National Sports Center for the Disabled

Financial Report

October 31, 2019

Contents

Plante & Moran, PLLC
Suite 600
8181 E. Tufts Avenue
Denver, CO 80237
Tel: 303.740.9400
Fax: 303.740.9009
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
National Sports Center for the Disabled

We have audited the accompanying financial statements of National Sports Center for the Disabled (the "Organization"), which comprise the statement of financial position as of October 31, 2019 and the related statements of activities and changes in net assets, 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.

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 National Sports Center for the Disabled as of October 31, 2019 and its changes in net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited National Sports Center for the Disabled's financial statements as of and for the year ended October 31, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2019, prior to the restatement described in Note 3. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matters

Restatement of Prior Financial Information

As part of our audit of the 2019 financial statements, we also audited the adjustment described in Note 3 that was applied to restate the 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied to the summarized comparative information presented in these financial statements.

To the Board of Trustees
National Sports Center for the Disabled

Adoption of New Accounting Pronouncement

As described in Note 2 to the financial statements, the Organization adopted the provisions under Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of November 1, 2018 and applied retrospectively to all years presented. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

January 28, 2020

Statement of Financial Position

October 31, 2019
(with summarized comparative totals for 2018)

	2019	2018 (As Restated)
Assets		
Current Assets		
Cash and cash equivalents	$ 413,363	$ 265,602
Restricted cash	-	55,372
Investments	374,175	402,156
Contributions receivable	40,483	62,731
Accounts receivable	3,236	22,036
Inventory	-	7,799
Prepaid expenses	26,244	32,659
Total current assets	857,501	848,355
Property and Equipment - Net	134,368	220,358
Total assets	**$ 991,869**	**$ 1,068,713**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 108,650	$ 19,514
Line of credit	-	130,000
Accrued liabilities	45,870	123,500
Deferred revenue	115,262	142,407
Funds held on behalf of others	-	55,372
Current portion of capital lease obligation	12,263	12,263
Total current liabilities	282,045	483,056
Capital Lease Obligation - Net of current portion	12,433	24,696
Total liabilities	294,478	507,752
Net Assets		
Without donor restrictions	261,711	7,711
With donor restrictions	435,680	553,250
Total net assets	697,391	560,961
Total liabilities and net assets	**$ 991,869**	**$ 1,068,713**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Year Ended October 31, 2019

(with summarized comparative totals for 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	2018 (As Restated)
	None	None	None	None
Revenue, Gains, and Other Support				
Contributions	$ 1,243,807	$ 253,960	$ 1,497,767	$ 1,079,761
Contributions in kind	977,751	-	977,751	1,197,199
Government grants	240,555	-	240,555	198,283
Competition program fees - Net of participant discounts of $24,648 (2019)	101,394	-	101,394	129,598
Recreation program fees - Net of participant discounts and scholarships of $62,116 (2019)	582,576	-	582,576	579,429
Special events - Net of expense of $983,093 (2019)	308,835	-	308,835	304,240
Investment income (loss) - Net of investment management fees	33,826	8,204	42,030	(7,222)
Other income	-	-	-	12,155
Total revenue, gains, and other support	3,488,744	262,164	3,750,908	3,493,443
Net Assets Released from Restrictions	379,734	(379,734)	-	-
Total revenue, gains, other support, and net assets released from restrictions	3,868,478	(117,570)	3,750,908	3,493,443
Expenses				
Program services:				
Recreational programs	2,494,858	-	2,494,858	2,775,874
Competition programs	195,216	-	195,216	347,940
Total program services	2,690,074	-	2,690,074	3,123,814
Support services:				
General and administrative	618,315	-	618,315	316,037
Fundraising	306,089	-	306,089	344,698
Total support services	924,404	-	924,404	660,735
Total expenses	3,614,478	-	3,614,478	3,784,549
Increase (Decrease) in Net Assets	254,000	(117,570)	136,430	(291,106)
Net Assets - Beginning of year	7,711	553,250	560,961	852,067
Net Assets - End of year	**$ 261,711**	**$ 435,680**	**$ 697,391**	**$ 560,961**

