# Davis Phinney Foundation

(a nonprofit Ohio corporation)

## Financial Statements

December 31, 2020 and 2019

# Davis Phinney Foundation

## Table of Contents

BROCK CPAs

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## Independent Auditor's Report

To the Board of Directors
Davis Phinney Foundation
Louisville, Colorado

**Opinion**

We have audited the accompanying financial statements of Davis Phinney Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Davis Phinney Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Davis Phinney Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Davis Phinney Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Davis Phinney Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Davis Phinney Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Brock and Company, CPAs, P.C.

Certified Public Accountants

Longmont, Colorado
March 26, 2021

# Davis Phinney Foundation

## Statements of Financial Position

| December 31 | | 2020 | | 2019 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash and cash equivalents | $ | **1,701,801** | $ | 883,381 |
| Investments, at fair value | | **2,502,513** | | 1,203,073 |
| Accounts receivable | | **56** | | 55,288 |
| Pledge receivable | | **300,000** | | 2,028 |
| Accrued interest receivable | | **4,583** | | 6,196 |
| Inventory | | **17,226** | | 34,678 |
| Prepaid expenses and other current assets | | **44,253** | | 16,555 |
| Total current assets | | **4,570,432** | | 2,201,199 |
| **Equipment, at cost** | | | | |
| Furniture, fixtures, and equipment | | **41,774** | | 48,533 |
| Less accumulated depreciation | | **(28,263)** | | (30,188) |
| Net equipment | | **13,511** | | 18,345 |
| **Other Assets** | | | | |
| Deposits and other assets | | **-** | | 4,897 |
| Total assets | $ | **4,583,943** | $ | 2,224,441 |
| **LIABILITIES AND NET ASSETS** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable | $ | **41,438** | $ | 61,320 |
| Grants payable, current | | **115,177** | | 92,315 |
| Accrued compensation and benefits | | **109,398** | | 91,556 |
| Deferred revenue | | **175,733** | | 77,333 |
| Total current liabilities | | **441,746** | | 322,524 |
| **Long-Term Liability** | | | | |
| Grants payable, long-term | | **93,421** | | 3,333 |
| Total liabilities | | **535,167** | | 325,857 |
| **Net Assets** | | | | |
| Without donor restrictions | | **3,730,919** | | 1,880,727 |
| With donor restrictions | | **317,857** | | 17,857 |
| Total net assets | | **4,048,776** | | 1,898,584 |
| Total liabilities and net assets | $ | **4,583,943** | $ | 2,224,441 |

The accompanying Notes are an integral
part of these financial statements

# Davis Phinney Foundation

## Statement of Activities

Year ended December 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Operating Revenue and Support** | | | |
| Sponsorships | $ 1,298,325 | $ - | $ 1,298,325 |
| Special events income, net | 647,051 | - | 647,051 |
| Contributions | 1,671,818 | 300,000 | 1,971,818 |
| In-kind contributions | 9,535 | - | 9,535 |
| Total operating revenue and support | 3,626,729 | 300,000 | 3,926,729 |
| **Operating Expenses** | | | |
| Program services | 1,417,527 | - | 1,417,527 |
| Supporting services | | | |
| General and administrative | 113,349 | - | 113,349 |
| Fundraising | 497,384 | - | 497,384 |
| Total operating expenses | 2,028,260 | - | 2,028,260 |
| Total operating revenue and support in excess of operating expenses | 1,598,469 | 300,000 | 1,898,469 |
| **Other Changes** | | | |
| Paycheck Protection Program grant | 229,335 | - | 229,335 |
| Interest income | 19,875 | - | 19,875 |
| Unrealized gain on investments | 2,513 | - | 2,513 |
| Total other changes | 251,723 | - | 251,723 |
| **Change in Net Assets** | 1,850,192 | 300,000 | 2,150,192 |
| **Net Assets, Beginning of Year** | 1,880,727 | 17,857 | 1,898,584 |
| **Net Assets, End of Year** | $ 3,730,919 | $ 317,857 | $ 4,048,776 |

