

THE COMMUNITY FOUNDATION OF
JACKSON HOLE
AND SUPPORTING ORGANIZATION
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

INDEPENDENT AUDITORS' REPORT

July 25, 2019

Board of Directors of
The Community Foundation of Jackson Hole and Supporting Organization
Jackson, Wyoming

We have audited the accompanying consolidated financial statements of The Community Foundation of Jackson Hole (a non-profit organization) and its supporting organization, The Community Foundation Donor Directed Fund, which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation of Jackson Hole and its supporting organization as of December 31, 2018, and the changes in their net assets and their 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 The Community Foundation of Jackson Hole and its supporting organization's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated financial statements in our report dated July 23, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent in all material respects, with the audited consolidated financial statements from which it has been derived.

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THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

(With Comparative Totals for December 31, 2017)

<u>ASSETS</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Current Assets:		
Cash and cash equivalents	\$ 8,943,115	\$ 3,881,095
Accounts receivable	96	-
Note receivable (Note 6)	1,980,000	-
Investments - short term	4,245,865	1,959,344
Total Current Assets	15,169,076	5,840,439
Property and Equipment		
Building	897,524	897,524
Land	600,000	600,000
Furniture and equipment	106,297	100,482
Less accumulated depreciation	(226,202)	(196,511)
Total Property and Equipment	1,377,619	1,401,495
Other Assets		
Investments (Note 5)	55,354,137	56,507,035
Note receivable (Note 6)	-	1,950,000
Contributions receivable (Note 7)	434,105	420,000
Total Other Assets	55,788,242	58,877,035
Total Assets	\$ 72,334,937	\$ 66,118,969

(Continued)

See accompanying notes and auditors' report

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

(With Comparative Totals for December 31, 2017)

(Continued)

<u>LIABILITIES AND NET ASSETS</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Current Liabilities		
Accounts payable	\$ 113,819	\$ 102,029
Accrued expenses	31,300	26,600
Grants payable, current	-	244,253
Donor directed funds (Note 1)	-	310,104
Total Current Liabilities	145,119	682,986
Nonprofit agency funds (Note 9)	15,419,841	14,459,350
Total Liabilities	15,564,960	15,142,336
Net Assets (Note 2)		
Without donor restrictions		
Advised and designated	30,397,247	23,099,460
Discretionary grants and scholarship	1,398,166	1,284,465
Operating	2,092,323	2,771,029
Invested in property and equipment	1,377,619	1,401,495
Endowment (Note 10)		
Advised and designated	6,180,678	6,598,652
Discretionary grants and scholarship	7,546,859	8,026,458
Operating	5,362,980	5,425,074
Total without donor restrictions	54,355,872	48,606,633
With donor restrictions		
Time-Restricted	2,414,105	2,370,000
Total Net Assets	56,769,977	50,976,633
Total Liabilities and Net Assets	\$ 72,334,937	\$ 66,118,969

See accompanying notes and auditors' report

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

(With Comparative Totals for December 31, 2017)

	December 31, 2018	December 31, 2017
<u>ACTIVITY WITHOUT DONOR RESTRICTIONS</u>		
Revenues, Gains, and Other Support		
Contributions	\$ 32,921,255	\$ 23,214,815
Net investment return	(2,967,555)	6,030,462
Other income	54,589	53,250
Net assets released from restrictions		
Satisfaction of time restrictions	15,895	-
Total Revenues, Gains, and Other Support	30,024,184	29,298,527
Expenses (Note 2)		
Program	23,875,943	22,798,777
Management and general	248,435	252,477
Development and fundraising	150,567	126,117
Total Expenses	24,274,945	23,177,371
Change in net assets without donor restrictions	5,749,239	6,121,156
Net assets without donor restrictions, beginning of year	48,606,633	42,485,477
Net assets without donor restrictions, end of year	\$ 54,355,872	\$ 48,606,633
<u>ACTIVITY WITH DONOR RESTRICTIONS</u>		
Net assets with donor restrictions, beginning of year	\$ 2,370,000	\$ 2,320,000
Contributions - discount amortization	60,000	50,000
Net assets released from restrictions		
Satisfaction of time restrictions	(15,895)	-
Net assets with donor restrictions, end of year	\$ 2,414,105	\$ 2,370,000
TOTAL NET ASSETS	\$ 56,769,977	\$ 50,976,633

