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# Community Foundation of Jackson Hole

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**December 31, 2019**

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**Independent Auditor's Report**

To the Board of Directors  
 Community Foundation of Jackson Hole

We have audited the accompanying financial statements of Community Foundation of Jackson Hole (the "Foundation"), 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.

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 Community Foundation of Jackson Hole as of December 31, 2019 and the changes in its 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 Prior Year Consolidated Financial Statements**

The financial statements of Community Foundation of Jackson Hole as of December 31, 2018 were audited by other auditors, whose report dated July 25, 2019 expressed an unqualified opinion on those statements. 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.

*Plante & Moran, PLLC*

July 15, 2020



## Community Foundation of Jackson Hole

### Statement of Financial Position

**December 31, 2019**  
**(With Comparative Totals for 2018)**

	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,658,475	\$ 8,943,115
Investments - Short term (Note 4)	4,998,470	4,245,865
Notes receivable	-	1,980,000
Total current assets	9,656,945	15,168,980
<b>Other Assets</b>		
Investments - Long term (Note 4)	73,932,758	55,354,137
Contributions receivable (Note 6)	441,708	434,201
Total other assets	74,374,466	55,788,338
<b>Property and Equipment - Net</b>	1,358,771	1,377,619
Total noncurrent assets	75,733,237	57,165,957
Total assets	<b>\$ 85,390,182</b>	<b>\$ 72,334,937</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 240,712	\$ 113,819
Accrued liabilities and other	27,745	31,300
Total current liabilities	268,457	145,119
<b>Nonprofit Agency Funds (Note 9)</b>	19,553,047	15,419,841
Total liabilities	19,821,504	15,564,960
<b>Net Assets (Note 2)</b>		
Without donor restrictions:		
Advised and designated	32,811,555	30,397,247
Discretionary grants and scholarship	6,017,600	1,398,166
Operating	3,319,186	2,092,323
Invested in property and equipment	1,358,771	1,377,619
Endowments (Note 10)	21,619,858	19,090,517
Total without donor restrictions	65,126,970	54,355,872
With donor restrictions	441,708	2,414,105
Total net assets	65,568,678	56,769,977
Total liabilities and net assets	<b>\$ 85,390,182</b>	<b>\$ 72,334,937</b>

Statement of Activities

Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	2019	2018
<b>Changes in Net Assets without Donor Restrictions</b>		
Revenue, gains, and other support:		
Contributions	\$ 30,405,046	\$ 35,528,413
Less contributions received for nonprofit agency funds	(1,420,231)	(2,607,158)
Net investment return	10,593,363	(4,039,976)
Less investment return on nonprofit agency funds	(3,206,397)	1,072,421
Other income	61,167	54,589
Net assets released from restrictions	2,012,397	15,895
Total revenue, gains, and other support	38,445,345	30,024,184
Expenses:		
Program services:		
Program expenses	27,161,863	24,732,520
Less grant disbursements on nonprofit agency funds	(463,688)	(856,577)
Total program services	26,698,175	23,875,943
Management and general	594,932	248,435
Development and fundraising	381,140	150,567
Total expenses	27,674,247	24,274,945
<b>Increase in Net Assets without Donor Restrictions</b>	10,771,098	5,749,239
<b>Changes in Net Assets with Donor Restrictions</b>		
Contributions	40,000	60,000
Net assets released from restrictions	(2,012,397)	(15,895)
<b>(Decrease) Increase in Net Assets with Donor Restrictions</b>	(1,972,397)	44,105
<b>Increase in Net Assets</b>	8,798,701	5,793,344
<b>Net Assets - Beginning of year</b>	56,769,977	50,976,633
<b>Net Assets - End of year</b>	<b>\$ 65,568,678</b>	<b>\$ 56,769,977</b>