The accompanying Notes are an integral part of these financial statements

# Davis Phinney Foundation

## Statement of Activities

Year ended December 31, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Operating Revenue and Support** | | | |
| Sponsorships | $ 1,292,484 | $ - | $ 1,292,484 |
| Special events income, net | 899,147 | - | 899,147 |
| Contributions | 655,999 | - | 655,999 |
| In-kind contributions | 25,819 | - | 25,819 |
| Total operating revenue and support | 2,873,449 | - | 2,873,449 |
| **Operating Expenses** | | | |
| Program services | 1,933,302 | - | 1,933,302 |
| Supporting services | | | |
| General and administrative | 119,184 | - | 119,184 |
| Fundraising | 526,457 | - | 526,457 |
| Total operating expenses | 2,578,943 | - | 2,578,943 |
| Total operating revenue and support in excess of operating expenses | 294,506 | - | 294,506 |
| **Other Changes** | | | |
| Interest income | 36,027 | - | 36,027 |
| Realized gain on investments | 3,150 | - | 3,150 |
| Unrealized gain on investments | 2,543 | - | 2,543 |
| Total other changes | 41,720 | - | 41,720 |
| **Change in Net Assets** | 336,226 | - | 336,226 |
| **Net Assets, Beginning of Year** | 1,544,501 | 17,857 | 1,562,358 |
| **Net Assets, End of Year** | $ 1,880,727 | $ 17,857 | $ 1,898,584 |

The accompanying Notes are an integral part of these financial statements

# Davis Phinney Foundation

## Statement of Functional Expenses

Year ended December 31, 2020

| | Program Services | Supporting Services: General and Administrative | Supporting Services: Fundraising | Total |
|---|---|---|---|---|
| Salaries | $ 680,052 | $ 82,488 | $ 309,861 | $ 1,072,401 |
| Payroll taxes and benefits | 97,965 | 7,715 | 40,803 | 146,483 |
| Total personnel | 778,017 | 90,203 | 350,664 | 1,218,884 |
| Research awards and grants | 162,132 | - | - | 162,132 |
| Computer and information technology | 110,963 | 6,366 | 25,537 | 142,866 |
| Rent | 81,117 | 5,468 | 21,873 | 108,458 |
| Printing | 31,291 | 146 | 33,022 | 64,459 |
| Postage and shipping | 48,099 | 118 | 9,996 | 58,213 |
| Program events | 49,695 | - | 4,000 | 53,695 |
| Consulting | 34,924 | 2,325 | 9,301 | 46,550 |
| Contract labor | 11,085 | 401 | 19,084 | 30,570 |
| Travel and meals | 22,888 | 39 | 304 | 23,231 |
| Multimedia expense | 20,133 | 56 | 222 | 20,411 |
| Telephone and Internet | 13,319 | 1,059 | 3,628 | 18,006 |
| Program manuals | 17,452 | - | - | 17,452 |
| Legal and professional fees | 9,634 | 649 | 2,590 | 12,873 |
| Bank fees | 1,295 | 1,121 | 10,356 | 12,772 |
| Advertising | 8,328 | 76 | 483 | 8,887 |
| Miscellaneous | 4,815 | 196 | 3,204 | 8,215 |
| Insurance | 3,500 | 234 | 933 | 4,667 |
| Taxes and licenses | - | 4,345 | - | 4,345 |
| Dues and subscriptions | 2,345 | 157 | 625 | 3,127 |
| Office expenses | 2,189 | 103 | 414 | 2,706 |
| Repairs and maintenance | 680 | 46 | 181 | 907 |
| Total operating expenses before depreciation | 1,413,901 | 113,108 | 496,417 | 2,023,426 |
| Depreciation | 3,626 | 241 | 967 | 4,834 |
| Total operating expenses | $ 1,417,527 | $ 113,349 | $ 497,384 | $ 2,028,260 |