See accompanying notes and auditors' report

THE COMMUNITY FOUNDATION OF JACKSON HOLE
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

PROGRAM EXPENSES:	Old Bills Fun Run / Tin Cup Challenge	Fund Management	Grant Programs	Other Programs	Total Programs
Grants	\$ 12,444,771	\$ 8,117,500	\$ 1,484,879	\$ -	\$ 22,047,150
Salaries	388,129	109,658	230,179	153,720	881,686
Payroll taxes & employee benefits	76,467	21,604	45,348	30,285	173,704
Advertising and promotion	165,650	-	1,734	-	167,384
Event production, workshops, and surveys	30,743	50,955	-	68,858	150,556
Donor relations, meetings, and appreciation	88,987	660	15,562	1,229	106,438
Insurance and fees	67,880	5,472	1,165	897	75,414
Consulting services	65,748	-	-	-	65,748
Software services & IT support	30,926	9,119	13,886	10,365	64,296
Supplies and other operating	29,849	6,388	13,866	8,955	59,058
Occupancy	13,247	3,743	7,856	5,247	30,093
Depreciation	11,279	3,187	6,689	4,467	25,622
Printing and publications	20,186	791	1,661	1,109	23,747
Other	119	34	4,322	47	4,522
Audit & legal	525	-	-	-	525
Program expense totals:	<u>\$ 13,434,506</u>	<u>\$ 8,329,111</u>	<u>\$ 1,827,147</u>	<u>\$ 285,179</u>	<u>\$ 23,875,943</u>

(Continued)

See accompanying notes and auditors' report

THE COMMUNITY FOUNDATION OF JACKSON HOLE
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

(Continued)

PROGRAM, ADMINISTRATIVE, AND FUNDRAISING EXPENSES:	Programs	Management & General	Development & Fundraising	Totals
Grants	\$ 22,047,150	\$ -	\$ -	\$ 22,047,150
Salaries	881,686	131,366	65,446	1,078,498
Advertising and promotion	167,384	-	45,726	213,110
Payroll taxes & employee benefits	173,704	25,881	12,894	212,479
Event production, workshops, and surveys	150,556	-	-	150,556
Donor relations, meetings, and appreciation	106,438	791	13,781	121,010
Insurance and fees	75,414	10,026	331	85,771
Software services & IT support	64,296	7,925	3,948	76,169
Supplies and other operating	59,058	7,653	3,813	70,524
Consulting services	65,748	-	-	65,748
Printing and publications	23,747	24,587	472	48,806
Occupancy	30,093	4,484	2,234	36,811
Depreciation	25,622	3,818	1,902	31,342
Audit & legal	525	21,331	-	21,856
Other	4,522	10,573	20	15,115
Expense totals:	<u>\$ 23,875,943</u>	<u>\$ 248,435</u>	<u>\$ 150,567</u>	<u>\$ 24,274,945</u>

See accompanying notes and auditors' report

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

(With Comparative Totals for December 31, 2017)

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash flows from operating activities:		
Cash received from contributions and other sources	\$ 28,495,146	\$ 20,591,032
Cash paid to grantees, suppliers and employees	(24,471,463)	(23,060,833)
Net increase in nonprofit agency endowment funds	960,491	3,558,645
Net (decrease) increase in donor directed funds	(310,104)	39,645
Interest and dividends received	1,198,900	1,349,025
Net cash provided by operating activities	<u>5,872,970</u>	<u>2,477,514</u>
Cash flows from investing activities:		
Proceeds from sale of investments	4,465,751	18,761,608
Purchase of investments	(9,180,489)	(20,714,910)
Proceeds from sale of property	3,250,000	-
Purchase of property and equipment	(7,796)	(7,883)
Net cash used in investing activities	<u>(1,472,534)</u>	<u>(1,961,185)</u>
Cash flows from financing activities:		
Endowment contributions	661,584	661,794
Net cash provided by financing activities	<u>661,584</u>	<u>661,794</u>
Net increase in cash and cash equivalents	5,062,020	1,178,123
Cash and cash equivalents at beginning of the period	<u>3,881,095</u>	<u>2,702,972</u>
Cash and cash equivalents at end of the period	<u>\$ 8,943,115</u>	<u>\$ 3,881,095</u>

