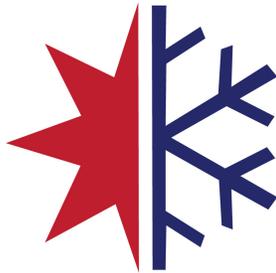


**Vail Veterans Foundation, Inc.  
(A Colorado Non-Profit Corporation)**

**Financial Statements**

**December 31, 2017**

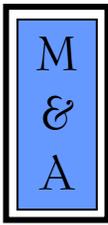


**VAIL VETERANS**  
**PROGRAM**

**Vail Veterans Foundation, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**December 31, 2017**

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# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Vail Veterans Foundation, Inc.  
Vail, Colorado**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Vail Veterans Foundation, Inc. (the "Foundation"), a Colorado non-profit corporation, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities 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 of 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 Vail Veterans Foundation, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Member: American Institute of Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Vail Veterans Foundation, Inc.**  
**Vail, Colorado**

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 11 -12 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Foundation's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, except for that portion marked "unaudited", on which we express no opinion, is fairly stated in all material respects in relation to the financial statements as a whole.

***Report on Summarized Comparative Information***

We have previously audited the Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**December 12, 2018**

**Vail Veterans Foundation, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Financial Position**  
**December 31, 2017**  
**(With Comparative Totals at December 31, 2016)**

	<b>2017</b>	<b>2016</b>
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	299,695	941,788
Investments	1,738,839	1,208,292
Accounts receivable - Other	97,673	59,400
Prepaid expenses	53,268	7,154
<b>Total current assets</b>	<b>2,189,475</b>	<b>2,216,634</b>
<b>Fixed assets, net</b>	<b>23,551</b>	<b>22,788</b>
<b>Total Assets</b>	<b>2,213,026</b>	<b>2,239,422</b>
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	88,855	-
Accrued compensation and payroll taxes	36,383	20,275
<b>Total current liabilities</b>	<b>125,238</b>	<b>20,275</b>
<b>Total Liabilities</b>	<b>125,238</b>	<b>20,275</b>
<b>Net Assets:</b>		
Unrestricted	1,906,195	1,784,929
Temporarily restricted	181,593	434,218
<b>Total Net Assets</b>	<b>2,087,788</b>	<b>2,219,147</b>
<b>Total Liabilities and Net Assets</b>	<b>2,213,026</b>	<b>2,239,422</b>

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

**Vail Veterans Foundation, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**  
**(With Comparative Totals for the Year Ended December 31, 2016)**

	<b>2017</b>			<b>2016</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Total</b>
<b>Revenues and Support:</b>				
Contributions and grants	1,195,548	110,000	1,305,548	1,818,309
Investment income	117,845	-	117,845	74,148
In-kind contributions	300,818	-	300,818	275,502
Net assets released from restrictions	362,625	(362,625)	-	-
<b>Total Revenues and Support</b>	<b>1,976,836</b>	<b>(252,625)</b>	<b>1,724,211</b>	<b>2,167,959</b>
<b>Expenses:</b>				
Program services	1,475,553	-	1,475,553	1,102,447
Management and general	261,231	-	261,231	138,987
Fundraising	118,786	-	118,786	74,237
<b>Total Expenses</b>	<b>1,855,570</b>	<b>-</b>	<b>1,855,570</b>	<b>1,315,671</b>
<b>Change in Net Assets</b>	<b>121,266</b>	<b>(252,625)</b>	<b>(131,359)</b>	<b>852,288</b>
<b>Net Assets - Beginning of Year</b>	<b>1,784,929</b>	<b>434,218</b>	<b>2,219,147</b>	<b>1,366,859</b>
<b>Net Assets - End of Year</b>	<b>1,906,195</b>	<b>181,593</b>	<b>2,087,788</b>	<b>2,219,147</b>

