

YAMPA VALLEY COMMUNITY FOUNDATION

Financial Statements

December 31, 2022

YAMPA VALLEY COMMUNITY FOUNDATION

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Independent Auditor's Report

The Board of Trustees
Yampa Valley Community Foundation
Steamboat Springs, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Yampa Valley Community Foundation (the Foundation), 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 Yampa Valley Community 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 U.S. generally accepted accounting principles (GAAP).

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards (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 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Financial 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 May 13, 2022. In our opinion, the summarized comparative financial 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.

Catterson + Company, P.C.

Steamboat Springs, Colorado
May 12, 2023

YAMPA VALLEY COMMUNITY FOUNDATION
Statement of Financial Position
December 31, 2022
(with summarized financial information as of December 31, 2021)

	2022	2021
Assets:		
Cash and cash equivalents	\$ 1,111,113	\$ 815,667
Investments:		
Operating	39,062,278	35,378,618
Endowment funds	12,869,828	15,630,195
Other assets	5,569	15,659
Capital campaign promises to give, net	558,932	-
Property and equipment, net	1,649,210	11,346
Total assets	\$ 55,256,930	\$ 51,851,485
Liabilities:		
Accounts payable and accrued expenses	\$ 49,542	\$ 34,144
Agency funds held for other organizations	3,960,163	3,713,409
Total liabilities	4,009,705	3,747,553
Net Assets:		
Without donor restrictions	40,716,807	38,946,611
With donor restrictions	10,530,418	9,157,321
Total net assets	51,247,225	48,103,932
Total liabilities and net assets	\$ 55,256,930	\$ 51,851,485

See accompanying notes to financial statements.

YAMPA VALLEY COMMUNITY FOUNDATION
Statement of Activities
For the Year Ended December 31, 2022
(with summarized financial information for the year ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Revenues and Other Support:				
Contributions	\$ 15,098,432	\$ 398,770	\$ 15,497,202	\$ 29,450,757
Passport Club:				
Memberships	\$ 520,000			
Costs and expenses	(401,930)			
Less ski passes and parking privileges contributed	<u>333,679</u>			
Net Passport Club	451,749	-	451,749	456,493
Investment return, net of fees	(6,442,018)	(1,676,603)	(8,118,621)	4,149,855
Net assets released from restrictions	231,565	(231,565)	-	-
Total revenues and other support	9,339,728	(1,509,398)	7,830,330	34,057,105
Less revenues applicable to agency funds	(1,515,895)	-	(1,515,895)	(1,834,030)
Net operating revenues and other support	<u>7,823,833</u>	<u>(1,509,398)</u>	<u>6,314,435</u>	<u>32,223,075</u>
Operating Expenses and Distributions:				
Program services:				
Grants awarded, net	6,275,697	-	6,275,697	9,844,962
Other programs	328,191	-	328,191	296,760
Total program services	6,603,888	-	6,603,888	10,141,722
Management and general	418,093	-	418,093	331,350
Fundraising	64,596	-	64,596	58,217
Total operating expenses and distributions	<u>7,086,577</u>	<u>-</u>	<u>7,086,577</u>	<u>10,531,289</u>
Change in net assets - operating activities	<u>737,256</u>	<u>(1,509,398)</u>	<u>(772,142)</u>	<u>21,691,786</u>
Nonoperating activities:				
Capital campaign contributions	-	2,454,284	2,454,284	-
Interfund capital campaign contributions	(1,255,506)	1,255,506	-	-
Contribution of land	805,000	-	805,000	-
Net assets released from restrictions	832,864	(832,864)	-	-
Change in net assets - operating activities	<u>382,358</u>	<u>2,876,926</u>	<u>3,259,284</u>	<u>-</u>
Change in net assets	1,119,614	1,367,528	2,487,142	21,691,786
Reclassify agency funds to net assets	650,582	5,569	656,151	-
Net assets, beginning of year	38,946,611	9,157,321	48,103,932	26,412,146
Net assets, end of year	<u>\$ 40,716,807</u>	<u>\$ 10,530,418</u>	<u>\$ 51,247,225</u>	<u>\$ 48,103,932</u>

See accompanying notes to financial statements.

