

**COLORADO FOURTEENERS INITIATIVE**

Financial Statements As Of December 31, 2019  
(With Summarized Financial Information For  
The Year Ended December 31, 2018)

Together With Independent Auditors' Report



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Colorado Fourteeners Initiative:

We have audited the accompanying financial statements of Colorado Fourteeners Initiative ("CFI"), a not-for-profit organization, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

#### *Members:*

*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*

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

### **Effect of Adopting New Accounting Standard**

As discussed in Note 2, CFI adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, as of and for the year ended December 31, 2019. The requirements of the ASU have been applied prospectively to all periods presented. Our opinion is not modified with respect to this matter.

### **Reporting on Summarized Comparative Information**

We have previously audited CFI's December 31, 2018, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***JDS Professional Group***

April 7, 2020

## COLORADO FOURTEENERS INITIATIVE

### Statement Of Financial Position

As Of December 31, 2019

(With Summarized Financial Information As Of December 31, 2018)

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 909,478	\$ 854,923
Accounts receivable	2,906	2,680
Promises to give	152,943	41,730
Investments	173,744	158,340
Prepaid expenses	<u>9,151</u>	<u>9,307</u>
Total Current Assets	<u>1,248,222</u>	<u>1,066,980</u>
Long Term Assets:		
Restricted cash - endowment	47,377	
Investments	28,372	28,388
Promises to give	13,000	4,000
Property and equipment, net	101,969	107,773
Land	<u>46,014</u>	<u>46,014</u>
Total Long Term Assets	<u>189,355</u>	<u>186,175</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,484,954</u></u>	<u><u>\$ 1,253,155</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 8,648	\$ 8,278
Accrued liabilities	74,294	72,214
Refundable advances	<u>84,187</u>	
Total Current Liabilities	<u>167,129</u>	<u>80,492</u>
Net Assets:		
Without donor restrictions -		
Undesignated	669,024	671,756
Board designated - reserve fund	<u>115,910</u>	<u>113,528</u>
Total Without Donor Restrictions	784,934	785,284
With donor restrictions	<u>532,891</u>	<u>387,379</u>
Total Net Assets	<u>1,317,825</u>	<u>1,172,663</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,484,954</u></u>	<u><u>\$ 1,253,155</u></u>

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

## COLORADO FOURTEENERS INITIATIVE

### Statement Of Activities

For The Year Ended December 31, 2019

(With Summarized Financial Information For The Year Ended December 31, 2018)

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	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
<b>Support And Revenue:</b>				
Individual contributions	\$ 385,689	\$ 160,679	\$ 546,368	\$ 500,126
Federal, state, and local government grants	63	348,876	348,939	473,517
Foundation grants	9,561	465,043	474,604	531,377
Corporate contributions	146,584	8,620	155,204	107,329
Other income	21,407		21,407	6,576
	<u>563,304</u>	<u>983,218</u>	<u>1,546,522</u>	<u>1,618,925</u>
Net assets released from restrictions-				
Satisfaction of program restrictions	837,706	(837,706)		
Total Support And Revenue	<u>1,401,010</u>	<u>145,512</u>	<u>1,546,522</u>	<u>1,618,925</u>
<b>Expenses:</b>				
Program Services -				
Field projects and education	<u>1,139,653</u>		<u>1,139,653</u>	<u>1,044,798</u>
Supporting Services -				
General administration	138,586		138,586	127,827
Fundraising	<u>123,121</u>		<u>123,121</u>	<u>119,950</u>
Total Supporting Services	<u>261,707</u>		<u>261,707</u>	<u>247,777</u>
Total Expenses	<u>1,401,360</u>		<u>1,401,360</u>	<u>1,292,575</u>
<b>CHANGES IN NET ASSETS</b>	(350)	145,512	145,162	326,350
Net Assets, Beginning Of Year	<u>785,284</u>	<u>387,379</u>	<u>1,172,663</u>	<u>846,313</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 784,934</u>	<u>\$ 532,891</u>	<u>\$ 1,317,825</u>	<u>\$ 1,172,663</u>