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

**Vail Veterans Foundation, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2017**  
**(With Comparative Totals for the Year Ended December 31, 2016)**

	<b>2017</b>	<b>2016</b>
<b>Cash Flows from Operating Activities:</b>		
Contributions and grants received	1,263,772	1,758,984
Interest and dividends received	69,653	36,881
Wages and benefits paid to employees	(263,420)	(162,851)
Cash paid for goods and services	<u>(1,240,722)</u>	<u>(865,780)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(170,717)</u>	<u>767,234</u>
<b>Cash Flows from Investing Activities:</b>		
Cash paid to purchase investments	(665,716)	(572,562)
Cash received on sale / redemption of investments	200,795	41,597
Cash paid to purchase fixed assets	(6,455)	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(471,376)</u>	<u>(530,965)</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	(642,093)	236,269
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>941,788</u>	<u>705,519</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>299,695</u></u>	<u><u>941,788</u></u>
<b>Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:</b>		
Change in net assets	<u>(131,359)</u>	<u>852,288</u>
<b>Adjustments to reconcile:</b>		
Depreciation	5,692	4,996
Net realized (gain) loss on investments	1,188	2,905
Net unrealized (gain) loss on investments	(63,311)	(48,326)
Donated securities	(3,503)	-
(Increase) decrease in accounts receivable	(38,273)	(59,325)
(Increase) decrease in prepaid expenses	(46,114)	(1,774)
Increase (decrease) in accounts payable and accrued liabilities	88,855	-
Increase (decrease) in accrued compensation and payroll taxes	16,108	16,470
	<u>(39,358)</u>	<u>(85,054)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>(170,717)</u></u>	<u><u>767,234</u></u>

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

**Vail Veterans Foundation, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2017**

**1. Organization**

Vail Veterans Foundation, Inc. (the “Foundation”) was incorporated in the State of Colorado as a non-profit corporation, pursuant to Articles of Incorporation filed July 24, 2006. The mission of the Foundation is to provide military injured and their families with innovative and transformational programs that build confidence and improve lives. The Foundation, which is governed by a nine-member volunteer Board of Directors (the “Board”), is located in Vail, Colorado.

**2. Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

**B. Basis of Presentation**

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

*Unrestricted* – Net assets available for use in general operations, including unrestricted net assets that have been designated by the Board for expenditure on specific purposes or projects.

*Temporarily Restricted* – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Foundation and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure.

The Foundation reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

*Permanently Restricted* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Foundation. The Foundation has no net assets classified as permanently restricted at December 31, 2017.

**C. Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Foundation considers cash and cash equivalents to include all cash and highly liquid financial instruments with original maturities of three months or less.

**Vail Veterans Foundation, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**D. Investments**

The Foundation invests in marketable equity and fixed income securities which are reported on the financial statements at fair value. Net investment gain / (loss) reported in the Statement of Activities consists of interest and dividend income received, as well as both realized and unrealized gains and losses. Investment income is unrestricted unless the earnings are restricted, either as to purpose or time period, by the donor of the original contribution.

**E. Fair Value Measurements**

The carrying amounts reported in the Statement of Financial Position for cash and cash equivalents, prepaid expenses, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Generally accepted accounting principles require that financial assets be valued at “fair value”, determined through application of a three-tiered hierarchy of input levels. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based on the best information available in circumstances where markets are non-existent or illiquid.

**F. Receivables**

Management determines the allowance for doubtful accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At December 31, 2017, no such allowance was considered necessary by the Foundation’s management.