Statement of Functional Expenses

Year Ended October 31, 2019

(with summarized comparative totals for 2018)

	Program Services		Support Services		Total	
	Recreational Programs	Competition Programs	General and Administrative	Fundraising	2019	2018
Salaries, payroll taxes, and employee benefits	$ 1,170,360	$ 159,641	$ 337,964	$ 223,547	$ 1,891,512	$ 1,922,787
Donated goods and services	882,101	372,690	83,912	428,940	1,767,643	1,631,528
Event expense	80,901	-	7,125	107,256	195,282	139,621
Program expense	112,823	71,175	-	-	183,998	139,028
Occupancy costs	94,150	4,673	8,543	7,648	115,014	209,343
Office and general costs	31,214	3,316	32,021	35,639	102,190	113,813
Contract labor and professional fees	3,420	5,550	79,851	21,996	110,817	136,279
Depreciation	70,674	5,337	12,092	-	88,103	113,172
Miscellaneous	21,203	5,277	54,875	14,573	95,928	101,845
Travel and lodging	28,012	16,205	1,932	934	47,083	45,217
Total	2,494,858	643,864	618,315	840,533	4,597,570	4,552,633
Special event expenses netted against revenue	-	(448,648)	-	(534,444)	(983,092)	(768,084)
Total	**$ 2,494,858**	**$ 195,216**	**$ 618,315**	**$ 306,089**	**$ 3,614,478**	**$ 3,784,549**

See notes to financial statements.

Statement of Cash Flows

Year Ended October 31, 2019
(with summarized comparative totals for 2018)

	2019	2018 (As Restated)
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 136,430	$ (291,106)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents from operating activities:		
Depreciation	88,105	113,172
Loss on disposal of property and equipment	3,869	-
Net unrealized and realized (gain) loss on investments	(44,957)	7,222
Designated contributions	-	(5,150)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts and contributions receivable	41,048	89,693
Prepaid expenses	6,415	8,233
Inventory	7,799	(458)
Accounts payable	89,136	8,491
Accrued liabilities	(77,630)	(23,889)
Deferred revenue	(27,145)	19,189
Net cash and cash equivalents provided by (used in) operating activities	223,070	(74,603)
Cash Flows from Investing Activities		
Purchase of property and equipment	(5,984)	(60,103)
Sales of investments	72,938	-
Net cash and cash equivalents provided by (used in) investing activities	66,954	(60,103)
Cash Flows from Financing Activities		
Borrowings on line of credit	-	160,000
Payments on line of credit	(130,000)	(30,000)
Repayments on capital lease obligation	(12,263)	(12,263)
Designated contributions	-	5,150
Net cash and cash equivalents (used in) provided by financing activities	(142,263)	122,887
Net Increase (Decrease) in Cash and Cash Equivalents	147,761	(11,819)
Cash and Cash Equivalents - Beginning of year	265,602	277,421
Cash and Cash Equivalents - End of year	**$ 413,363**	**$ 265,602**
Supplemental Cash Flow Information - Cash paid for interest	$ 1,394	$ 1,877

Note 1 - Nature of Organization

National Sports Center for the Disabled (the "Organization"), a nonprofit corporation, was incorporated in the state of Colorado on July 5, 1977 and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Organization provides therapeutic, adaptive sports, and recreational programs for people with disabilities of any age and any ability. The Organization has grown to be one of the largest premier therapeutic recreation agencies in the world. Each year, the Organization serves approximately 4,000 children and adults with disabilities who partake in more than 20 sports and recreation programs, from snow skiing and kayaking to rafting and rock climbing. The Organization has office space and operating facilities in Winter Park and Denver, Colorado.

Note 2 - Significant Accounting Policies

Adoption of New Accounting Pronouncement

As of November 1, 2018, and applied retrospectively to all periods presented, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. In addition, the underwater portion of donor-restricted endowments is now reported as net assets with donor restrictions. This standard also requires changes in the way certain information is aggregated and reported by the Organization, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general.

