

COLORADO FOURTEENERS INITIATIVE

Financial Statements As Of December 31, 2023
(With Summarized Financial Information For
The Year Ended December 31, 2022)

Together With Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Colorado Fourteeners Initiative:

Opinion

We have audited the accompanying financial statements of Colorado Fourteeners Initiative ("CFI"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 CFI as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CFI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit 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.

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Independent Auditors' Report (Continued)

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 CFI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities 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 auditors' 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment 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 CFI'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.

Independent Auditors' Report (Continued)

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

We are required to communicate to 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.

Reporting on Summarized Comparative Information

We have previously audited CFI's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

JDS Professional Group

April 15, 2024

COLORADO FOURTEENERS INITIATIVE

Statement Of Financial Position

As Of December 31, 2023

(With Summarized Financial Information As Of December 31, 2022)

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	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,361,571	\$ 1,109,279
Government grants receivable	3,425	72,976
Promises to give	109,100	145,196
Other receivable	1,430	
Investments	488,703	148,250
Prepaid expenses	9,523	11,354
Total Current Assets	<u>1,973,752</u>	<u>1,487,055</u>
Long Term Assets:		
Cash and cash equivalents - endowment	75,308	107,313
Investments, including endowment funds	118,448	316,494
Promises to give		55,000
Property and equipment, net	587,825	151,590
Land	55,841	55,841
Total Long Term Assets	<u>837,422</u>	<u>686,238</u>
TOTAL ASSETS	<u>\$ 2,811,174</u>	<u>\$ 2,173,293</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued liabilities	\$ 222,191	\$ 109,368
Lease liability	41,652	43,198
Total Current Liabilities	263,843	152,566
Non-Current Liabilities:		
Lease liability, net of current portion	472,336	26,636
Total Liabilities	<u>736,179</u>	<u>179,202</u>
Net Assets:		
Without donor restrictions -		
Undesignated	1,145,885	1,153,215
Board designated	593,847	482,061
Total Without Donor Restrictions	1,739,732	1,635,276
With donor restrictions	335,263	358,815
Total Net Assets	<u>2,074,995</u>	<u>1,994,091</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,811,174</u>	<u>\$ 2,173,293</u>

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

COLORADO FOURTEENERS INITIATIVE

Statement Of Activities

For The Year Ended December 31, 2023

(With Summarized Financial Information For The Year Ended December 31, 2022)

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	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Support And Revenue:				
Individual contributions	\$ 772,016	\$ 103,915	\$ 875,931	\$ 903,992
Federal, state, and local government grants	-	679,040	679,040	541,945
Foundation grants	155,742	183,866	339,608	524,673
Corporate contributions	45,028	61,336	106,364	118,173
Contributions of nonfinancial assets	22,767	-	22,767	17,051
Investment return, net	56,909	11,843	68,752	(15,431)
Other income	6,236	-	6,236	6,246
	<u>1,058,698</u>	<u>1,040,000</u>	<u>2,098,698</u>	<u>2,096,649</u>
Net assets released from restrictions-				
Satisfaction of program restrictions	<u>1,063,552</u>	<u>(1,063,552)</u>		
Total Support And Revenue	<u>2,122,250</u>	<u>(23,552)</u>	<u>2,098,698</u>	<u>2,096,649</u>
Expenses:				
Program Services -				
Field projects and education	<u>1,670,508</u>		<u>1,670,508</u>	<u>1,534,776</u>
Supporting Services -				
General administration	219,426		219,426	215,788
Fundraising	<u>127,860</u>		<u>127,860</u>	<u>127,499</u>
Total Supporting Services	<u>347,286</u>		<u>347,286</u>	<u>343,287</u>
Total Expenses	<u>2,017,794</u>		<u>2,017,794</u>	<u>1,878,063</u>
CHANGES IN NET ASSETS FROM OPERATIONS	104,456	(23,552)	80,904	218,586
Net Assets, Beginning Of Year	<u>1,635,276</u>	<u>358,815</u>	<u>1,994,091</u>	<u>1,775,505</u>
NET ASSETS, END OF YEAR	<u><u>\$1,739,732</u></u>	<u><u>\$ 335,263</u></u>	<u><u>\$ 2,074,995</u></u>	<u><u>\$ 1,994,091</u></u>