YAMPA VALLEY COMMUNITY FOUNDATION
Statement of Functional Expenses
For the Year Ended December 31, 2022
(with summarized comparative financial information for the year ended December 31, 2021)

	2022					2021 Total	
	Grants Awarded	Other Programs	Total	Management and General	Fundraising		Total
Expenses and Distributions:							
Grants awarded	\$ 6,853,612	\$ -	\$ 6,853,612	\$ -	\$ -	\$ 6,853,612	\$ 10,302,178
Agency and other fund disbursements	35,076	-	35,076	-	-	35,076	19,549
Less program services applicable to agency funds	(612,991)	-	(612,991)	-	-	(612,991)	(476,765)
Grants awarded, net	6,275,697	-	6,275,697	-	-	6,275,697	9,844,962
Wages and benefits	-	268,470	268,470	261,676	61,438	591,584	499,781
Occupancy	-	-	-	53,822	-	53,822	47,185
Professional fees	-	-	-	42,109	-	42,109	35,297
Other expenses	-	59,721	59,721	60,486	3,158	123,365	103,072
Depreciation	-	-	-	-	-	-	992
Total expenses and distributions	\$ 6,275,697	\$ 328,191	\$ 6,603,888	\$ 418,093	\$ 64,596	\$ 7,086,577	\$ 10,531,289

See accompanying notes to financial statements.

YAMPA VALLEY COMMUNITY FOUNDATION
Statement of Cash Flows
For the Year Ended December 31, 2022
(with summarized financial information for the year ended December 31, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets - operating activities	\$ (772,142)	\$ 21,691,786
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	992
Realized and unrealized (gains) losses on investments	9,437,247	(3,776,782)
(Increase) decrease in:		
Land held for sale	-	530,000
Other assets	10,090	(6,657)
Increase (decrease) in:		
Accounts payable and accrued expenses	15,398	(7,058)
Assets held for agency funds	246,754	1,357,265
	8,937,347	19,789,546
Cash flows from investing activities:		
Net sales (purchases) of investments	(10,360,540)	(19,629,250)
Cash paid for building construction	(832,864)	(11,346)
Reclassification of agency funds	656,151	-
	(10,537,253)	(19,640,596)
Cash flows from financing activities:		
Capital campaign contributions received	1,895,352	-
	1,895,352	-
Net cash provided by financing activities	1,895,352	-
Net change in cash and cash equivalents	295,446	148,950
Cash and cash equivalents, beginning of year	815,667	666,717
Cash and cash equivalents, end of year	\$ 1,111,113	\$ 815,667

See accompanying notes to financial statements.

YAMPA VALLEY COMMUNITY FOUNDATION
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 1: Description of the Foundation

The Yampa Valley Community Foundation (the Foundation) is a Colorado not-for-profit corporation that provides leadership to raising funds, in partnership with community members, to support innovative programs benefiting the Yampa Valley community.

The Foundation is dedicated to improving the lives of Routt and Moffat Counties' community members. Our work happens through four programs:

1. We engage donors in meaningful philanthropy.
2. We strengthen and sustain local nonprofits.
3. We deliver impactful grantmaking.
4. We build community.

One of the services we offer to philanthropists is managing and investing in charitable funds on their behalf. We manage almost \$55 million in over 220 donor advised funds, scholarship funds, agency endowments, and other funds which help fuel the charitable investments we and our fundholders make in the region.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). The accounting policies of the Foundation have been designed to conform to GAAP as applicable to not-for-profit organizations.

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Without donor restrictions: Net assets that are not subject to donor-imposed stipulations.

With donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, excluding cash equivalent funds held in the Foundation's investment portfolio.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consists principally of cash and cash equivalents. The Foundation maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Foundation's cash and cash equivalent accounts have been placed with high quality financial institutions. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments

Investments are carried at fair value, with changes in fair value being recorded as investment return in the statement of activities.

The Foundation maintains investment pool accounts for its funds. Realized and unrealized gains and losses from securities in the investment pool accounts are allocated monthly to the individual funds based on the relationship of the market value of each fund to the total market value of the investment pool accounts, as adjusted for additions to or deductions from those accounts.

