**Bravo! Colorado at Beaver Creek - Vail, Inc.**
**Bravo! Colorado Music Festival Endowment Foundation**
**dba Bravo! Vail**
**(Colorado Non-Profit Corporations)**
**Consolidated Financial Statements**

**September 30, 2017**

**Bravo! Colorado at Beaver Creek - Vail, Inc.**
**Bravo! Colorado Music Festival Endowment Foundation**
**dba Bravo! Vail**
**(Colorado Non-Profit Corporations)**
**September 30, 2017**

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M & A
McMahan and Associates, L.L.C.
*Certified Public Accountants and Consultants*

Chapel Square, Bldg C
245 Chapel Place, Suite 300
P.O. Box 5850, Avon, CO 81620

Web Site: www.mcmahancpa.com
Main Office: (970) 845-8800
Facsimile: (970) 845-8108
E-mail: mcmahan@mcmahancpa.com

# INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees**
**Bravo! Colorado at Beaver Creek - Vail, Inc.**
**Bravo! Colorado Music Festival Endowment Foundation**
**dba Bravo! Vail**

We have audited the accompanying consolidated financial statements of Bravo! Colorado at Beaver Creek - Vail, Inc. and Bravo! Colorado Music Festival Endowment Foundation, which comprise the consolidated statement of financial position as of September 30, 2017, and the consolidated related statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

*Member: American Institute of Certified Public Accountants*

Paul J. Backes, CPA, CGMA
Michael N. Jenkins, CA, CPA, CGMA
Daniel R. Cudahy, CPA, CGMA

Avon: (970) 845-8800
Aspen: (970) 544-3996
Frisco: (970) 668-3481

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bravo! Colorado at Beaver Creek - Vail, Inc. and Bravo! Colorado Music Festival Endowment Foundation as of September 30, 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.

***Report on Summarized Comparative Information***

We have previously audited the Association's September 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 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.**
**February 2, 2018**

**Bravo! Colorado at Beaver Creek - Vail, Inc.and Bravo! Colorado Music Festival Endowment Foundation**

**dba Bravo! Vail**

**(Colorado Non-Profit Corporations)**

**Consolidated Statement of Financial Position**

**September 30, 2017**

**With Comparative Totals For September 30, 2016**

| | 2017 | | | | |
|---|---|---|---|---|---|
| | **Unrestricted** | **Temporarily Restricted** | **Permanently Restricted** | **Total** | **2016** |
| **Assets** | | | | | |
| **Current Assets** | | | | | |
| Cash and cash equivalents | 306,822 | 749,671 | 11,687 | 1,068,180 | 1,471,349 |
| Investments at market value | 29,106 | 543,524 | 6,162,357 | 6,734,987 | 6,803,429 |
| Accounts receivable, net | 328,405 | 220,667 | - | 549,072 | 279,369 |
| Accounts receivable, related parties | 192,342 | 160,500 | - | 352,842 | 503,615 |
| Inventory | 4,738 | - | - | 4,738 | 4,093 |
| Prepaid expenses | 23,912 | - | - | 23,912 | 10,810 |
| Due (to) from other fund | 840,960 | (640,960) | (200,000) | - | - |
| **Total Current Assets** | 1,726,285 | 1,033,402 | 5,974,044 | 8,733,731 | 9,072,665 |
| **Non-Current Assets** | | | | | |
| Deferred compensation plan assets | 276,917 | - | - | 276,917 | 495,706 |
| **Fixed Assets** | | | | | |
| Leasehold Improvements | 178,070 | - | - | 178,070 | 178,070 |
| Less: accumulated amortization | (135,349) | - | - | (135,349) | (113,494) |
| Furniture, fixtures and equipment | 460,008 | - | - | 460,008 | 460,007 |
| Less: accumulated depreciation | (397,127) | - | - | (397,127) | (348,889) |
| **Net Fixed Assets** | 105,602 | - | - | 105,602 | 175,694 |
| **Other Assets** | | | | | |
| Works of art, festival piano | 58,000 | - | - | 58,000 | 58,000 |
| **Total Assets** | 2,166,804 | 1,033,402 | 5,974,044 | 9,174,250 | 9,802,065 |
| **Liabilities and Net Assets** | | | | | |
| **Current Liabilities** | | | | | |
| Accounts payable | 114,147 | - | - | 114,147 | 109,103 |
| Accrued expenses | 192,874 | - | - | 192,874 | 218,886 |
| **Total Current Liabilities** | 307,021 | - | - | 307,021 | 327,989 |
| **Non-Current Liabilities** | | | | | |
| Deferred compensation obligation | 276,917 | - | - | 276,917 | 495,706 |
| **Total Non-Current Liabilities** | 276,917 | - | - | 276,917 | 495,706 |
| **Total Liabilities** | 583,938 | - | - | 583,938 | 823,695 |
| **Net Assets** | | | | | |
| Unrestricted | | | | | |
| Designated | 1,582,866 | - | - | 1,582,866 | 1,604,921 |
| Temporarily restricted | - | 1,033,402 | - | 1,033,402 | 1,840,835 |
| Permanently restricted | - | - | 5,974,044 | 5,974,044 | 5,532,614 |
| **Total Net Assets** | 1,582,866 | 1,033,402 | 5,974,044 | 8,590,312 | 8,978,370 |
| **Total Liabilities and Net Assets** | 2,166,804 | 1,033,402 | 5,974,044 | 9,174,250 | 9,802,065 |