(Continued)

See accompanying notes and auditors' report

THE COMMUNITY FOUNDATION OF JACKSON HOLE
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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

(With Comparative Totals for December 31, 2017)

(Continued)

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Supplemental disclosures		
Non cash investing transactions		
Contribution of real property received	3,500,000	-
Contribution of nonpublic securities received	-	1,912,500
Contribution of oil and gas interests received	-	250,000

See accompanying notes and auditors' report

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - ORGANIZATION

The Community Foundation of Jackson Hole (the Foundation) is a Wyoming, nonprofit organization created in 1989 as an affiliate of the Wyoming Community Foundation to serve Teton County, Wyoming. In 1995, the Foundation became an independent nonprofit corporation and received a distribution of assets from the Wyoming Community Foundation attributable to its funds.

The mission of the Foundation is to improve lives through philanthropic leadership by providing superior donor services, making grants that positively impact the community, ensuring sustainability of the philanthropic community, and acting as a leader, catalyst and resource. To better serve the neighboring community of Teton Valley (comprised of Teton County, Idaho and Alta, Wyoming), the Foundation established an affiliate known as the Community Foundation of Teton Valley in 2007. Based in Driggs, Idaho, the Community Foundation of Teton Valley operates as an unincorporated division of the Foundation. The core programs and services of the Foundation and its affiliate are described below.

Old Bill's Fun Run & Tin Cup Challenge: Since 1997, the Foundation has produced Old Bill's Fun Run, an innovative community fundraiser that has raised over \$159 million since inception to support local nonprofits. Each year, Mr. and Mrs. Old Bill create a matching grant opportunity that challenges and inspires the community to give. Through this collaborative initiative, donors make a single donation to support one or more participating organizations, who receive 100% of donations designated to them during the event along with a partial matching grant. In 2008, the Community Foundation of Teton Valley launched the Tin Cup Challenge, modeled after Old Bill's Fun Run, which has raised over \$13 million to date to benefit Teton Valley nonprofits. In 2018, approximately 3,800 donors gave \$13.3 million to support 200 organizations participating in Old Bill's; over 1,000 Tin Cup donors gave \$1.6 million to support 46 organizations in Teton Valley.

Charitable Fund Management: The Foundation administers approximately 200 charitable funds designed to make giving easy and effective for local donors and to provide cost-effective, professional asset management for local nonprofits. Fund holders may select the fund type (advised, affinity, or designated) and structure (endowed or non-endowed) that best suits their needs and philanthropic goals. In 2018, the Foundation received over 800 gifts totaling \$23.5 million for its donor advised, affinity and designated funds and processed over 1,800 grants totaling \$12 million, including inter-fund grants, to benefit qualified charities working in a variety of fields throughout the U.S.

THE COMMUNITY FOUNDATION OF JACKSON HOLE
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FOR THE YEAR ENDED DECEMBER 31, 2018

Discretionary Grants, Scholarships & Fellowships: The Foundation's Competitive, Capacity Building, Collective Impact, Micro Grants and other discretionary grant programs provide financial support on a competitive and discretionary basis to organizations that are effectively addressing community needs. The Edelweiss Endowment provides additional discretionary support to compelling projects across Wyoming. The Youth Philanthropy Program introduces local high school students to philanthropy and strategic grant making, while a variety of scholarship opportunities help them to pursue their educational and vocational dreams. In 2018, the Foundation's grant programs provided over \$800,000 to 81 local organizations addressing important issues in Jackson Hole and Teton Valley, and 41 students were awarded approximately \$340,000 in scholarships and fellowships.