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

## COLORADO FOURTEENERS INITIATIVE

### Statement Of Functional Expenses

For The Year Ended December 31, 2019

(With Summarized Financial Information For the Year Ended December 31, 2018)

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	Program Services	General Admin.	Fundraising	2019 Total	2018 Total
Salaries benefits and taxes	\$ 715,774	\$ 108,583	\$ 93,465	\$ 917,822	\$ 861,594
Field expenses	287,845			287,845	235,637
Development and marketing	21,532	1,854	15,022	38,408	36,386
Videos	6,380			6,380	15,522
Professional fees		9,127		9,127	12,096
Computer expenses	2,993	1,617	6,351	10,961	7,266
Insurance	12,873	3,633		16,506	16,359
Office equipment and supplies	2,658	292	292	3,242	3,294
Rent	27,291	2,996	2,996	33,283	35,139
Telephone	4,972	546	546	6,064	5,944
Travel and lodging	8,134	1,052	779	9,965	4,154
Other office expense	14,029	6,783	3,670	24,482	26,331
Depreciation	35,172	2,103		37,275	32,853
Total	<u>\$1,139,653</u>	<u>\$ 138,586</u>	<u>\$ 123,121</u>	<u>\$1,401,360</u>	<u>\$1,292,575</u>

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

## COLORADO FOURTEENERS INITIATIVE

### Statement Of Cash Flows

For The Year Ended December 31, 2019

(With Summarized Financial Information For The Year Ended December 31, 2018)

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	2019	2018
Cash flows from operating activities:		
Changes in net assets	\$ 145,162	\$ 326,350
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	37,275	32,853
(Gain) on disposal of property and equipment	(5,134)	
Changes in operating assets and liabilities -		
(Increase) decrease in accounts receivable	(226)	6,098
(Increase) in promises to give	(120,213)	(12,801)
Decrease in prepaid expenses	156	3,097
Increase in accounts payable	370	5,432
Increase in accrued liabilities	2,080	9,582
Increase in refundable advances	84,187	
Net cash provided by operating activities	<u>143,657</u>	<u>370,611</u>
Cash flows from investing activities:		
Purchases of property and equipment	(36,937)	(24,014)
Proceeds from sale of property and equipment	10,600	
Purchases of investments	(199,388)	(969,628)
Sale of investments	<u>184,000</u>	<u>959,598</u>
Net cash (used in) investing activities	<u>(41,725)</u>	<u>(34,044)</u>
Cash flows from financing activities:		
Proceeds from notes payable	35,000	35,000
Payments on notes payable	<u>(35,000)</u>	<u>(35,000)</u>
Net cash provided by financing activities	<u>0</u>	<u>0</u>
<b>NET INCREASE IN CASH AND RESTRICTED CASH</b>	101,932	336,567
Cash and Restricted Cash, Beginning Of Year	<u>854,923</u>	<u>518,356</u>
<b>CASH AND RESTRICTED CASH, END OF YEAR</b>	<u><u>\$ 956,855</u></u>	<u><u>\$ 854,923</u></u>
Reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts in the statement of cash flows.		
Cash	\$ 909,478	\$ 854,923
Restricted cash - endowment	<u>47,377</u>	
	<u><u>\$ 956,855</u></u>	<u><u>\$ 854,923</u></u>

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

## COLORADO FOURTEENERS INITIATIVE

Notes To Financial Statements  
For The Year Ended December 31, 2019

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### (1) Nature Of Organization

Colorado Fourteeners Initiative ("CFI") began in 1994 as a joint effort of the US Forest Service and four Colorado-based non-profit organizations involved in mountain recreation and conservation activities. CFI was incorporated as an independent non-profit organization in Colorado in July 1996. The mission of CFI is to protect, preserve, restore and enhance the natural integrity of the state's 14,000-foot peaks through volunteer stewardship and public education. CFI accomplishes its mission through design, construction and maintenance of sustainably located summit trails, restoration of damaged alpine terrain and education of Fourteener climbers regarding how they can minimize their impacts on fragile alpine ecosystems. Revenues are derived primarily through contributions and government grants.

### (2) Summary Of Significant Accounting Policies

#### Method Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Basis Of Presentation

The financial statements of CFI have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require CFI to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of CFI's management and the board of directors.