# Davis Phinney Foundation

## Statement of Functional Expenses

Year ended December 31, 2019

| | Program Services | Supporting Services: General and Administrative | Supporting Services: Fundraising | Total |
|---|---|---|---|---|
| Salaries | $ 679,630 | $ 69,949 | $ 293,682 | $ 1,043,261 |
| Payroll taxes and benefits | 94,540 | 22,637 | 36,508 | 153,685 |
| Total personnel | 774,170 | 92,586 | 330,190 | 1,196,946 |
| Program events | 448,088 | 20 | 58,308 | 506,416 |
| Travel and meals | 173,606 | 488 | 7,079 | 181,173 |
| Computer and information technology | 91,574 | 5,675 | 22,580 | 119,829 |
| Research awards and grants | 102,820 | - | - | 102,820 |
| Printing | 64,946 | 320 | 30,490 | 95,756 |
| Rent | 62,201 | 4,146 | 16,587 | 82,934 |
| Consulting | 39,318 | 2,620 | 10,485 | 52,423 |
| Postage and shipping | 30,383 | 473 | 8,513 | 39,369 |
| Contract labor | 16,668 | 794 | 17,728 | 35,190 |
| Multimedia expense | 24,044 | 10 | 37 | 24,091 |
| Advertising | 22,039 | 166 | 1,700 | 23,905 |
| Telephone and Internet | 18,890 | 888 | 2,696 | 22,474 |
| Program manuals | 19,532 | - | - | 19,532 |
| Repairs and maintenance | 10,207 | 681 | 2,722 | 13,610 |
| Legal and professional fees | 9,648 | 663 | 2,573 | 12,884 |
| Miscellaneous | 6,819 | 2,843 | 1,474 | 11,136 |
| Bank fees | 1,560 | - | 6,994 | 8,554 |
| Insurance | 6,030 | 397 | 1,588 | 8,015 |
| Dues and subscriptions | 2,933 | 186 | 2,858 | 5,977 |
| Taxes and licenses | 8 | 5,725 | 2 | 5,735 |
| Office expenses | 3,564 | 219 | 719 | 4,502 |
| Total operating expenses before depreciation | 1,929,048 | 118,900 | 525,323 | 2,573,271 |
| Depreciation | 4,254 | 284 | 1,134 | 5,672 |
| Total operating expenses | $ 1,933,302 | $ 119,184 | $ 526,457 | $ 2,578,943 |

The accompanying Notes are an integral part of these financial statements

# Davis Phinney Foundation

## Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

| Years ended December 31 | 2020 | 2019 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Change in net assets | **$ 2,150,192** | $ 336,226 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | **4,834** | 5,672 |
| Realized and unrealized gain on investments | **(2,513)** | (5,694) |
| Increase (decrease) from changes in assets and liabilities | | |
| Accounts receivable | **55,232** | 27,283 |
| Pledge receivable | **(297,972)** | 7,000 |
| Accrued interest receivable | **1,613** | (1,238) |
| Inventory | **17,452** | (33,590) |
| Prepaid expenses and other current assets | **(27,698)** | 64,117 |
| Deposits and other assets | **4,897** | 1,721 |
| Accounts payable | **(19,882)** | (1,272) |
| Grants payable | **112,950** | 883 |
| Accrued compensation and benefits | **17,842** | (15,352) |
| Deferred revenue | **98,400** | (312,743) |
| Net cash provided by operating activities | **2,115,347** | 73,013 |
| **Cash Flows From Investing Activities** | | |
| Proceeds from maturity of investments | **1,203,073** | 1,748,531 |
| Purchases of investments | **(2,500,000)** | (1,702,601) |
| Purchases of equipment | **-** | (4,224) |
| Net cash provided (used) by investing activities | **(1,296,927)** | 41,706 |
| **Net Increase in Cash and Cash Equivalents** | **818,420** | 114,719 |
| **Cash and Cash Equivalents, Beginning of Year** | **883,381** | 768,662 |
| **Cash and Cash Equivalents, End of Year** | **$ 1,701,801** | $ 883,381 |

The accompanying Notes are an integral part of these financial statements

### Note 1 - Nature of Organization and Significant Accounting Policies

*Nature of Organization.* Davis Phinney Foundation ("the Organization") is an Ohio non-profit corporation that was incorporated in 2004 to help people living with Parkinson's disease to live well today. The Organization was founded by Olympic medal-winner, Davis Phinney, who was diagnosed with Parkinson's disease in 2000 at the age of 40. Today, Davis is both a role model in the cycling community and an inspiration to the people living with the chronic disease. Funding for the Organization is obtained through events and charitable contributions from interested parties.