Workshops & Advisory Services: In recognition of Jackson Hole's and Teton Valley's isolation and relatively limited access to professional development options and support for local nonprofits, the Foundation offers a variety of workshops on nonprofit management and best practices throughout the year and coordinates networking and information sharing opportunities and services. As a recognized nonprofit leader in the community, Foundation staff regularly provide technical assistance and advice to other nonprofit board and staff members. In 2018, approximately 300 participants from 97 different organizations attended 40 workshops, classes and/or networking events offered by the Foundation, and 39 nonprofits posted 74 volunteer opportunities on the Foundation's website. Over 1,400 individuals currently subscribe to the Foundation nonprofit list-serve.

The Foundation's consolidated financial statements include the Community Foundation Donor Directed Fund, a commonly controlled Type I supporting organization pursuant to Code Section 509(a)(3). The Donor Directed Fund is not material to the consolidated financial statements and was dissolved effective December 31, 2018.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Foundation and the Donor Directed Fund have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

THE COMMUNITY FOUNDATION OF JACKSON HOLE
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

Financial Statement of Presentation

The Foundation presents its financial statements in accordance with U.S. generally accepted accounting principles (GAAP) and the standards in the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC).

The Foundation reports information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions:

Net assets without donor restrictions consist of funds available for grants and general use that are not otherwise limited by donor restrictions. As all of the Foundation's gift instruments explicitly grant the Foundation variance power to redirect the use of assets in its sole discretion, only contributions that are encumbered by a time restriction are classified as restricted. All fund assets are managed and invested consistent with the corresponding fund agreements and are designated accordingly by the Foundation, as described below. These designations may be modified or removed by the Foundation's Board of Directors.

- **Advised & Designated:** Grants from these funds are recommended by fund advisors and/or benefit qualified charities that have been designated in advance.
- **Discretionary Grants & Scholarships:** Discretionary grants and scholarships are distributed at the direction of the Foundation's staff and supporting committees pursuant to the goals and objectives of the fund.
- **Operating:** Operating assets include all assets used to support the Foundation's operations, including its management and delivery of programs and services along with its related administrative and fundraising expenses. Management of the Foundation's operating assets is guided by the Foundation's Board rather than a fund agreement.
- **Endowment:** Endowment funds are intended to exist in perpetuity, providing an annual distribution pursuant to the Foundation's spending policy that may be used for any of the grantmaking or operating activities described above. See Note 10 for additional detail.

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

Net assets with donor restrictions:

Net assets with donor restrictions consist of funds subject to donor-imposed restrictions regarding specific use or the passage of time. The Foundation's Net Assets With Donor Restrictions are time-restricted receivables.

The financial information presented for December 31, 2017 is for comparative purposes only and is not intended to be a complete financial statement presentation.

New Accounting Pronouncement Adoption

On August 18, 2016, FASB issued ASU (Accounting Standards Update) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. During the year ended December 31, 2018 the Foundation adopted the new standard and adjusted the presentation of these statements accordingly. The adopted standards did not result in any reclassification or restatements and had no effect on changes in the net asset classes presented.

Use of Estimates

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

Cash and Cash Equivalents

The Foundation's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase. Cash and cash equivalents held within any of the Foundation's investment portfolios are classified as investments and are not considered to be cash equivalents.

THE COMMUNITY FOUNDATION OF JACKSON HOLE
AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

Investments

Investments include cash and cash equivalents (government money market funds) considered to be part of the Foundation's investment portfolio; equity mutual, index, and other exchange traded funds; common stock; fixed income securities consisting primarily of US treasury bills and bond mutual funds; interests in limited partnerships; oil and gas royalty interests; and two life insurance policies. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Investments are recorded at cost, if purchased, or at fair value if donated. Purchases and sales of securities are reflected on a trade-date basis. Investments with readily determinable fair values are carried at their fair values in the statement of financial position, and the change in unrealized appreciation or depreciation of investments is included in investment return on the statement of activities. Realized gains and losses on sales of securities are based on average cost and are recorded on the statement of activities as part of investment return in the period in which the securities are sold. Interest is recorded when earned, and dividends are accrued as of the ex-dividend date. The Foundation has elected to measure non-marketable securities and oil and gas interests with no readily determinable fair value at fair value subsequent to initial recognition, but the carrying value is only adjusted upon the receipt of additional valuation information.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy consisting of three levels that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (observable inputs - Level 1) and the lowest priority to an entity's assumptions (unobservable inputs - Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization of the investment among the levels is based on the lowest level input that is significant to the fair value measurement of the instrument. Applicable financial assets and liabilities are categorized among the levels based on where the financial asset's or liabilities' inputs fall within the following valuation techniques:

THE COMMUNITY FOUNDATION OF JACKSON HOLE
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Level 1

Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets or liabilities in an active market, which the Foundation has the ability to access, as of the measurement date.