**Net assets 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 CFI or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

#### Measure Of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to CFI's



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Notes To Financial Statements (Continued)

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ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

### Use Of Estimates

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

### Statement Of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents consists of demand deposits, and all highly liquid debt instruments with an original maturity of three months or less.

### Accounts Receivable

CFI uses the allowance method to record uncollectible accounts. The allowance is based on past experience and on specific analysis of the collectibility of individual accounts receivable. Management expects all accounts receivable will be fully collectible, accordingly, there is no allowance for doubtful accounts. CFI's policy is to charge off accounts receivable when collection of payments thereon is deemed to be improbable.

### Property And Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives ranging from five to ten years. Donated property and equipment are recorded at their estimated fair market value at the date of receipt. Expenditures for maintenance, repairs and minor replacements are charged to operations and expenditures for major replacements and betterments that exceed \$500 are capitalized.

### Fair Value Measurements

CFI follows accounting rules for fair value measurements which among other things require enhanced disclosures about investments that are measured and reported at fair value and establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets

or liabilities in active markets that CFI has the ability to access.

Level 2        Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3        Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Certificates of deposit:* The fair value of the certificates of deposit is based on amortized cost or original cost plus accrued interest.

*Treasury bills:* The fair value of the treasury bills is based on amortized cost or original cost plus accrued interest.

*Exchange-Traded Funds (ETF):* Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while CFI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

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The carrying amount reported in the statement of financial position for cash and equivalents, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

### Revenue And Revenue Recognition

CFI recognizes contributions when cash, securities or other assets; or an unconditional promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. As of December 31, 2019, there was no material difference between the present value of the promises to give and the amount recorded in the financial statements which is at face value. Management expects that all promises to give will be fully collectible, accordingly, there is no allowance for uncollectible promises to give.

Conditional promises to give with a measurable performance or other barrier and a right of return/right or release are not recognized until the conditions on which they depend have been met. As of December 31, 2019, CFI received advances on conditional promises to give of \$64,343 which is recognized in the statement of financial position as a refundable advance.

Consequently, at December 31, 2019, contributions approximating \$70,000, have not be recognized in the accompanying statement of activities because the condition on which they depend has not yet been met. The conditional contributions depend on CFI's ability to raise 4:1 matching funds to support trail construction and the development of an operations base near Twin Lakes.

A portion of CFI's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CFI has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. CFI received cost-reimbursable grants of \$100,983 that have not been recognized at December 31, 2019 because qualifying expenditures have not yet been incurred, with an advance payment of \$19,844 recognized in the statement of financial position as a refundable advance.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

### Donated Goods and Services

Certain donated services, goods, and facilities that meet the criteria for recognition, are reflected in the financial statements at estimated fair market value at the time of the donation.

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Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of CFI and therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, rent, and office expense which are allocated on the basis of the estimate of time and effort. Other costs such as computer expenses, depreciation, printing and copying, and telephone that include both direct and indirect charges are first charged to the direct function and then indirect charges are allocated based on time and effort for non-seasonal employees.

Prior-Year Amounts

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with CFI's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Adoption of New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers: Topic 606*, to supercede nearly all existing revenue recognition guidance relative to exchanges transactions under U.S. GAAP. The Organization adopted the provisions of this guidance on January 1, 2019 using the modified retrospective approach and applied the standard to contracts as of the date of adoption. The adoption did not have a material impact on the Organization's revenue recognition.

In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities determine whether to account for a transfer of assets as an exchange transaction or contribution. The distinction is important because contributions are accounted for under Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities -Revenue Recognition*, which exchange transactions are accounted for under other guidance such as ASC 909, *Revenue from Contracts with Customers*. The guidance also clarified how entities determine whether a contribution is conditional or unconditional. The Organization adopted the provisions of this guidance on January 1, 2019, using the prospective approach. The adoption did result in \$64,343 of contributions being recognized as a refundable advance instead of contributions revenue. Additionally, the adoption did result in \$325,876 of revenue being recognized as net assets with donor restrictions instead of net assets without donor restrictions. Such revenue is government funding and is now classified as a contribution under the new revenue recognition standard instead of an exchange transaction.