**G. Fixed Assets**

Fixed assets are stated at cost or fair value on the date of donated, if donated. Fixed assets are depreciated using the straight-line method over the following estimated useful lives:

<b>Asset Class</b>	<b>Estimated Useful Lives</b>
Furniture, equipment and software	5 - 10 years
Website	10 years

**H. Support and Revenue**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Unconditional promises to give expected to be collected within one year are reflected as current contributions and are recorded at their net realizable value. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Vail Veterans Foundation, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**H. Support and Revenue (continued)**

Donor-restricted support, including pledges, is recorded as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit or specify the use of the donated assets, whether by time period or purpose. When a donor restriction expires (that is, when a stipulated time restriction ends or the stated purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Non-monetary donations of goods and services are accepted and recorded at their fair values when received. Donated services are recorded at their fair values in the period received, provided that such services either create or enhance non-financial assets or are considered to be "professional" services which the Foundation would otherwise be required to purchase. Donated fixed assets are recorded at fair value when received and reflected in these financial statements as contribution revenue and an addition to fixed assets. Non-monetary donations are recognized as revenue and offsetting expense or asset, depending on the nature of such support received.

**I. Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The supplemental Schedule of Functional Expenses on page 12 presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services.

**J. Income Taxes**

The Foundation is a non-profit organization as described in section 501(c)(3) of the Internal Revenue Code and is thus exempt from federal and state income taxes on income which is directly related to its organizational purpose. The Federal income tax returns of the Foundation are subject to examination by the Internal Revenue Service. The Foundation is no longer subject to examination of its returns for tax years prior to 2014.

**K. 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**L. Comparative Information**

The financial statements include certain prior year comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements as of and for the year ended December 31, 2016, from which the comparative totals were derived.

**Vail Veterans Foundation, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**M. Subsequent Events**

Management has evaluated subsequent events through December 12, 2018; the date these financial statements were available to be issued.

**3. Investments**

Investments are stated at their estimated fair values (see note 4 below). The Foundation's investment assets are dedicated to providing the financial resources needed to meet the Foundation's charitable objectives. The Foundation's investments are managed by an independent professional investment management firm and are held in various investment structures such as mutual funds and unit investment trusts. Investments in equity securities fluctuate in value in response to many factors; such as the activities and financial condition of individual companies, business and industry market conditions and the general economic environment. The value of fixed income securities fluctuates in response to changing interest rates, credit worthiness of issuers and overall economic policies that impact market conditions.

The Foundation's investments consisted of the following at December 31, 2017:

Equities	\$ 35,665
Mutual funds and exchange-traded funds	1,031,080
Unit investment trusts	<u>672,094</u>
	<u>\$ 1,738,839</u>

The fair values of the Foundation's investments measured on a recurring basis at December 31, 2017 were as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equities	\$ 35,665	35,665	-	-
Mutual funds and exchange-traded funds	1,031,080	1,031,080	-	-
Unit investment trusts	<u>672,094</u>	<u>672,094</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 1,738,839</u>	<u>1,738,839</u>	<u>-</u>	<u>-</u>

Investment income for 2017 was as follows:

Interest and dividend income	\$ 69,653
Net realized gains (losses)	(1,188)
Net unrealized gains (losses)	<u>63,311</u>
	<u>131,776</u>
Less: Investment management and advisory fees	<u>(13,931)</u>
<b>Total net investment return</b>	<u>\$ 117,845</u>

**Vail Veterans Foundation, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**4. Fixed Assets**

Furniture, equipment and software	\$	29,233
Website		10,050
At cost		39,283
Less: Accumulated depreciation		(15,732)
<b>Fixed assets, net</b>	<b>\$</b>	<b>23,551</b>

**5. Temporarily Restricted Net Assets**

Net assets totaling \$362,625 were released from donor restrictions during 2017 as a result of the Foundation incurring costs satisfying the donor-imposed restrictive purpose. The balance of the Foundation's \$181,593 in temporarily restricted net assets at December 31, 2017 is restricted for future programs, staffing, and support services.

**6. Lease Agreement**

Effective in January 2014, the Foundation entered into a lease agreement with Vail Gateway LLC to rent office space and 2 non-reserved parking spaces in Vail, Colorado. Upon expiration of the initial one-year lease term, the arrangement has continued under a month-to-month tenancy under the same conditions as the lease, except that the arrangement may be terminated by either party by 90-days written notice. Total rent expense incurred by the Foundation in 2017 under this arrangement was \$20,400.