# Community Foundation of Jackson Hole

## Statement of Functional Expenses

Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	Program Services					Support Services			Total	2018
	Old Bills Fun Run/Tin Cup Challenge	Fund Management	Discretionary Grants and Scholarships	Nonprofit Services	Total Programs Services	Management and General	Development and Fundraising	Total Support Services		
Grants	\$ 13,525,431	\$ 9,669,046	\$ 1,986,748	\$ -	\$ 25,181,225	\$ -	\$ -	\$ -	\$ 25,181,225	\$ 22,047,150
Salaries	176,759	162,183	262,151	152,828	753,921	249,111	164,401	413,512	1,167,433	1,078,498
Payroll taxes and employee benefits	37,445	34,357	55,534	32,375	159,711	52,772	34,827	87,599	247,310	212,479
Advertising and promotion	95,978	-	600	3,242	99,820	-	41,199	41,199	141,019	213,110
Event production, workshops, and surveys	36,759	63,808	51,228	42,565	194,360	-	-	-	194,360	150,556
Donor relations, meetings, and appreciation	27,157	1,995	11,430	2,710	43,292	4,472	67,235	71,707	114,999	121,010
Insurance and fees	1,265	5,955	1,677	1,003	9,900	96,859	1,112	97,971	107,871	85,771
Consulting and professional services	67,000	-	-	-	67,000	26,104	38,387	64,491	131,491	87,604
Software services and IT support	25,157	13,896	14,610	8,517	62,180	14,207	9,491	23,698	85,878	76,169
Supplies and other operating	14,195	13,181	21,609	12,639	61,624	23,907	13,285	37,192	98,816	70,524
Occupancy	6,722	6,168	9,970	5,812	28,672	9,474	6,252	15,726	44,398	36,811
Depreciation	4,906	4,501	7,275	4,241	20,923	6,915	4,562	11,477	32,400	31,342
Printing and publications	12,908	739	1,194	706	15,547	17,376	389	17,765	33,312	48,806
Other	-	-	-	-	-	93,735	-	93,735	93,735	15,115
Total functional expenses	\$ 14,031,682	\$ 9,975,829	\$ 2,424,026	\$ 266,638	\$ 26,698,175	\$ 594,932	\$ 381,140	\$ 976,072	\$ 27,674,247	\$ 24,274,945

See notes to financial statements.

## Community Foundation of Jackson Hole

## Statement of Cash Flows

Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 8,798,701	\$ 5,793,344
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	32,400	31,342
Loss on disposal of property and equipment	-	330
Endowment contributions	(88,533)	(661,584)
Net realized and unrealized (gains) losses on investments	(10,487,064)	331,115
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Contributions receivable	(7,507)	(14,201)
Accounts payable	126,893	(232,463)
Accrued liabilities and other	(3,555)	4,700
Donor directed funds	-	(310,104)
Nonprofit agency funds	4,133,206	960,491
Net cash and cash equivalents provided by operating activities	2,504,541	5,902,970
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(13,552)	(7,796)
Proceeds from sale of property and equipment	-	3,250,000
Purchases of investments	(28,695,309)	(9,180,489)
Proceeds from sales of investments	19,851,147	4,465,751
Payments received on notes receivable	2,000,000	-
Notes receivable discount amortization	(20,000)	(30,000)
Net cash and cash equivalents used in investing activities	(6,877,714)	(1,502,534)
<b>Cash Flows Provided by Financing Activities - Endowment contributions</b>	88,533	661,584
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(4,284,640)	5,062,020
<b>Cash and Cash Equivalents - Beginning of year</b>	8,943,115	3,881,095
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 4,658,475</b>	<b>\$ 8,943,115</b>
<b>Supplemental Cash Flow Information - Contribution of real property received</b>	\$ -	\$ 3,500,000

December 31, 2019

### Note 1 - Nature of Business

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 (composed 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 and Tin Cup Challenge:* Since 1997, the Foundation has produced Old Bill's Fun Run (Old Bill's), an innovative community initiative that has generated over \$173 million since inception to support local nonprofits. Consistent with its mission, the Foundation's goal with Old Bill's is to nurture and grow community-wide philanthropy while simultaneously providing local nonprofits with a platform to increase their operating capacity; enhance public awareness of their work; expand their donor base; and easily receive a variety of gifts, including online and stock contributions. Each year, Mr. and Mrs. Old Bill create a matching grant opportunity that challenges and inspires the community to give. Through this collaborative effort, donors make a single donation to support one or more participating organizations, making giving easy and efficient. Nonprofits participate for free and receive 100 percent of donations designated to them, along with a partial matching grant, providing an effective way for them to develop broader name recognition and operating resources. To amplify these benefits, all initiative costs - including community outreach and education, promotion, gift processing, and credit card fees - are absorbed by the Foundation. In 2008, the Community Foundation of Teton Valley launched the Tin Cup Challenge, modeled after Old Bill's Fun Run, which has generated over \$14 million to date for Teton Valley nonprofits. In 2019, approximately 4,000 donors gave \$14.4 million to support 208 organizations participating in Old Bill's; over 1,100 donors gave \$1.6 million to support 46 organizations participating in the Tin Cup Challenge. For the year ended December 31, 2019, initiative expenses totaled \$14,395,426, including management costs of \$194,821, composed of gift processing and associated credit card fees, and fundraising costs of \$168,923, attributable to matching funds resource development.