Subsequent Events

CFI has performed an evaluation of subsequent events through April 7, 2020, which is the date the financial statements were available to be issued and considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Tax Exempt Status

CFI has previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes. In addition, CFI qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

CFI follows *Accounting for Uncertainty in Income Taxes*, which requires CFI to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended December 31, 2019, CFI's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

CFI is no longer subject to U.S. federal income tax audits on its Form 990 by taxing authorities for years prior to 2016. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, management believes no material issues would arise.

(4) Promises to Give

Promises to give consisted of the following as of December 31, 2019:

Receivables due in less than one year	\$ 152,943
Receivables due in one to five years	13,000
	<u>\$ 165,943</u>

As of December 31, 2019, 59% of promises to give were from one donor.

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Notes To Financial Statements (Continued)

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(5) **Property And Equipment**

Property and equipment consisted of the following as of December 31, 2019:

Office furniture and equipment	\$ 31,046
Field equipment	295,633
	<u>326,679</u>
Less: accumulated depreciation	(224,710)
Net property and equipment	<u>\$ 101,969</u>

(6) **Land**

In 2016, CFI purchased two mining claims adjacent to the summit of Mt. Shavano near Salida, CO. In 2017, CFI purchased a third mining claim that contains the mountain's summit. Total land costs as of December 31, 2019, were \$46,014.

(7) **Long Term Debt**

CFI has a revolving line of credit with a financial institution with a maximum line of \$60,000. The line of credit bears interest at the prime rate plus 1.75%. As of December 31, 2019, the effective interest rate was 7.00% and no amounts were outstanding on the line. During 2019, there were no advances.

During the year ended December 31, 2019, CFI entered into a note agreement with a private organization for an amount of \$35,000 with a 6% per annum interest rate. The note was repaid prior to year end.

(8) **Contingency**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In that event, CFI may be required to refund amounts to the federal government. As of December 31, 2019, management believes there is no significant risk of such event occurring.

(9) **Operating Lease Commitment**

CFI entered into an operating leases for office space for its administrative office. Future minimum rental payments under this lease as of December 31, 2019, are due as follows:

Year Ending December 31:

2020	33,621
2021	14,181
	<u>\$ 47,802</u>

For the year ended December 31, 2019, rent expense was \$33,283.

(10) **Liquidity and Availability of Financial Assets**

The following represents CFI's financial assets as of December 31, 2019:

Financial assets, at year end	
Cash and cash equivalents	\$ 909,478
Accounts receivable	2,906
Short-term promises to give	157,943
Short-term investments	173,744
Total financial assets	<u>1,244,071</u>
Less those unavailable for general expenditures within one year due to:	
Net assets with donor restrictions	(57,543)
Board designated cash reserve	<u>(115,910)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,070,618</u>

CFI's goal is generally to maintain the equivalent of two months of average budgeted monthly expenses in operating cash and four months of average budgeted monthly expenses in the board designated cash reserve. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. CFI has a \$60,000 line of credit available to meet cash flow needs.

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Notes To Financial Statements (Continued)

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### (11) Investments And Concentrations Of Credit Risk

The following table presents CFI's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Treasury bills	\$ 87,183	\$	\$	\$ 87,183
Certificates of deposit	112,422			112,422
ETF - U.S. Broad Market	2,511			2,511
Total	<u>\$ 202,116</u>	<u>\$</u>	<u>\$</u>	<u>\$ 202,116</u>

CFI's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of December 31, 2019, CFI's cash demand deposits were over this FDIC limit by approximately \$620,000.

### (12) Endowment

#### General

The General Endowment Fund (the "Fund") was established by action of CFI's Board of Directors (the "Board") to be maintained in perpetuity. The Fund may include both donor-restricted endowment funds as well as funds designated by the Board to function as endowments. The endowment funds may be established for either specific purposes or general operating use. As required by Generally Accepted Accounting Principles ("GAAP"), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

CFI is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Directors of CFI has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, CFI would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. CFI has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law.



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In accordance with UPMIFA, CFI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of CFI 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 CFI, and (7) investment policies of CFI.