Level 2

Financial assets and liabilities whose values are based on other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable either directly or indirectly for substantially the full term of the asset or liability; and,
- Inputs that are derived principally from or corroborated by other observable market data, either directly or indirectly for substantially the full term of the asset or liability.

Level 3

Financial assets and liabilities whose fair values are based on unobservable inputs that cannot be corroborated by observable market data. Fair value is based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

As of December 31, 2018, the only assets and liabilities of the Foundation which were measured at fair value on a recurring basis were the Foundation's investments, as described in Note 5 of these financial statements.

THE COMMUNITY FOUNDATION OF JACKSON HOLE
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

Property, Furniture, Equipment and Depreciation

Purchased building, furniture, equipment, and improvements are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation of property, furniture, and equipment is provided over estimated useful lives of 3 to 40 years for the respective assets on a straight-line basis. The Foundation's capitalization policy is to capitalize any fixed asset expenditures costing more than one thousand dollars.

There are no restrictions or limitations on the use of the Foundation's capitalized property, furniture and equipment.

Nonprofit Agency Funds

In accordance with FASB ASC standards, funds that are established by a nonprofit organization for its own benefit are classified as liabilities, even though the organization explicitly grants the Foundation variance power. The Foundation refers to these funds as nonprofit agency funds. Most nonprofit agency fund assets are invested in the Long-Term Endowment portfolio with a liability equal to their fair value recorded under Nonprofit agency funds. See Note 9 for additional detail.

Revenue and Revenue Recognition

The Foundation's primary sources of revenue are contributions and grants. Contributions, which may include non-cash assets, unconditional promises to give and beneficial interests in irrevocable trusts or other legally-binding agreements, are recognized as revenue at fair value in the period pledged or received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the current period are recorded as contributions without donor restrictions.

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Contributed Services

Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. No contributed services met the recognition criteria during the period ended December 31, 2018.

The Foundation benefits from the work of numerous volunteers, principally to produce Old Bill's Fun Run and the Tin Cup Challenge. Approximately 670 volunteers contributed over 2,000 hours in volunteer support during the year ended December 31, 2018.

Functional Expenses

The costs of providing various programs and supporting services, broadly categorized as Programs, Management & General, and Development & Fundraising, have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Costs that are not directly attributable to a single function are allocated among functional categories using a reasonable basis that is consistently applied, principally on the basis of estimated time and effort. The costs of activities and events that benefit more than one functional area (joint costs) are immaterial and have been allocated as described in this paragraph.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. The advertising and promotion costs for the year ended December 31, 2018 were \$213,110.

Income Taxes

The Internal Revenue Service has determined that the Foundation is a 501(c)(3) public charity exempt from federal income tax and is not a private foundation within the meaning of Section 509(a)(1) of the Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A). The Foundation is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. All Foundation income was either related to its exempt purpose or excluded by the Code. Accordingly, there is no accrual for income taxes.

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FOR THE YEAR ENDED DECEMBER 31, 2018

The Foundation did not recognize any tax-related interest and penalties on the Statement of Activities and Statement of Financial Position for the year ended December 31, 2018. The Foundation has no unrecognized tax benefits and no uncertain tax positions for the year ended December 31, 2018. Tax years that remain open to examination by the Internal Revenue Service are years 2016 - 2018.

Subsequent Events

Management has evaluated subsequent events through July 25, 2019, the date when the financial statements were available to be issued and no events were identified that were required to be recognized or disclosed in these financials statements.