As a result of the adoption of this standard, the financial information for the year ended October 31, 2018 has been restated as follows: net assets of $267,119 previously reported as temporarily restricted net assets and net assets of $289,043 previously reported as permanently restricted net assets have been combined into net assets with donor restrictions. Additionally, the underwater portion of donor-restricted endowments as of October 31, 2018 of $(2,912) previously reported as unrestricted net assets has been presented as net assets with donor restrictions.

Basis of Presentation

The financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Summarized Comparative Information

The financial information presented for comparative purposes as of and for the year ended October 31, 2018 is not intended to be a complete financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's 2018 financial statements, from which the summarized information was derived.

Cash Equivalents

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents. Excluded from cash is cash held for reinvestment as part of the investment portfolio.

Note 2 - Significant Accounting Policies (Continued)

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash accounts that may, during the year, exceed the federally insured limit set by the FDIC. At various points throughout the year, the Organization had deposits in excess of federally insured limits. The Organization reduces credit risk by placing its cash and temporary investments with creditworthy, high-quality financial institutions.

Funds Held on Behalf of Others

Restricted cash consists of funds received by the Organization on behalf of other organizations. A corresponding liability, funds held on behalf of others, is also recorded on the accompanying statement of financial position to reflect the amounts due to these other organizations. As of October 31, 2019, there was no restricted cash or funds held on behalf of others.

Investments

Investments in equity securities with readily determinable fair values and investments in debt securities are stated at their fair values in the statement of financial position. Dividends, interest, and realized and unrealized gains and losses on investments are included in the statement of activities and changes in net assets.

Contributions and Contributions Receivable

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions 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 the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the contributions are received are reported as contributions without donor restrictions in the accompanying financial statements.

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Organization's estimate is based on historical collection experience and a review of the current status of receivables. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change and that losses ultimately incurred could differ materially from the amounts estimated in determining the allowance. As of October 31, 2019, the Organization has determined that no allowance for contributions receivable was necessary.

Accounts Receivable

Accounts receivable arise from customers in the normal course of business. The Organization uses the allowance method for recognition of uncollectible receivables, whereby an allowance for possible uncollectibility is established when collection becomes doubtful. The Organization has not recorded an allowance for uncollectible accounts receivable, as management believes all accounts receivable recorded as of October 31, 2019 are collectible.

Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or net realizable value and consists of promotional materials and donated supplies to be used for certain programs. Inventory is expensed as items are used throughout the year.

Prepaid Expenses

Prepaid expenses consist primarily of insurance, licenses, and other expenses paid in advance.

Note 2 - Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost. The Organization capitalizes all property and equipment with a cost or contributed fair value of $5,000 or greater. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives, ranging from 3 to 30 years. Costs of maintenance and repairs are charged to expense when incurred.

Deferred Revenue

Program deposits and prepayments are deferred and recognized as revenue in the applicable future period when the programs take place. Program fees and event revenue are recognized when the service is provided or the events occur.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

In-kind Goods and Services

Certain donated services, including rent and vehicle service and maintenance, are recognized as support in the statement of activities and changes in net assets. The value of these services is determined based on estimated fair value. Donated goods are recorded at estimated fair value and include ski tickets and other gifts provided by donors. Approximately $786,000 of in-kind services were recorded as special events revenue for the year ended October 31, 2019.

Additionally, the Organization receives a substantial amount of services donated by its volunteers in carrying out the Organization's mission. No amounts have been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition under current generally accepted accounting standards.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Such allocations are determined by management on an equitable basis using such methods as estimated usage, square footage, or periodic time and expense studies. Costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending October 31, 2020. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Organization plans to use the modified retrospective method. The Organization is continuing to evaluate the provisions of this new guidance and the impact this standard may have on its financial statements.