*Basis of Accounting.* The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation.* The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

> *Net Assets Without Donor Restrictions.* Net assets resulting from revenues generated by receiving contributions that have no donor stipulations, sponsorships, special events, and receiving interest and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
>
> *Net Assets With Donor Restrictions.* Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

*Use of Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Change in Accounting Principle.* In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements in FASB ASC 820. The amendments in ASU 2018-13 are effective for fiscal years beginning after December 15, 2019. Certain amendments in ASU 2018-13 are applied prospectively and all others are applied retrospectively. During 2020, the Organization adopted ASU 2018-13. The adoption did not have any material effect on the change in net assets for the year ended December 31, 2019, or on net assets as of December 31, 2019.

*Cash and Cash Equivalents.* The Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

*Investments.* The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment custodian.

**Note 1 - Nature of Organization and Significant Accounting Policies (continued)**

*Fair Value Measurements.* The Organization reports using fair value measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

*Certificates of Deposit.* The Organization values certificates of deposit at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. Early withdrawal charges may apply in the event the instruments are liquidated prior to their scheduled maturity date.

*Equity Securities*. The Organization values equity securities with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2020 and 2019.

**Note 1 - Nature of Organization and Significant Accounting Policies (continued)**

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

*Accounts Receivable.* Accounts receivable are stated at the amount of consideration from customers, of which the Organization has an unconditional right to receive. At the time accounts receivable are originated, the Organization considers an allowance for doubtful accounts based on the creditworthiness of the customer. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Organization on an ongoing basis. Management believes that substantially all accounts receivable are fully collectible at December 31, 2020 and 2019.

*Promises to Give.* Unconditional promises to give (pledges) are recognized as revenues in the period received. Pledges receivable are recorded at the amount the Organization expects to receive, allowing for estimated uncollectible pledges. The allowance for uncollectible pledges is estimated based on management's review of specific pledges outstanding. There was no allowance for doubtful accounts for the years ended December 31, 2020 and 2019 as management believes that all of the pledges receivable are collectible. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

*Inventory.* Inventory consists of program manuals held for distribution to clients at no cost. Inventory is stated at the lower of cost or net realizable value using the first-in, first-out method.

*Equipment.* It is the Organization’s policy to capitalize equipment at cost for purchases over $2,500, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Equipment is depreciated using straight-line methods over the estimated useful lives of the assets, which is generally two to seven years. Depreciation expense for the years ended December 31, 2020 and 2019 was $4,834 and $5,672, respectively.

*Impairment of Long-Lived Assets.* In the event that facts and circumstances indicate that equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2020 and 2019.

*Revenue Recognition.* The Organization's revenues from contracts with customers is comprised of sponsorships and special events. Sponsorships consist of marketing the corporate sponsors at program and fundraising events and are generally received in advance of the event. Special events consist primarily of event registrations and are also generally received in advance of the event. Any amounts received prior to the start of an event is recorded as a contract liability.

### Note 1 - Nature of Organization and Significant Accounting Policies (continued)

*Revenue Recognition (continued).* Revenue is recognized at the point in time in which the event occurs, which satisfies the Organization's performance obligation. Revenue is reported at the amount of consideration which the Organization expects to be entitled in exchange for providing the goods and services. The Organization determines the transaction price based on standard charges for goods and services provided, reduced by discounts and other price concessions, if any.

*Contributions.* Contributions are recognized when the donation is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

*Contributed Services and Materials.* Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed materials are reported at fair market value on the date of gift.

*Advertising.* The Organization expenses advertising costs, including donated advertising, as they are incurred. Advertising expense for the years ended December 31, 2020 and 2019 totaled $8,887 and $23,905, respectively.