Changes in Endowment Net Assets

Changes in donor restricted endowment net assets for the year ended December 31, 2019, are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of the year	\$ 0
Contributions	47,377
Endowment net assets, end of year	<u>\$ 47,377</u>

Underwater Funds

As of December 31, 2019, no funds were underwater.

Return Objectives and Risk Parameters

The Fund is invested in perpetuity. The long-term return objective for the Fund is to outperform the consumer price index (CPI). Actual returns in a given year may vary from this amount.

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, CFI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CFI targets a diversified asset allocation which includes cash and certificates of deposit, fixed income, and equities to achieve its long-term objectives within prudent risk constraints.

Spending Policy And How The Investment Objectives Relate To Spending Policy

The Fund is intended to support the short-term and long-term goals of CFI. Unless otherwise directed by the donor, any new endowment funds received by CFI shall be placed into the Fund. Subject to the following guidelines, the Fund may be used for the annual operating budget, special projects, long-term capital needs or emergencies:

## COLORADO FOURTEENERS INITIATIVE

Notes To Financial Statements (Continued)

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- Up to 5% of the previous three-year average ending balance may be spent on general operations on an annual basis with withdrawals permitted quarterly for one fourth of the annual permitted withdrawal. A September 30<sup>th</sup> measurement date will be used each year for purposes of the annual withdrawal calculation. If funds are not needed in any given quarter or year, no withdrawals will be made from the endowment and any appreciation will be reinvested.
- Spending of the Fund in excess of this 5% level shall only occur in the case of emergencies and shall be approved by the Board prior to withdrawal.

### (13) Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2019 consisted of the following:

Subject to expenditure for specified purpose:

Adopt-A-Peak program	\$ 23,120
Adopt-A-Peak intern	60,571
Mount Columbia	121,000
Safety videos	5,000
Lake City Fourteeners	55,000
Capital trail construction	67,000
Collaborative stewardship	36,000
	<u>367,691</u>

Subject to the passage of time:

For periods after December 31, 2019	<u>117,823</u>
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Subject to spending policy and appropriation:

Investment in perpetuity	47,377
Total net assets with donor restrictions	<u>\$ 532,891</u>

### (14) Donated Goods and Services

CFI receives a substantial amount of donated services and expenses by unpaid volunteers. The value of this contributed time and expense is not reflected in the accompanying financial statements as it does not meet the requirements for recognition; however, these amounts are estimated based on rates earned by persons performing similar services as published by an association of volunteer groups and/or as determined by prevailing labor costs in the respective industry. The value of the donated services as estimated by CFI was approximately \$382,417 and included 13,648 volunteer hours for the year ended December 31, 2019.

Donated goods and services that met the revenue recognition criteria amounted to \$12,955 and \$2,994 as of December 31, 2019, respectively.

(15) **Joint Costs Of Informational Materials And Activities**

CFI is required to record the costs of certain activities as fundraising or general administrative expenses, rather than recording all the costs to various programs of CFI.

During the year ended December 31, 2019, CFI conducted activities that included requests for contributions, as well as program and general administrative components. The costs of conducting those activities included a total of \$24,077 in joint costs which are not specifically attributable to particular components of the activities (joint costs). These joint costs were allocated as follows:

Programs - Field projects and education	\$ 19,454
General administration	1,854
Fundraising	2,769
	<u>\$ 24,077</u>

(16) **Retirement Plan**

During the year ended December 31, 2011, CFI established a defined contribution plan (the "Plan") for all employees who receive greater than \$5,000 of compensation during the year and have attained two years of service. Under the terms of the Plan, CFI will match 3% of eligible compensation or make a 2% discretionary contribution in place of the match. For the year ended December 31, 2019, CFI made contributions of \$14,160 to the Plan.

(17) **New Accounting Pronouncements**

In December of 2019, FASB issued ASU No. 2019-20, *Leases*. ASU No. 2019-20 which requires CFI to recognize all leased assets as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosure as to the nature and extent of leasing activities. The requirements of this statement are effective for CFI's year ending December 31, 2021. CFI has not evaluated the impact due to the timing of implementation of this standard.