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending October 31, 2022 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The Organization is still evaluating which method it will apply. The new lease standard is expected to have a significant effect on the Organization’s financial statements as a result of the Organization's operating leases, as disclosed in Note 12, that will be reported on the statement of financial position at adoption. Upon adoption, the Organization will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Organization’s year ending October 31, 2020 and will be applied on a modified prospective basis. The Organization does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including January 28, 2020, which is the date the financial statements were available to be issued.

Note 3 - Prior Period Adjustment

The accompanying financial statements for 2018 have been restated to correct an error related to the recognition of revenue related to an annual grant received from the Department of Veteran's Affairs. Certain other accounts have been reclassified to conform to current year presentation. During 2019, it was determined that revenue had been recorded in excess of the annual grant amount in each year since the year ended October 31, 2015. The effects of the restatement on the statement of activities and changes in net assets and statement of financial position as of and for the year ended October 31, 2018 are as follows:

Statement of Activities and Changes in Net Assets
Year Ended October 31, 2018

	As Previously Reported	Restated	Effect of Change
Contributions	$ 1,121,285	$ 1,079,761	$ (41,524)
Contributions in kind	1,631,528	1,197,199	(434,329)
Government grants	-	198,283	198,283
Special events - Net of expense	842,879	304,240	(538,639)
Total program expenses	(3,891,898)	(3,123,814)	768,084
	$ (296,206)	$ (344,331)	$ (48,125)

Statement of Financial Position
October 31, 2018

	As Previously Reported	Restated	Effect of Change
Contributions receivable	$ 310,836	$ 62,731	$ (248,105)
Net assets with donor restrictions	801,355	553,250	(248,105)

Note 4 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of the October 31, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

Cash and cash equivalents	$ 413,363
Investments	374,175
Contributions receivable	40,483
Accounts receivable	3,236
Financial assets - At October 31, 2019	831,257
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions	
Restricted by donor with purpose restrictions	130,771
Investments of endowed assets	304,909
Financial assets available to meet cash needs for general expenditures within one year	$ 395,577

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's board of trustees (the "Board") meets regularly to adjust policies regarding liquidity as needed.

Note 4 - Liquidity and Availability of Resources (Continued)

The Organization's finance committee makes decisions concerning the use, investment strategy, and allocation of the Organization's financial assets and monitors investment performance in compliance with the board-approved Investment Policy Statement.

The Organization has a committed line of credit in the amount of $200,000 at October 31, 2019, which it could draw upon if needed, as further described in Note 8.

Note 5 - Investments

The Organization's investments are composed of $374,175 of mutual funds as of October 31, 2019.

Net investment income consists of the following for the year ended October 31, 2019:

Net realized loss	$ (1,337)
Net unrealized gain	46,294
Investment management service fees	(2,927)
Total	$ 42,030

Note 6 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

All of the Organization's investments at October 31, 2019 are held in mutual funds, which are valued at their quoted prices and, therefore, are classified as Level 1 investments within the fair value hierarchy.

Note 7 - Property and Equipment

The Organization's property and equipment are composed of the following as of October 31, 2019:

Equipment	$ 400,196
Vehicles	308,238
Leasehold improvements	298,277
Total cost	1,006,711
Accumulated depreciation	872,343
Property and equipment - Net	$ 134,368

Depreciation expense for the year ended October 31, 2019 was $88,105.

Note 8 - Line of Credit

The Organization has a $200,000 line of credit with a bank, which bears interest at the bank's index rate (4.75 percent at October 31, 2019) with a floor rate of 5.50 percent and is secured by substantially all of the Organization's assets. The line of credit matures on August 15, 2020. As of October 31, 2019, there was no outstanding balance.