*Functional Allocation of Expenses.* Direct expenses have been allocated to the applicable program for which the expense was incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

*Income Taxes.* The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

The Organization utilizes the provisions of ASC 740, pertaining to accounting for uncertainty in income taxes. The pronouncement requires the use of a more-likely-than-not recognition criteria before and separate from the measurement of a tax position. An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. With respect to the organization, this would primarily relate to the determination of unrelated business taxable income and to the maintenance of its tax exempt status.

Management has evaluated the adopted policies and procedures that have been implemented to provide assurance that income is properly characterized and activities that jeopardize its tax exempt status are within limits established under existing tax code and regulations. Management has determined the effects of uncertain tax positions are not material to the Organization for recognition or disclosure in the accompanying financial statements and, accordingly, no income tax liability has been recorded for uncertain income tax positions in the accompanying financial statements.

**Note 1 - Nature of Organization and Significant Accounting Policies (continued)**

*Subsequent Events.* The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through March 26, 2021, the date at which the financial statements were available for release.

**Note 2 - Availability and Liquidity**

The Organization had $4,508,953 and $2,149,966 in financial assets available within one year of December 31, 2020 and 2019, respectively. The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity monthly. The Organization's goal is to maintain financial assets to meet ten months of operating expenses. As part of its liquidity plan, the Organization invests in short-term certificates of deposit with staggered maturity dates that are available for liquidation as needed. During the years ended December 31, 2020 and 2019, the level of liquidity and reserves was managed within the Organization's guiding principles and goals.

**Note 3 - Investments**

The Organization's investments, at fair value, as of December 31, 2020 consist of $2,502,513 in certificates of deposit. The assets are classified as level 2 within the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments, at fair value, as of December 31, 2019:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Certificates of deposit | $ - | $ 1,202,019 | $ - | $ 1,202,019 |
| U.S. equities | 1,054 | - | - | 1,054 |
| | $ 1,054 | $ 1,202,019 | $ - | $ 1,203,073 |

*Changes in Fair Value Levels*. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2020 and 2019, there were no significant transfers in or out of fair value levels.

**Note 3 - Investments (continued)**

Investment income consisted of the following for the years ended December 31:

| | 2020 | 2019 |
|---|---|---|
| Interest and dividends | **$ 19,875** | $ 36,027 |
| Unrealized gain on investments | **2,513** | 2,543 |
| Realized gain on investments | **-** | 3,150 |
| | **$ 22,388** | $ 41,720 |

**Note 4 - Accounts Receivable and Contract Liabilities**

Accounts receivable consists of amounts invoiced to sponsors for goods and services rendered for which the Organization has met all performance obligations. Beginning balances were $55,288 and $82,571 at January 1, 2020 and 2019, respectively. Ending balances were $56 and $55,288 at December 31, 2020 and 2019, respectively.

The Organization has contracts that are unsatisfied or partially unsatisfied as of December 31, 2020 and 2019, in the amounts of $175,733 and $77,333, respectively. Contract liabilities as of December 31, 2018 totaling $390,076 were recognized as revenue in 2019, and the December 31, 2019 contract liabilities were recognized as revenue in 2020. As of December 31, 2020, the Organization expects to recognize the December 31, 2020 amounts as revenue in 2021.

**Note 5 - Grants Payable**

The Organization has made unconditional promises to grant funds to certain recipients. A schedule of committed payments is as follows at December 31, 2020:

| Year | Amount |
|---|---|
| 2021 | $ 115,177 |
| 2022 | 48,377 |
| 2023 | 45,044 |
| | $ 208,598 |

**Note 6 - Net Assets With Donor Restrictions**

The following summarizes the changes in net assets with donor restrictions for the years ended December 31, 2020 and 2019:

| | Community Support | Time Restrictions | Total |
|---|---|---|---|
| Balance, January 1, 2019 | $ 17,857 | $ - | $ 17,857 |
| Additions | - | - | - |
| Releases | - | - | - |
| Balance, December 31, 2019 | $ 17,857 | $ - | $ 17,857 |
| Additions | **-** | **300,000** | **300,000** |
| Releases | **-** | **-** | **-** |
| Balance, December 31, 2020 | **$ 17,857** | **$ 300,000** | **$ 317,857** |

