawal from endowment	65,635	-	65,635	209,367	-	275,002
<b>Net Cash from (used for) Investing Activities</b>	<b>(716,186)</b>	<b>(80,305)</b>	<b>(796,491)</b>	<b>(287,946)</b>	<b>(171,381)</b>	<b>(1,255,818)</b>
<b>Cash Flows from Financing Activities</b>						
Net borrowings under lines of credit	47,372	-	47,372	-	-	47,372
Principal payments on bonds	(165,000)	-	(165,000)	-	-	(165,000)
<b>Net Cash from (used for) Financing Activities</b>	<b>(117,628)</b>	<b>-</b>	<b>(117,628)</b>	<b>-</b>	<b>-</b>	<b>(117,628)</b>
<b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>	<b>(809,070)</b>	<b>5,170</b>	<b>(803,900)</b>	<b>92,423</b>	<b>129,286</b>	<b>(582,191)</b>
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	1,863,494	723,620	2,587,114	121,662	1,192,226	3,901,002
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 1,054,424</u>	<u>\$ 728,790</u>	<u>\$ 1,783,214</u>	<u>\$ 214,085</u>	<u>\$ 1,321,512</u>	<u>\$ 3,318,811</u>
<b>Supplemental Disclosure of Cash Flow Information</b>						
Cash paid during the year for interest	<u>\$ 270,605</u>	<u>\$ 1,000</u>	<u>\$ 271,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,605</u>
<b>Supplemental Disclosure of Non-cash Activities:</b>						
Accounts payable for property and equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,646</u>	<u>\$ -</u>	<u>\$ 2,646</u>