Note 9 - Net Assets

Net assets with donor restrictions as of October 31, 2019 are available for the following purposes:

Subject to expenditures for a specified purpose	$ 130,771
Endowment assets to be held in perpetuity	304,909
Total	$ 435,680

Note 10 - Donor-restricted Endowments

The Organization's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The State of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 1, 2008. Accordingly, the Organization follows FASB Staff Position, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds.*

Note 10 - Donor-restricted Endowments (Continued)

The Organization is subject to UPMIFA and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the Organization had 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 Organization 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 donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Invested Endowment Asset Composition by Type of Fund

The Organization's endowment net assets are composed of the following funds as of October 31, 2019:

	Endowment Net Asset Composition by Type of Fund as of October 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets to be held in perpetuity	$ -	$ 304,909	$ 304,909

Change in Invested Endowment Assets

Changes in endowment net assets for the year ended October 31, 2019 are composed of the following:

	Changes in Endowment Net Assets for the Fiscal Year Ended October 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ -	$ 286,131	$ 286,131
Investment return	8,204	-	8,204
Contributions	-	22,655	22,655
Appropriation of endowment assets for expenditure	(8,204)	(3,877)	(12,081)
Endowment net assets - End of year	$ -	$ 304,909	$ 304,909

Note 10 - Donor-restricted Endowments (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature would be reported in net assets with donor restrictions. There were no such deficiencies at October 31, 2019.

Investment Strategy and Return Objectives

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a long-term rate of return that is, net of spending, greater than the rate of inflation.

Endowment assets are invested with a long-term time horizon with a modeled return of 3 percent average annualized real rate. The target allocation is as follows: (a) 5 percent in money markets, (b) 40 percent in fixed income, and (c) 55 percent in equities in accordance with a Board-approved investment policy.

Spending Policy

The Board approves the annual budget, which includes distributions from the endowment funds. Expenditures from the donor-restricted endowment funds are controlled by the Board in concert with the donors' intent, as defined in the specific endowment agreement.

Note 11 - Capital Leases

During 2017, the Organization acquired an asset under the provision of a long-term lease. For financial reporting purposes, minimum lease payments relating to the asset have been capitalized. The lease expires in 2021. Amortization of the leased asset is included in depreciation expense.

At October 31, 2019, property under capital leases consists of a vehicle with a gross cost of $60,435. Accumulated depreciation on the property under capital leases was $34,247 at October 31, 2019.

The future minimum lease payments under capital leases are as follows:

Years Ending October 31	Amount
2020	$ 12,263
2021	12,263
2022	170
Total	24,696
Less current obligations	12,263
Long-term obligations under capital leases	$ 12,433

Note 12 - Operating Leases

Commencing in April 2005, the Organization entered into a 10-year lease agreement with Stadium Management Company, LLC (SMC) for office space located at Sports Authority Field at Mile High Stadium in Denver, Colorado. In April 2015, under the terms of the agreement, the lease was automatically renewed for another 10-year period. The agreement can be terminated with 180 days' written notice by either party. The lease calls for the Organization to pay an annual rent of $1. The in-kind support from SMC under this arrangement has been valued at $76,800 for the year ended October 31, 2019.

The Organization entered into a commercial lease and license agreement with Winter Park Recreational Association (PRAM), which was effective beginning in 2000 through September 2010. During December 2002, PRAM's operations, including the commercial lease and license agreement with the Organization, were assumed by Intrawest Corporation (Intrawest). In the agreement, Intrawest (as successor to PRAM) agreed to provide the Organization with office and equipment room space, utilities, janitorial service, vehicle maintenance and repair, cash contributions, ski passes, information technology support, and other administrative support. In December 2016, the agreement was amended to extend the term through September 2027. The amendment requires annual payments of $19,000 paid in equal monthly installments, increasing 3 percent each year beginning in calendar year 2018. Total expense related to this lease was approximately $22,000 for the year ended October 31, 2019.

Future minimum annual commitments under these operating leases are as follows:

Years Ending October 31	Amount
2020	$ 20,661
2021	21,281
2022	21,919
2023	22,577
2024	23,254
Thereafter	71,905
Total	$ 181,597

Note 13 - Retirement Plan

The Organization has established a 401(k) plan (the "Plan"), in which all employees age 21 and above who work for 90 days are eligible to participate. Employer contributions to the Plan vest 100 percent after two years. The Organization can make discretionary matching contributions; however, the Organization elected not to make matching contributions for the year ended October 31, 2019.