**Note 7 - Commitments**

*Operating Lease.* The Organization leases office space in Louisville, Colorado under a noncancelable operating lease. The lease requires monthly base rent payments of $5,069, with an escalated payment schedule, and expires in April 2024. The Organization pays their pro-rata share of common costs. Rent expense under the lease totaled $108,458 and $73,941 for the years ended December 31, 2020 and 2019, respectively.

Future annual minimum base lease payments required under the operating leases are as follows at December 31, 2020:

| Year | Amount |
|---|---|
| 2021 | $ 62,376 |
| 2022 | 64,438 |
| 2023 | 66,499 |
| 2024 | 17,269 |
| | $ 210,582 |

*Event Venues.* The Organization reserves future events under noncancelable contractual agreements. Future minimum payments required under contractual reservations are as follows at December 31, 2020:

| Date | Location | Amount |
|---|---|---|
| August 2021 | Keystone, Colorado | $ 44,188 |

**Note 8 - Revenue from Contracts with Customers**

The composition of revenue by segment based on the timing of the transfer of goods or services is as follows for the years ended December 31:

| | **2020** | 2019 |
|---|---|---|
| Recognized at a point in time | | |
| Sponsorships | **$ 1,298,325** | $ 1,292,484 |
| Event registrations and sales | **5,975** | 32,775 |
| | **$ 1,304,300** | $ 1,325,259 |

**Note 9 - Special Events**

The Organization's net revenue from special fundraising events is as follows for the years ended December 31:

| | **2020** | 2019 |
|---|---|---|
| Event contributions | **$ 707,670** | $ 1,008,917 |
| Event registrations and sales | **5,975** | 32,775 |
| | **713,645** | 1,041,692 |
| Direct costs | **(66,594)** | (142,545) |
| Net revenue | **$ 647,051** | $ 899,147 |

### Note 10 - In-kind Contributions

Contributed services and materials are as follows for the years ended December 31:

| | **2020** | 2019 |
|---|---|---|
| Professional services | **$ 4,000** | $ 16,040 |
| Materials and supplies | **5,535** | 9,779 |
| | **$ 9,535** | $ 25,819 |

### Note 11 - Paycheck Protection Program

During April 2020, the Organization received proceeds from the Paycheck Protection Program administered by the U.S. Small Business Administration of $229,335. Proceeds from the program are considered a government grant if at least 60% of the proceeds are spent on eligible payroll, with the remaining 40% on other narrowly specified expenses. As of December 31, 2020, the Organization fulfilled the requirements of the program. Accordingly, the Organization recognized grant revenue totaling $229,335 in the accompanying statement of activities.

### Note 12 - Retirement Plan

The Organization provides for a deferred compensation plan under Internal Revenue Code Section 408(p) which allows an employee to contribute up to $13,500 of their annual compensation. The Organization provides a 2% contribution to the plan for any employee with annual compensation in excess of $5,000. The Organization contributed $18,671 and $17,516 to the plan for the years ended December 31, 2020 and 2019, respectively.

### Note 13 - Concentrations

*Major Donor.* The Organization had a donor who comprised 27% of total revenue and support for the year ended December 31, 2020. There were no major donors for the year ended December 31, 2019.

*Bank Deposits.* The Organization routinely maintains cash balances in excess of federally insured limits.

### Note 14 - Risk and Uncertainty

During 2020, a health care pandemic has occurred in the United States and internationally. In response to the crisis, the federal, state, and municipal governments have enacted various policies to curtail group gatherings until the risk has diminished. Certain services of the Organization could continue to be subject to closure or substantially modified operations. Additionally, the global economy has been negatively impacted. No reliable estimate of the potential future financial impacts of this uncertainty on the Organization can be made at this time.