*Charitable Fund Management:* The Foundation administers over 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 nonendowed) that best suits their needs and philanthropic goals. In 2019, the Foundation received approximately 1,200 gifts totaling \$12.6 million for its donor-advised, affinity, and designated funds and processed over 2,800 grants totaling \$15 million, including interfund grants, to benefit qualified charities working in a variety of fields throughout the U.S.

*Discretionary Grants, Scholarships, and Fellowships:* The Foundation's competitive, opportunities, youth philanthropy, microgrants, 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 2019, the Foundation's grant programs provided over \$950,000 to 94 local organizations addressing important issues in Jackson Hole and Teton Valley, and 59 students were awarded approximately \$444,000 in scholarships and fellowships.

December 31, 2019

**Note 1 - Nature of Business (Continued)**

*Workshops and 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 2019, approximately 400 participants from 90 different organizations attended 31 workshops, classes, and/or networking events offered by the Foundation. Almost 200 organizations are registered users of Volunteer Jackson Hole, the Foundation's online forum for volunteers, and 26 nonprofits posted 53 volunteer opportunities during 2019. Approximately 1,400 individuals currently subscribe to the Foundation's nonprofit list-serve.

**Note 2 - Significant Accounting Policies**

***Adoption of New Accounting Pronouncement***

As of January 1, 2019, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): 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. Adoption of the standard did not result in a change in the recognition of contributions in the current year or restatement of prior year amounts.

***Basis of Presentation***

The financial statements of the Foundation 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.

***Classification of Net Assets***

Net assets of the Foundation 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 Foundation.

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 and Designated***

Grants from these funds are recommended by fund advisors and/or benefit-qualified charities that have been designated in advance.

***Discretionary Grants and 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.

December 31, 2019

**Note 2 - Significant Accounting Policies (Continued)**

*Operating*

Operating assets include all assets used to support the Foundation's operations, including its management and delivery of programs and services and 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.

*Endowments*

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.

**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 Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Foundation's net assets with donor restrictions are time-restricted receivables of \$441,708 as of December 31, 2019.

***Summarized Comparative Information***

The financial information presented for comparative purposes for the year ended December 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 Foundation's 2018 financial statements, from which the summarized information was derived.

***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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue 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.

***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 U.S. 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 12 months or less. Long-term investments include debt securities with original maturities greater than 12 months.

December 31, 2019

**Note 2 - Significant Accounting Policies (Continued)**

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 nonmarketable 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.

***Property and Equipment***

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 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 noncash 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 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.

***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 year ended December 31, 2019.

The Foundation benefits from the work of numerous volunteers, principally to produce Old Bill's Fun Run and the Tin Cup Challenge. Approximately 600 volunteers contributed over 2,600 hours in volunteer support during the year ended December 31, 2019.

**Note 2 - Significant Accounting Policies (Continued)**

***Concentration of Credit Risk***

The Foundation maintains the majority of its cash balances at two banks located in Jackson, Wyoming. These balances are separately insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, the Foundation's cash balances were approximately \$5.3 million 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 separately insured up to \$500,000 through the Securities Investor Protection Corporation (SIPC) and up to \$70 million through other insurance providers.

***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and 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. Costs have been allocated between the various programs and support services based on estimates, as determined by management. Salaries and benefits, occupancy costs, supplies, insurance and information technology (IT) costs are allocated based on time and effort. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts. 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.

***Income Taxes***

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS) or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that, as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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, 2019. The Foundation has no unrecognized tax benefits and no uncertain tax positions for the year ended December 31, 2019. Tax years that remain open to examination by the Internal Revenue Service are years 2017-2019.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including July 15, 2020, which is the date the financial statements were available to be issued.