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

COLORADO FOURTEENERS INITIATIVE

Statement Of Functional Expenses

For The Year Ended December 31, 2023

(With Summarized Financial Information For the Year Ended December 31, 2022)

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	Program Services	General Admin.	Fundraising	2023 Total	2022 Total
Salaries benefits and taxes	\$ 1,246,867	\$ 149,369	\$ 108,016	\$ 1,504,252	\$ 1,314,411
Field expenses	249,406	860	-	250,266	349,658
Development and marketing	34,890	2,320	5,684	42,894	34,261
Videos	14,603	-	-	14,603	7,204
Professional fees	-	10,148	-	10,148	8,770
Computer expenses	9,724	6,711	8,053	24,488	19,138
Insurance	16,693	6,416	-	23,109	19,185
Lease	54,162	5,346	3,866	63,374	45,183
Telephone	2,371	284	205	2,860	2,863
Travel and lodging	6,507	1,672	105	8,284	9,391
Other office expense	4,965	31,957	1,931	38,853	30,606
Depreciation	30,320	4,343	-	34,663	37,393
Total	<u>\$ 1,670,508</u>	<u>\$ 219,426</u>	<u>\$ 127,860</u>	<u>\$ 2,017,794</u>	<u>\$ 1,878,063</u>

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

COLORADO FOURTEENERS INITIATIVE

Statement Of Cash Flows

For The Year Ended December 31, 2023

(With Summarized Financial Information For The Year Ended December 31, 2022)

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	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ 80,904	\$ 218,586
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	34,663	37,393
Contributions restricted for long-term purposes	(6,525)	
Net realized and unrealized loss on investments	(27,478)	25,518
Amortization of right-of-use asset	57,100	40,560
Changes in operating assets and liabilities -		
(Increase) decrease in other receivable	(1,430)	6,478
Decrease in government grants receivable	69,551	90,544
(Increase) decrease in promises to give	91,096	(157,256)
(Increase) decrease in prepaid expenses	1,830	(4,698)
Increase in accrued liabilities	112,824	11,800
(Decrease) in lease liability	(46,809)	(39,219)
Net cash provided by operating activities	<u>365,726</u>	<u>229,706</u>
Cash flows from investing activities:		
Purchases of property and equipment	(37,037)	(52,534)
Purchases of investments	(472,927)	(443,004)
Sales of investments	358,000	237,000
Net cash (used in) investing activities	<u>(151,964)</u>	<u>(258,538)</u>
Cash flows from financing activities:		
Proceeds from contributions to be held in perpetuity	<u>6,525</u>	<u>0</u>
Net cash provided by financing activities	<u>6,525</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	220,287	(28,832)
Cash and Restricted Cash, Beginning Of Year	<u>1,216,592</u>	<u>1,245,424</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u>\$ 1,436,879</u>	<u>\$ 1,216,592</u>
Reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts in the statement of cash flows.		
Cash and cash equivalents	\$ 1,361,571	\$ 1,109,279
Cash and cash equivalents - endowment	<u>75,308</u>	<u>107,313</u>
	<u>\$ 1,436,879</u>	<u>\$ 1,216,592</u>

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

(1) **Nature Of Organization**

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

(2) **Summary Of Significant Accounting Policies**

Method Of Accounting

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

Basis Of Presentation

CFI reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and with donor restrictions as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Estimates

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

Cash And Cash Equivalents

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

Fair Value Measurements

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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

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

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

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

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

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

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

Property And Equipment

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

Compensated Absences

CFI accrues for the costs of compensated absences to the extent that the employee's right to receive payment relates to service already rendered, the obligation vests or accumulates, payment is probable, and the amount can be reasonably estimated. CFI accrues for vacation leave but not sick leave, as such amount cannot be reasonably estimated.

Leases

CFI determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities on the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. CFI does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Measure Of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to CFI's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue And Revenue Recognition

CFI recognizes contributions when cash, securities or other assets; or an unconditional promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. As of December 31, 2023, the promises to give and government grants receivable are expected to be collected within one year of the financial statement date. Conditional promises to give with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met.