YAMPA VALLEY COMMUNITY FOUNDATION
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 2: Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Foundation's financial instruments include cash and cash equivalents and promises to give. The Foundation estimates that the fair value of all financial instruments as of December 31, 2022 and 2021 does not differ materially from the aggregate carrying values of its financial instruments recorded in the statement of financial position. The carrying amount of these financial instruments approximates fair value because of the short maturity dates of these instruments.

Property and Equipment, Net

Property and equipment are stated at cost at the date of acquisition or fair value if acquired through donation. The Foundation capitalizes expenditures for property and equipment more than \$1,000. Depreciation is calculated using the straight-line method over the applicable estimated useful lives. Construction in progress is not depreciated until completion of the project.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.

Level 3 – Unobservable inputs that cannot be corroborated by market data.

Capital Campaign Promises to Give, Net

Unconditional capital campaign promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional capital campaign promises to give in more than one year are recorded at the present value of the expected future cash flows. Management has reviewed all relevant available information and an analysis of the collectability of promises to give and determined that no allowance for uncollectible promises to give is necessary as of December 31, 2022.

Endowment Net Assets

The State of Colorado has adopted the Uniform Prudent Management of Institution Funds Act (UPMIFA). The Board of Trustees has determined that the majority of the Foundation's net assets do not meet the definition of endowment under UPMIFA. The Foundation is governed subject to its articles of incorporation and bylaws and most contributions are subject to the terms of donor advised fund agreements or special fund agreements. These governing documents and donor agreements include a variance provision, giving the Board of Trustees the power to modify or eliminate the use of the endowed funds if any designation, restriction or condition becomes, in effect, unnecessary, undesirable, impractical, incapable of fulfillment or inconsistent with the charitable needs of the Foundation and the community it serves. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation.

The Foundation has several endowment fund agreements that specifically state the intention of establishing an endowment and meet the definition of endowment under UPMIFA. These funds have been classified as net assets with donor restrictions.

YAMPA VALLEY COMMUNITY FOUNDATION
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 2: Summary of Significant Accounting Policies (continued)

Endowment Net Assets (continued)

The Board of Trustees of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Under the terms of the bylaws and donor advised fund agreements, the Board of Trustees has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute corpus, the Foundation has determined that all contributions received subject to the Foundation's governing documents, terms of endowment fund agreements, and UPMIFA, are classified as net assets with donor restrictions until appropriated, at which time the appropriation is reclassified to net assets without donor restrictions.

Underwater Endowment Funds

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. Deficiencies of this nature exist in 4 donor-restricted endowment funds, which together have an original gift value of \$5,523,007, a current fair value of \$5,054,737, and a deficiency of \$468,270 as of December 31, 2022. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions to the donor-restricted endowments.

Endowment Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets and is committed to preserving assets for future generations through endowments. The Foundation is responsible to its donors, the nonprofit sector, and the community to preserve the purchasing power of the endowment assets. The investment policy establishes an achievable return objective through utilization of a globally diverse portfolio including a variety of asset classes. The current long-term return objective is to achieve a rate of return that facilitates a spending policy of 4.5% after administrative expenses of 1% while maintaining the purchasing power of the endowment.

The Foundation's greatest concern for the endowment assets is growth and income. Based on that objective, the investment strategy provides diversification across a wide range of asset classes, including alternative assets to manage risk while seeking the best possible returns. Changes in investment allocation and investment vehicles are at the sole discretion of the Foundation's Board of Trustees per the Foundation's Investment Policy Statement (IPS).

Agency Funds Held for Other Organizations

A fund established with a contribution from an organization for the benefit of the contributing organization is classified as an agency fund. The activity in agency funds is reported as a change in the liability "Agency funds held for other organizations" in the statement of financial position.

YAMPA VALLEY COMMUNITY FOUNDATION
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 2: Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions

Contributions are recognized when cash, securities or other assets and unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend are substantially met. Payments received in advance of the conditions being met are recorded as refundable advances in the statement of financial position.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions. When a 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 as net assets released from restrictions in the statement of activities.

Contributions of assets other than cash are recorded at their estimated fair value as of the date of the gift.