NOTE 3 - AVAILABILITY AND LIQUIDITY

Financial assets available for grants and other expenses within one year as of December 31, 2018 consist of the following:

Financial assets at December 31, 2018

Cash and cash equivalents	\$ 8,943,115
Short-term investments	4,245,865
	<hr/> 13,188,980

The Foundation manages its liquidity by structuring its financial assets to be available for grants, general expenditures, liabilities and other obligations as they become due. The Foundation invests cash in excess of anticipated near-term needs in treasuries, money market funds and short-term fixed income mutual funds.

Cash required for near-term granting is estimated by examining the nature of Foundation funds, whether or not they are endowed, and historical gift and grant activity. Capital preservation and liquidity are prioritized in the Short-Term and Intermediate investment portfolios, where funds are generally subject to withdrawal at any time. Long-Term Endowment assets are pooled for investment with a focus on both capital preservation and principal growth. Liquidity is managed through the Endowment portfolio's target asset allocations and periodic review of the portfolio's aggregate illiquidity and funding commitments.

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FOR THE YEAR ENDED DECEMBER 31, 2018

Funds invested in the Long-Term Endowment portfolio, including the Foundation's Operating Endowment, generally operate in accordance with the Foundation's spending policy, as described in Note 10. A spendable amount of approximately \$1.1 million will be made available for grantmaking and administrative expenses from these funds within the next 12 months. Although there is no intention to spend more than the amount appropriated for general expenditures pursuant to the spending policy from the Foundation's Operating Endowment, those funds could be made available if necessary.

NOTE 4 - FINANCIAL INSTRUMENTS

The Foundation maintains the majority of its cash balances at two banks located in Jackson, Wyoming. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, the Foundation's cash balances were \$9,764,758 in excess of the insured limits.

The Foundation maintains the majority of its cash, mutual funds, equities, and government securities with two brokerage firms. Investments held by investment firms are insured up to \$500,000 through the Securities Investor Protection Corporation (SIPC) and up to \$50 million through other insurance providers.

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table summarizes the Foundation's investments at fair value as of December 31, 2018:

	<u>Carrying Amount</u> <u>at 12/31/2018</u>	<u>Level I</u> <u>Quoted Prices in Active</u> <u>Markets for Identical</u> <u>Assets</u>	<u>Level II</u> <u>Significant Other</u> <u>Observable Inputs</u>	<u>Level III</u> <u>Significant Other</u> <u>Unobservable Inputs</u>
<i>Recurring Basis Measurement</i>				
Short term investments:				
Government money market funds	\$ 1,143,642	\$ 1,143,642	\$ -	\$ -
Fixed Income - US Treasury Bills (\$500K face value / 2.13%-2.52% rate / 6 month maturity)	<u>2,981,838</u>	<u>-</u>	<u>2,981,838</u>	<u>-</u>
Total	4,125,480	1,143,642	2,981,838	-
Cash	<u>120,385</u>			
Total short term investments:	<u>4,245,865</u>			

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	<u>Carrying Amount</u> <u>at 12/31/2018</u>	<u>Level I</u> <u>Quoted Prices in Active</u> <u>Markets for Identical</u> <u>Assets</u>	<u>Level II</u> <u>Significant Other</u> <u>Observable Inputs</u>	<u>Level III</u> <u>Significant Other</u> <u>Unobservable Inputs</u>
Long term investments:				
Common stock				
Consumer cyclical	763,999	763,999	-	-
Healthcare sector	627,570	627,570	-	-
Industrial sector	602,274	602,274	-	-
Technology sector	797,532	797,532	-	-
Financial services sector	368,805	368,805	-	-
Foreign	441,199	441,199	-	-
Other	247,453	247,453	-	-
Total common stock	3,848,832	3,848,832	-	-
Exchange traded funds - index funds	1,022,971	1,022,971	-	-
Equity mutual funds				
International	8,932,086	8,932,086	-	-
Index funds	5,587,601	5,587,601	-	-
Large company/cap growth	2,580,760	2,580,760	-	-
Small cap	2,064,184	2,064,184	-	-
Commodities and energy	1,288,958	1,288,958	-	-
Emerging market	1,115,534	1,115,534	-	-
Other	2,554,880	2,554,880	-	-
Total equity mutual funds	24,124,003	24,124,003	-	-
Bond mutual funds				
Global	4,458,059	4,458,059	-	-
Other	12,665,137	12,665,137	-	-
Total bond mutual funds	17,123,196	17,123,196	-	-
Other Investments - Life Insurance Policies	317,148	-	317,148	-