December 31, 2019

**Note 2 - Significant Accounting Policies (Continued)**

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. As a result of the pandemic, many countries and state and local governments have implemented measures to combat the outbreak that have impacted global and domestic business operations. As of the date of issuance of the financial statements, the Foundation's activities have not been significantly impacted, but the Foundation continues to monitor the situation. Certain elements of the Foundation's two major programs, the Tin Cup Challenge and Old Bill's Fun Run, have been changed from in person to virtual meetings and events. The change in these programs coupled with the pandemic-related economic uncertainty may impact the revenue raised and the corresponding administrative fees collected and retained by the Foundation. In light of its diverse revenue sources and operating reserves, the Foundation does not anticipate that the resulting modifications to the Tin Cup Challenge and Old Bill's Fun Run programs as a result of the pandemic will have a material impact on the Foundation's ongoing operations.

**Note 3 - Liquidity and Availability of Resources**

The Foundation's financial assets available within one year of December 31, 2019 for general expenditure are as follows:

Cash and cash equivalents	\$ 4,658,475
Short-term investments	<u>4,998,470</u>
Total	<u><u>\$ 9,656,945</u></u>

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 allocation and periodic review of the portfolio's aggregate illiquidity and funding commitments.

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 \$1.4 million will be made available for grantmaking and administrative expenses from these funds during 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 - 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 Foundation 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.

December 31, 2019

**Note 4 - Fair Value Measurements (Continued)**

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 Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below; however, their total fair value is included in the table below to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used during the year ended December 31, 2019:

*Money market funds, common stock, income funds, equity funds, equities, and select real asset funds:* These investments are valued based on the daily reported closing price as of December 31.

*Fixed-income U.S. Treasury bills and life insurance policy interests:* These investments 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 U.S. treasury bills were noted on the custodian's year-end statement. Life insurance policy inputs were composed of the cash surrender value shown on the most recent statement at or before year end.

*Hedge fund and private equity investments:* These investments are valued based on net asset value per share of the investments.

*Certain real assets and nonpublic securities:* These investments 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. In years when no additional valuation information is available and no events or other changes that may have a significant adverse effect on the securities are identified, the Foundation does not adjust the fair value, as 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, 2019, there were no updated valuation reports or other pertinent information received for \$430,000 of nonpublic securities and oil and gas interests (real assets) with no readily determinable fair value.

December 31, 2019

**Note 4 - Fair Value Measurements (Continued)**

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at December 31, 2019 and the valuation techniques used by the Foundation to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2019				Balance at December 31, 2019
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	
Short-term investments:					
Money market funds	\$ 2,086,891	\$ -	\$ -	\$ -	\$ 2,086,891
Fixed income - U.S. treasury bills	-	2,590,139	-	-	2,590,139
Life insurance CSV	-	321,440	-	-	321,440
Total short-term investments	2,086,891	2,911,579	-	-	4,998,470
Long-term investments:					
Public securities:					
Domestic equity	3,170,285	-	-	-	3,170,285
International equity	361,715	-	-	-	361,715
Total public securities	3,532,000	-	-	-	3,532,000
Mutual funds:					
Domestic equity	17,485,552	-	-	-	17,485,552
International equity	14,027,682	-	-	-	14,027,682
Domestic fixed income	23,679,572	-	-	-	23,679,572
International fixed income	2,254,276	-	-	-	2,254,276
Total mutual funds:	57,447,082	-	-	-	57,447,082
Other investments:					
Real assets	2,584,507	250,000	-	-	2,834,507
Hedge funds	-	-	-	6,903,129	6,903,129
Private equity funds	-	-	-	1,253,540	1,253,540
Nonpublic securities	-	1,962,500	-	-	1,962,500
Total other investments	2,584,507	2,212,500	-	8,156,669	12,953,676
Total long-term investments	63,563,589	2,212,500	-	8,156,669	73,932,758
Total investments	\$ 65,650,480	\$ 5,124,079	\$ -	\$ 8,156,669	\$ 78,931,228

**Note 4 - Fair Value Measurements (Continued)**

***Investments in Entities that Calculate Net Asset Value per Share***

At December 31, 2019, the fair value, unfunded commitments, and redemption rules of those investments valued at net asset value are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds (a)	\$ 6,903,129	\$ -	Quarterly, semiannually	95 days
Private equity (b)	1,253,540	1,703,761	N/A	N/A
Total	<u>\$ 8,156,669</u>	<u>\$ 1,703,761</u>		

(a) This category includes investments in two diversified global funds of hedge funds predominantly composed of traditional and multistrategy long/short funds. The fair values of the investments in this category have been calculated using net asset value per share of the investments.