A portion of CFI's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CFI has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. CFI received cost-reimbursable grants of \$281,714 that have not been recognized at December 31, 2023, because qualifying expenditures have not yet been incurred.

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

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

Methods Used For Allocation Of Expenses From Management And General Activities

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

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CFI's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Subsequent Events

CFI has performed an evaluation of subsequent events through April 15, 2024, which is the date the financial statements were available to be issued and considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Income Taxes

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

Management believes that CFI has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. CFI would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

CFI is no longer subject to U.S. federal income tax audits on its Form 990 by taxing authorities for years prior to 2020. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, management believes no material issues would arise.

(4) Investments And Concentrations Of Credit Risk

The following table presents CFI's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
U.S. Treasury bills	\$ 221,872	\$	\$	\$ 221,872
Certificates of deposit	258,593			258,593
ETF - U.S. Broad Market	126,686			126,686
Total	<u>\$ 607,151</u>	<u>\$</u>	<u>\$</u>	<u>\$ 607,151</u>

CFI's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of December 31, 2023, CFI's cash demand deposits were over this FDIC limit by approximately \$16,000.

(5) Property And Equipment

Property and equipment consisted of the following as of December 31, 2023:

Office furniture and equipment	\$ 50,871
Field equipment	385,013
Leasehold improvements	2,100
Operating lease right-of-use asset	600,017
	<u>1,038,001</u>
Less: accumulated depreciation and amortization	(450,176)
Net property and equipment	<u>\$ 587,825</u>

(6) **Land**

In 2016, CFI purchased two mining claims adjacent to the summit of Mt. Shavano near Salida, CO. In 2017, CFI purchased a third mining claim that contains the mountain's summit. In 2022, CFI purchased a fourth mining claim located on Mt. Shavano. Total land costs as of December 31, 2023, were \$55,841.

(7) **Leases**

CFI evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents CFI's right to use the underlying asset for the lease term, and the lease liability represents CFI's obligation to make lease payments arising from the leases. The ROU asset and lease liability, all of which arise from operating leases, were calculated based on the present value of the future minimum lease payments over the lease term. The weighted average discount rate applied to calculate lease liabilities as of December 31, 2023, was 9.3% which reflects CFI's incremental borrowing rate.

CFI's noncancellable operating leases consist of a lease for office space commencing August 1, 2020 through July 31, 2024 and lease for the Cabin Cove facility commencing August 9, 2023 through December 31, 2052. For the year ended December 31, 2023, total operating lease cost was \$63,374. As of December 31, 2023, the weighted-average remaining lease term for CFI's operating lease was 26.67 years. Cash paid for the operating lease for the year ended December 31, 2023, was \$53,081.

Future maturities of the lease liability are as follows:

2024	\$ 45,712
2025	18,726
2026	18,726
2027	18,726
2028	18,726
Thereafter	449,424
Total lease payments	<u>570,040</u>
Less present value discount	(56,052)
Total lease obligation	<u><u>\$ 513,988</u></u>

(8) Line Of Credit

CFI has a revolving line of credit with a financial institution with a maximum line of \$60,000. As of December 31, 2023, the effective interest rate was 9.50% and no amounts were outstanding on the line. During 2023, there were no advances.

(9) Endowment**General**

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

Interpretation Of Relevant Law

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

In accordance with UPMIFA, CFI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of CFI and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of CFI, and (7) investment policies of CFI.

Changes In Endowment Net Assets

Changes in donor restricted endowment net assets for the year ended December 31, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 135,672	\$ 63,394	\$ 199,066
Contributions	79,346	6,525	85,871
Distribution	-	(3,235)	(3,235)
Investment return, net	18,193	8,479	26,672
Endowment net assets, end of year	<u>\$ 233,211</u>	<u>\$ 75,163</u>	<u>\$ 308,374</u>

As of December 31, 2023, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment net assets	\$	\$ 75,163	\$ 75,163
Board designated endowment net assets	233,211		233,211
Endowment net assets, end of year	<u>\$ 233,211</u>	<u>\$ 75,163</u>	<u>\$ 308,374</u>

Underwater Funds

As of December 31, 2023, no funds were underwater.