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	<u>Carrying Amount</u> <u>at 12/31/2018</u>	<u>Level I</u> <u>Quoted Prices in Active</u> <u>Markets for Identical</u> <u>Assets</u>	<u>Level II</u> <u>Significant Other</u> <u>Observable Inputs</u>	<u>Level III</u> <u>Significant Other</u> <u>Unobservable Inputs</u>
<i>Nonrecurring Basis Measurement</i>				
Other Investments - Equity Securities and Oil & Gas Interests With				
No Readily Determinable Fair Value	2,192,500	-	2,192,500	-
Other Investments - Limited Partnership Interests	<u>6,725,487</u>			
Total long term investments	<u>\$ 55,354,137</u>			

The Foundation recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the year ended December 31, 2018.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at December 31, 2018.

The government money market funds, common stock, exchange traded fund, equity mutual funds and bond mutual funds held by the Foundation as of December 31, 2018 all have openly published trading values and are considered to be actively traded and therefore classified within Level 1 of the fair value hierarchy. These securities were valued at the daily reported closing price as of December 31st.

The fixed income US Treasury Bills and life insurance policy interests are valued using pricing models, quoted prices of similar securities, discounted cash flows or other observable inputs and are classified within Level 2 of the fair value hierarchy. Quoted prices of US Treasury Bills were noted on the custodian's year-end statement. Life insurance policy inputs were comprised of the cash surrender value shown on the most recent statement at or before year-end.

Other Investments - Limited Partnership Interests, for which fair value is measured using year-end net asset values provided by the company or partnership manager as a practical expedient, is not categorized within the fair value hierarchy in accordance with ASU 2015-07. Its total fair value, along with that of cash, is included above to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

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Limited Partnership Interests are predominantly comprised of traditional and multi-strategy, long/short hedge funds with quarterly liquidity. As of year-end, unfunded commitments associated with five private equity funds totaled \$1,357,000.

Other Investments - equity securities and oil and gas interests with no readily determinable fair value were initially valued using valuation reports or estimates prepared by independent third parties. Subsequent to initial recognition, the Foundation updates the fair value carrying amounts upon receipt of additional valuation reports or similar information concerning those equities or oil and gas interests. In years when no additional valuation information is available, the Foundation does not adjust the fair value, because it is impractical to do so, and there are no identified events or changes in circumstances that may have a significant adverse effect on the securities. For the year ended December 31, 2018, there were no updated valuation reports or other pertinent information received for \$430,000 of equity securities and oil and gas interests with no readily determinable fair value. The value of the oil and gas interests are immaterial to the financial statements.

Five mutual funds were each in excess of 5% of the total value of investments; none of the funds exceeded 9% of the total value of investments.

NOTE 6 - NOTE RECEIVABLE

During the year ended December 31, 2012, a note receivable with a face value of \$2,000,000 was donated to the Foundation. The note bears interest at 0.95% and matures December 31, 2019. The initial discount was \$160,000. The note has been discounted at 1.18%, for a carrying value in net assets with donor restrictions of \$1,980,000 at December 31, 2018. The amount amortized during the year ended December 31, 2018 was \$30,000.

NOTE 7 - CONTRIBUTIONS RECEIVABLE

The Foundation is the beneficiary of an irrevocable contribution to be received in future years with an estimated fair value included in temporarily restricted net assets at December 31, 2018 of \$420,000 with payments estimated at \$25,000 with an estimated 3% annual increase scheduled to begin in 2025 and end in 2093. The unamortized discount from 2025, the year payments begin, to the year ended December 31, 2018 is estimated at \$250,000. The contribution receivable has been discounted at an approximate rate of 7%. The amortized discount for the year ended December 31, 2018 was \$30,000. An allowance for uncollectible promises to give has not been recorded.