Passport Club Memberships

Passport Club memberships revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. The Foundation incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Foundation also incurs expenses that are attributable to more than one function. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on consistent basis among program and supporting services benefited.

The expenses allocated primarily include wages and benefits that are based on estimates of time and effort incurred by personnel.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Foundation qualifies for the charitable contribution deduction. Income from activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income during 2022.

The Foundation is subject to routine audits by tax jurisdictions; however, there are currently no audits for any tax periods in progress. The three previous tax years remain subject to examination by the IRS.

YAMPA VALLEY COMMUNITY FOUNDATION
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 2: Summary of Significant Accounting Policies (continued)

Comparative Financial Statements

The 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 GAAP. Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ended December 31, 2021, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year presentation.

Adoption of New Accounting Policies

Effective January 1, 2022, the Foundation adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and its related amendments. The standard requires lessees to recognize in the statement of financial position the assets and liabilities that arise from leases. Adoption of ASU 2016-02 did not result in the recognition of material operating right-to-use asset or operating lease liability as the Foundation's office lease term ends September 30, 2023 (see Note 12). No cumulative effect adjustment to the beginning net assets was required with the implementation of ASU 2016-02.

Note 3: Liquidity and Availability of Financial Assets

The following represents the Foundation's financial assets as of December 31, 2022, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions. Amounts not available include amounts set aside by the Board of Trustees for long-term investing in board-designated endowment funds that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either donor-restricted endowments or board-designated endowments for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

Cash and cash equivalents	\$	1,111,113
Investments		39,062,278
Endowment funds		12,869,828
Capital campaign promises to give, net		<u>558,932</u>
		53,602,151
Less amounts not available to be used within one year:		
Net assets with donor restrictions		(10,530,418)
Amounts held for agency funds		(3,960,163)
Board-designated endowment funds		(5,382,686)
Donor-advised funds and other funds, primarily for long-term investing		<u>(33,207,214)</u>
Unrestricted financial assets available to meet general expenditures and liabilities within one year	\$	<u>521,670</u>

The Foundation is substantially supported by contributions, both restricted and unrestricted. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management and through the organization's annual budgeting process, six months of operating reserves will be made available for general expenditures, liabilities, and other obligations that come due. The final budget is reviewed and approved by the Foundation's Board of Trustees.

In addition, the Foundation invests cash in excess of daily requirements in short-term investments.

YAMPA VALLEY COMMUNITY FOUNDATION
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 4: Investments

The following is a summary of investments as of December 31, 2022 and 2021:

	2022			Total
	Level 1	Level 2	Level 3	
Cash and short-term funds	\$ 4,249,939	\$ -	\$ -	\$ 4,249,939
Mutual funds:				
Equity funds	39,411,666	-	-	39,411,666
Fixed income funds	5,411,431	-	-	5,411,431
Equities	426,100	-	-	426,100
U.S. Treasury notes	-	992,970	-	992,970
Limited partnership	-	-	1,440,000	1,440,000
	\$ 49,499,136	\$ 992,970	\$ 1,440,000	\$ 51,932,106

	2021			Total
	Level 1	Level 2	Level 3	
Cash and short-term funds	\$ 3,069,122	\$ -	\$ -	\$ 3,069,122
Mutual funds:				
Equity funds	39,209,494	-	-	39,209,494
Fixed income funds	8,156,507	-	-	8,156,507
Equities	573,690	-	-	573,690
	\$ 51,008,813	\$ -	\$ -	\$ 51,008,813

The fair value of investments in short-term funds, equity mutual funds, fixed income funds, and equity securities, traded on national exchanges is valued at the closing price on the last business day of the year.

For the investment in limited partnership, the Foundation takes into consideration information received from the partnership, including their financial statements, issues related to liquidity or redemption requirements and other pertinent information that impacts the fair value determination.

The changes in investment in limited partnership for which the Foundation has used Level 3 inputs to determine fair value are as follows:

Balance, December 31, 2021	\$ -
Contributions	1,440,000
Distributions	-
Change in value	-
	\$ 1,440,000

YAMPA VALLEY COMMUNITY FOUNDATION
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 5: Capital Campaign Promises to Give

Unconditional promises to give are as follows as of December 31, 2022:

Receivable in one year or less	\$ 439,532
Receivable between one to five years	<u>124,666</u>
	564,198
Less discount to net present value	<u>(5,266)</u>
	<u><u>\$ 558,932</u></u>

Promises to give due in more than one year are valued using a discount rate of 4.41%.