Return Objectives And Risk Parameters

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

Strategies Employed For Achieving Objectives

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

Spending Policy And How The Investment Objectives Relate To Spending Policy

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

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

(10) **Net Assets**

Net assets with donor restrictions as of December 31, 2023, consisted of the following:

Subject to expenditure for specified purpose:

Adopt/Sustainable Trails	\$ 19,700
Adopt-A-Peak intern	59,031
Mt. Shavano	37,000
Mt. Shavano acquisition	9,212
Trail construction and restoration	690
Mt. Democrat Acquisition	24,994
Other land acquisitions	30,675
Other	5,097
	<u>186,399</u>

Subject to the passage of time:

For periods after December 31, 2023	<u>73,701</u>
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Subject to spending policy and appropriation:

Investment in perpetuity	68,364
Endowment earnings - general operations	6,799
	<u>75,163</u>
Total net assets with donor restrictions	<u><u>\$ 335,263</u></u>

Board designated net assets without donor restrictions as of December 31, 2023, consisted of the following:

Reserve fund	\$ 360,636
Endowment	233,211
Total	<u><u>\$ 593,847</u></u>

(11) **Contribution Of Nonfinancial Assets**

Gifts-In-Kind

CFI received gifts-in-kind for the year ended December 31, 2023:

Field equipment	\$ 1,856
Supplies	2,128
Professional services	18,783
Total gifts-in-kind	<u>\$ 22,767</u>

During the year ended December 31, 2023, contributed supplies and field equipment were valued using U.S. retail prices (principal market) of identical items. Supplies and field equipment were used to support CFI’s program.

During the year ended December 31, 2023, contributed professional services were recognized at fair value based on current rates for similar services. Contributed services were used to support CFI’s programs (\$9,908), general and administrative expenses (\$7,319), and fundraising (\$1,556).

All gifts-in-kind received by CFI for the year ended December 31, 2023, were considered without donor restrictions and able to be used by CFI as determined by the board of directors and management.

CFI receives a substantial amount of donated services and expenses by unpaid volunteers. The value of this contributed time and expense is not reflected in the accompanying financial statements as it does not meet the requirements for recognition; however, these amounts are estimated based on rates earned by persons performing similar services as published by an association of volunteer groups and/or as determined by prevailing labor costs in the respective industry. The value of the donated services as estimated by CFI was approximately \$326,008 and included 9,488 volunteer hours for the year ended December 31, 2023.

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

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

During the year ended December 31, 2023, CFI conducted activities that included requests for contributions, as well as program and general administrative components. The costs of conducting those activities included a total of \$30,162 in joint costs which are not specifically attributable to particular components of the activities (joint costs). These joint costs were allocated as follows:

Programs - Field projects and education	\$ 23,202
General administration	2,320
Fundraising	4,640
	<u>\$ 30,162</u>

(13) **Retirement Plan**

During the year ended December 31, 2011, CFI established a defined contribution plan (the “Plan”) for all employees who receive greater than \$5,000 of compensation during the year and have attained two years of service. Under the terms of the Plan, CFI will match 3% of eligible compensation or make a 2% discretionary contribution in place of the match. For the year ended December 31, 2023, CFI made contributions of \$21,455 to the Plan.

(14) **Liquidity And Availability Of Financial Assets**

The following represents CFI’s financial assets as of December 31, 2023:

Financial assets, at year end	
Cash and cash equivalents	\$ 1,436,879
Other receivable	1,430
Government grants receivable	3,425
Short-term promises to give	109,101
Investments	607,150
Total financial assets	<u>2,157,985</u>

Less those unavailable for general expenditures within one year due to:

Endowment, including accumulated earnings	(68,479)
Net assets with donor restrictions	(61,255)
Board designated cash reserve and endowment	<u>(593,847)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,434,404</u>
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CFI’s goal is generally to maintain the equivalent of two months of average budgeted monthly expenses in operating cash and four months of average budgeted monthly expenses in the board designated cash reserve. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. CFI has a \$60,000 line of credit available to meet cash flow needs.

(15) **Contingency**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In that event, CFI may be required to refund amounts to the federal government. As of December 31, 2023, management believes there is no significant risk of such event occurring.