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During the year ended December 31, 2016, the Foundation was informed it was named among the beneficiaries of an estate. During the year ended December 31, 2018 the Foundation received a distribution from the estate. The Foundation anticipates receiving an additional \$14,105 of cash and/or other assets. The \$14,105 amount is included in contributions receivable and reported under temporarily restricted net assets at December 31, 2018, as the timing of distributions to the Foundation are expected to be complete by 2022. The actual value of assets received may be different depending on the fair market value of the assets when distributed by the estate.

NOTE 8 - CONDITIONAL PROMISES TO GIVE

The Foundation's Legacy Society is comprised of potential donors intending to leave a legacy for those that follow them. The gifts are dependent on unknown future events which affect timing and valuation and accordingly are not recorded as contributions until received.

Various donors have made conditional promises to give totaling \$2,060,000 in matching funds for Old Bill's Fun Run 2019, contingent upon successful execution of the event and the receipt of eligible gifts for matching. It is fully anticipated that the \$2,060,000 will be recognized as contribution revenue during the year ended December 31, 2019.

NOTE 9 - NONPROFIT AGENCY FUNDS

FASB ASC 958 establishes standards for transactions in which a community foundation accepts a contribution and agrees to transfer those assets, the return on investment thereof, or both to an entity that is specified by the donor. ASC 958 further specifies that if a nonprofit organization establishes a fund at a community foundation and names itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to these funds as Nonprofit agency funds.

Consistent with all of its funds, the Foundation holds legal title to, and maintains variance power over, Nonprofit agency fund assets and includes them in its assets on the Statement of Financial Position. In accordance with FASB ASC 958, the Foundation also records a corresponding liability equal to their fair value. Most of the Foundation's Nonprofit agency funds are invested in the Long-Term Endowment pool and administered in accordance with the endowment policies described in Note 10. Financial activity associated with the Foundation's Nonprofit agency funds only affects their asset and liability balances. The change in those funds during the year ended December 31, 2018 is detailed below.

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Nonprofit Agency Funds Reconciliation:

Beginning balance	\$ 14,459,350
Contributions	2,575,346
Net investment return	(1,071,109)
Distributions	<u>(543,746)</u>
Ending balance	<u>\$ 15,419,841</u>

NOTE 10 - ENDOWMENT FUNDS

Due to the Foundation's variance power, all of the Foundation's endowment funds consist of unrestricted net assets that are internally designated to be managed as permanent assets in accordance with applicable fund agreements, the Foundation's investment policy and the Wyoming Uniform Prudent Management of Institutional Funds Act. The Foundation has adopted investment and spending policies that seek to provide the greatest level of support for current, as well as future, grant making and administrative needs while maintaining the purchasing power of its endowment assets over time. Funds are invested with a perpetual investment horizon, focusing on diversification to minimize risk while seeking to achieve long-term growth in excess of annual distributions and fees.

The Foundation's spending policy, reviewed annually by the Foundation's Investment Committee, currently provides for an annual distribution of up to 4% of the rolling 12-quarter trailing average fair market value of endowment assets. All or a portion of the calculated annual distribution may be reinvested. Due to the endowment portfolio's low liquidity needs and very long-term investment time frame, the Foundation is willing to tolerate a reasonable degree of volatility but seeks to limit it to the minimum level necessary to achieve its return objectives in order to minimize the variability of annual distributions.

Endowment Reconciliation:	Board Designated <u>Endowment</u>
Beginning balance	\$ 20,050,184
Contributions	661,584
Transfers	5,213
Net investment return	(1,292,186)
Distributions	<u>(334,278)</u>
Ending balance	<u>\$ 19,090,517</u>

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Board Designated Endowment by Fund Type:

Advised and Designated	\$ 6,180,678
Discretionary Grants and Scholarship	7,546,859
Operating	5,362,980
Total	<u><u>\$ 19,090,517</u></u>

NOTE 11 - RELATED PARTY TRANSACTIONS

Contributions received from board members during the year totaled \$1,745,683. Contributions received from supporting organizations, as described by the Internal Revenue Code, were \$1,333,060 including \$97,868 from the Donor Directed Fund referenced in Note 1. No other significant related party transactions occurred during the year ended December 31, 2018.