**7. Concentrations of Credit Risk**

The Federal Deposit Insurance Corporation (the "FDIC") insures up to \$250,000 per depositor at each separately chartered FDIC-member financial institution, without regard to the nature of the accounts. At December 31, 2017, all of the Foundation's cash subject to FDIC deposit coverage was insured.

The Securities Investor Protection Corporation (the "SIPC") protects against the loss of cash and securities held by a customer at SIPC-member brokerage firms up to \$500,000; including up to \$250,000 in cash. At December 31, 2017, \$1,259,683 of the Foundation's cash and investments was not covered by SIPC insurance.

**Vail Veterans Foundation, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Schedule of Functional Expenses**  
**For the Year Ended December 31, 2017**  
**(With Comparative Totals for the Year Ended December 31, 2016)**

	<u>2017</u>			<u>2016</u>
	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Administrative	-	6,512	-	6,512
Donated goods	271,097	-	11,801	282,898
Donated services	-	17,920	-	17,920
Salaries and wages	98,155	105,036	49,091	252,282
Employee benefits and payroll taxes	8,434	14,593	4,219	27,246
Depreciation	3,427	2,265	-	5,692
Operating supplies	35,452	15,336	-	50,788
Rent and occupancy	10,800	24,389	-	35,189
Insurance	-	2,280	-	2,280
Travel and transportation	559,429	21,109	126	580,664
Professional fees	-	35,000	-	35,000
Activities, programs and instruction	488,759	-	-	488,759
Technology	-	2,478	-	2,478
Advertising and promotion	-	14,313	53,549	67,862
<b>Total</b>	<b>1,475,553</b>	<b>261,231</b>	<b>118,786</b>	<b>1,855,570</b>
				<b>1,315,671</b>

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

**Vail Veterans Foundation, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Schedule of Revenues, Expenses and Change in Net Assets - Budget and Actual**  
**For the Year Ended December 31, 2017**  
**(With Comparative Totals for the Year Ended December 31, 2016)**

	<u>2017</u>		<b>Variance: Favorable (Unfavorable)</b>	<u>2016</u>
	<b>Budget (Unaudited)</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues and Support:</b>				
Contributions and grants	1,213,324	1,305,548	92,224	1,818,309
Investment income	49,700	117,845	68,145	74,148
In-kind contributions	260,000	300,818	40,818	275,502
<b>Total Revenues and Support</b>	<u>1,523,024</u>	<u>1,724,211</u>	<u>201,187</u>	<u>2,167,959</u>
<b>Expenses:</b>				
Administrative	6,500	6,512	(12)	5,914
Donated goods	260,000	282,898	(22,898)	267,252
Donated services	-	17,920	(17,920)	8,250
Salaries and wages	222,800	252,282	(29,482)	155,233
Employee benefits and payroll taxes	19,048	27,246	(8,198)	24,088
Depreciation	-	5,692	(5,692)	4,996
Operating supplies	48,926	50,788	(1,862)	38,841
Rent and occupancy	34,800	35,189	(389)	28,149
Insurance	2,200	2,280	(80)	2,039
Travel and transportation	355,200	580,664	(225,464)	361,167
Professional fees	10,000	35,000	(25,000)	-
Activities, programs and instruction	508,050	488,759	19,291	377,287
Technology	4,500	2,478	2,022	4,320
Advertising and promotion	51,000	67,862	(16,862)	38,135
<b>Total Expenses</b>	<u>1,523,024</u>	<u>1,855,570</u>	<u>(332,546)</u>	<u>1,315,671</u>
<b>Change in Net Assets</b>	<u>-</u>	<u>(131,359)</u>	<u>(131,359)</u>	<u>852,288</u>

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