Note 6: Property and Equipment, Net

Property and equipment, net consisted of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 805,000	\$ -
Leasehold improvements	91,618	91,618
Equipment	43,642	43,642
Furniture and fixtures	1,871	1,871
Construction in progress	<u>844,210</u>	<u>11,346</u>
	1,786,341	148,477
Less: accumulated depreciation	<u>(137,131)</u>	<u>(137,131)</u>
Property and equipment, net	<u><u>\$ 1,649,210</u></u>	<u><u>\$ 11,346</u></u>

Note 7: Endowment Funds

Changes in endowment net assets for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Endowment net assets, beginning of year	\$ 15,630,195	\$ 11,113,741
Investment return, net of fees	(2,961,642)	1,623,057
Contributions	601,524	3,342,079
Amounts appropriated for expenditure	(405,818)	(448,682)
Agency fund reclassification	<u>5,569</u>	<u>-</u>
Endowment net assets, end of year	<u><u>\$ 12,869,828</u></u>	<u><u>\$ 15,630,195</u></u>

YAMPA VALLEY COMMUNITY FOUNDATION
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 7: Endowment Funds (continued)

Endowment net asset composition by type of fund as of December 31, 2022 and 2021:

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds:			
Board designated	\$ 5,382,686	\$ -	\$ 5,382,686
Field of interest	-	633,020	633,020
Designated	-	6,854,122	6,854,122
Endowment net assets	<u>\$ 5,382,686</u>	<u>\$ 7,487,142</u>	<u>\$ 12,869,828</u>

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds:			
Board designated	\$ 6,723,407	\$ -	\$ 6,723,407
Field of interest	-	771,574	771,574
Designated	-	8,135,214	8,135,214
Endowment net assets	<u>\$ 6,723,407</u>	<u>\$ 8,906,788</u>	<u>\$ 15,630,195</u>

Note 8: Agency Transactions

Funds received under agency agreements are recorded directly to a liability account. Both the assets and the liability have been measured at the fair value of the assets received. Activity in the assets held for agency funds for the years ended December 31, 2022 and 2021 was as follows:

Year ended December 31, 2022

	Fiscal Sponsorship	Non Profit Organization / Endowment	Total Agency Funds
Beginning balance	\$ 58,239	\$ 3,655,170	\$ 3,713,409
Contributions and investment return	(3,562)	1,519,457	1,515,895
Disbursements	(1,821)	(608,922)	(610,743)
Fund reclassifications	-	(656,151)	(656,151)
Ending balance	<u>\$ 52,856</u>	<u>\$ 3,909,554</u>	<u>\$ 3,962,410</u>

Year ended December 31, 2021

	Fiscal Sponsorship	Non Profit Organization / Endowment	Total Agency Funds
Beginning balance	\$ 55,743	\$ 2,300,401	\$ 2,356,144
Contributions and investment return	13,124	1,820,906	1,834,030
Disbursements	(10,628)	(466,137)	(476,765)
Ending balance	<u>\$ 58,239</u>	<u>\$ 3,655,170</u>	<u>\$ 3,713,409</u>

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Note 8: Agency Transactions (continued)

The Foundation's management periodically reviews its agency fund agreements to determine if changes have occurred from the original intent at the time the funds were established. During 2022, the Board of Trustees and management determined that certain funds totaling \$656,151 required reclassification from agency funds to net assets because the original resource providers were no longer the specified beneficiaries of the funds.

The Foundation also acts as an intermediary on certain receipts from resource providers in which the Foundation does not have discretion to choose the beneficiary. The Foundation does not recognize revenue or expense from these transactions. Funds received and disbursed as an intermediary during the years ended December 31, 2022 and 2021 were \$878,977 and \$24,185,705, respectively.