(b) This category includes investments in private companies, both domestic and international. The fair values of the investments in this category have been calculated using net asset value per share of the investments. Certain investments cannot be redeemed because the investments have lockup periods of several years.

**Note 5 - Notes 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 accrued interest at 0.95 percent and matured on December 31, 2019. The note was paid in full during 2019.

**Note 6 - Contributions Receivable**

The Foundation is the beneficiary of an irrevocable contribution to be received in future years with an estimated fair value included in net assets with donor restrictions at December 31, 2019 of \$440,000, with payments estimated at \$25,000 with an estimated 3 percent 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, 2019 is estimated at \$223,000. The contribution receivable has been discounted at an approximate rate of 7 percent. The amortized discount for the year ended December 31, 2019 was \$20,000. An allowance for uncollectible promises to give has not been recorded.

During the year ended December 31, 2016, the Foundation was informed it was named among the beneficiaries on an estate. During the year ended December 31, 2019, the Foundation received distributions from the estate in the amount of \$12,397. The balance of receivables as of December 31, 2019 was \$1,708. These amounts are included in contributions receivable reported as net assets with donor restrictions at December 31, 2019. The actual value of assets received may be different depending on the fair market value of the assets when distributed by the estate.

**Note 7 - Conditional Promises to Give**

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

Various donors have made conditional promises to give totaling \$1,685,000 in matching funds for Old Bill's Fun Run 2020, contingent upon successful execution of the event and the receipt of eligible gifts for matching. It is fully anticipated that the \$1,685,000 will be recognized as contribution revenue during the year ended December 31, 2020.

December 31, 2019

**Note 8 - Property and Equipment**

Property and equipment are summarized as follows:

Land	\$ 600,000
Buildings	897,524
Furniture and equipment	<u>114,144</u>
Total cost	1,611,668
Accumulated depreciation	<u>252,897</u>
Net property and equipment	<u><u>\$ 1,358,771</u></u>

**Note 9 - Nonprofit Agency Funds**

The Foundation accepts contributions and agrees to transfer those assets, the return on investment thereof, or both to another nonprofit organization that is specified by the donor. If a nonprofit organization establishes a fund at the Foundation and names itself as the beneficiary of that fund, the Foundation accounts 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. 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 is detailed below for the year ended December 31, 2019:

Beginning balance	\$ 15,419,841
Contributions	1,420,231
Net investment return	3,206,397
Distributions	<u>(493,422)</u>
Ending balance	<u><u>\$ 19,553,047</u></u>

**Note 10 - Endowments**

Due to the Foundation's variance power, all of the Foundation's endowment funds consist of net assets without donor restrictions 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 percent 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.

December 31, 2019

**Note 10 - Endowments (Continued)**

Board-designated endowments by type of fund as of December 31, 2019:

Advised and designated	\$ 6,651,599
Discretionary grants and scholarship	8,816,648
Operating	<u>6,151,611</u>
Total	<u>\$ 21,619,858</u>

Changes in the board-designated endowments for the year ended December 31, 2019:

Endowment net assets - Beginning of year	\$ 19,090,517
Investment return	3,737,669
Contributions	88,533
Appropriation of endowment assets for expenditure	<u>(1,296,861)</u>
Endowment net assets - End of year	<u>\$ 21,619,858</u>

**Note 11 - Related Party Transactions**

The following is a description of transactions between the Foundation and related parties:

Contributions received from board members during the year totaled \$3,353,781. Contributions received from supporting organizations, as described by the Internal Revenue Code, were \$1,180,000. No other significant related party transactions occurred during the year ended December 31, 2019.

**Note 12 - Retirement Plans**

The Foundation sponsors a 401(k) plan for eligible employees. The plan provides for the Foundation to make a safe harbor matching contribution of 100 percent on the first 3 percent of the eligible employee's compensation plus 50 percent of the employee's compensation deferrals between 3 to 5 percent of the employee's compensation. The safe harbor matching contribution is 100 percent vested. The plan provides for the Foundation to make an employer discretionary matching contribution equal to a uniform percent of an employee's compensation deferrals with a limit of 6 percent of an employee's compensation. The plan allows for an employer profit-sharing contribution. Eligibility requirements include a minimum age of 21 for all types of contributions in addition to completion of one year of service for employer profit-sharing contributions. Contributions to the plan totaled \$43,200 for the year ended December 31, 2019.