Note 9: Net Assets With Donor Restrictions

Net assets with donor restrictions were as follows as of December 31, 2022 and 2021:

	2022	2021
Donor restricted endowment funds	\$ 7,487,141	\$ 8,906,788
Purpose restricted funds	2,484,345	250,533
Capital campaign promises to give, net	558,932	-
	\$ 10,530,418	\$ 9,157,321

Net assets released from net assets with donor restrictions were as follows for the year ended December 31, 2022:

Appropriation from donor endowment	\$ 129,565
Distribution to donor specified beneficiaries	102,000
Building construction costs	832,864
	\$ 1,064,429

Note 10: In-Kind Contributions

The Foundation received the following in-kind contributions during the years ended December 31, 2022 and 2021:

	2022	2021
Ski passes and parking privileges	\$ 333,679	\$ 305,082
Land for building construction	805,000	-
	\$ 1,138,679	\$ 305,082

The Foundation receives season ski passes and parking privileges from the Steamboat Ski & Resort Corporation at no cost for its Passport Club Program. These season passes and parking privileges are then sold to individuals and businesses with the proceeds going to the Foundation. This amount has been included in revenues and Passport Club expenses in the statement of activities.

Note 11: Concentration of Revenue Source

The Foundation received from one donor, two large contributions to a donor advised fund representing approximately 54% and 68% of its gross contributions for the years ended December 31, 2022 and 2021, respectively.

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Note 12: Lease

The Foundation entered into a lease agreement for office space through September 30, 2023. Terms of the agreement include a monthly base rent of \$2,208. Additionally, the lease includes a common area maintenance (CAM) assessment currently at \$1,309 per month. During the years ended December 31, 2022 and 2021, the Foundation recognized rent expense associated with this lease of \$44,130 and \$37,721, respectively.

The future payments, including CAM, due under the operating lease as of December 31, 2022 is as follows:

Year ended December 31,		
	2023	\$ 33,098
		<u>33,098</u>
		<u>\$ 33,098</u>

Note 13: Retirement Plan

The Foundation has a SIMPLE IRA retirement plan. The plan allows eligible employees to make contributions up to the annual IRS contribution limit. The plan requires matching contributions equal to 100% of employee salary deferrals up to 3% of employee compensation. The Foundation made matching contributions of \$14,444 and \$12,012 to the plan for the years ended December 31, 2022 and 2021, respectively.

Note 14: Intentions to Give

The Foundation has received indications of gifts in the form of bequests which are revocable during the donors' lifetime or if irrevocable for which a donation amount cannot reasonably be determined. Due to the uncertain nature of these intentions, the Foundation has not recognized any assets or contribution revenue for these intended gifts.

Note 15: Commitment

The Foundation's Passport Club Program is supported by the Steamboat Ski and Resort Corporation (SSRC) under an agreement that requires the SSRC to donate ski passes and parking privileges to the Foundation to sell to its Passport Club members. Terms of the agreement also require the Foundation to allocate 40% of the annual net proceeds from the Passport Club Program to the SSRC donor advised funds at the Foundation as recommended by the SSRC. In over 26 years, the Passport Club Program has generated over \$9M. These contributions have provided grants and scholarships into the community and supported the operations of the Foundation. The current Passport Club Program agreement expires April 30, 2023. The Foundation is currently in discussions with SSRC to renew the program for future years.

Note 16: Year in Review

The Foundation made significant contributions to our Yampa Valley community in 2022:

- Grantmaking more than doubled to \$9.5 million from \$4.1 million in 2021. Nineteen new funds were established, including 7 donor advised funds, 5 granting funds, 4 nonprofit endowment funds, and 3 scholarship funds.
- Our work on improving nonprofit effectiveness included training in developing a planned giving program and the role of endowments in legacy giving, nonprofit board trainings, and tools for improving donor tracking and financial management.
- Construction began on the new home for the Foundation. The building is expected to be complete in the Fall of 2023.
- The Foundation continued its effort to raise community awareness of the key issues impacting the quality of life of the Yampa Valley region. In 2022, we held a discussion with a panel of experts on mental health issues affecting the region.

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Note 17: Subsequent Events

The Foundation has evaluated subsequent events through May 12, 2023, the date these financial statements were available to be issued.