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

**Bravo! Colorado at Beaver Creek - Vail, Inc.and Bravo! Colorado Music Festival Endowment Foundation**
**dba Bravo! Vail**
**(Colorado Non-Profit Corporations)**
**Consolidated Statement of Activities**
**For the Year Ended September 30, 2017**
**With Comparative Totals For September 30, 2016**

| | 2017 | | | | |
|---|---|---|---|---|---|
| | **Unrestricted** | **Temporarily Restricted** | **Permanently Restricted** | **Total** | **2016** |
| **Revenues, Gains and Other Support** | | | | | |
| Event income | 2,495,779 | - | - | 2,495,779 | 2,520,909 |
| Festival contributions | 3,504,426 | 165,278 | - | 3,669,704 | 4,452,112 |
| Grant revenue | - | - | - | - | 10,000 |
| Program advertising | 152,410 | 1,693 | - | 154,103 | 172,091 |
| Investment income (loss) | 2,832 | 6,649 | 591,430 | 600,911 | 329,556 |
| In-Kind contributions | 1,572,760 | - | - | 1,572,760 | 1,591,221 |
| Net assets released from restrictions | 1,131,053 | (981,053) | (150,000) | - | - |
| **Total Revenues, Gains and Other Support** | 8,859,260 | (807,433) | 441,430 | 8,493,257 | 9,075,889 |
| **Expenses** | | | | | |
| Orchestra/artist fees/travel/housing | 3,641,347 | - | - | 3,641,347 | 3,424,598 |
| Special artistic | 685,269 | - | - | 685,269 | 533,689 |
| Marketing | 379,530 | - | - | 379,530 | 388,989 |
| Administrative | 384,618 | - | - | 384,618 | 637,987 |
| Salary, benefits and bonus | 1,844,373 | - | - | 1,844,373 | 1,991,078 |
| Fundraising | 373,418 | - | - | 373,418 | 305,307 |
| In-Kind | 1,572,760 | - | - | 1,572,760 | 1,591,221 |
| **Total Expenses** | 8,881,315 | - | - | 8,881,315 | 8,872,869 |
| **Change in Net Assets (Deficit)** | (22,055) | (807,433) | 441,430 | (388,058) | 203,020 |
| **Net Assets - Beginning of Year** | 1,604,921 | 1,840,835 | 5,532,614 | 8,978,370 | 8,775,350 |
| **Net Assets - End of Year** | 1,582,866 | 1,033,402 | 5,974,044 | 8,590,312 | 8,978,370 |

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

**Bravo! Colorado at Beaver Creek - Vail, Inc.and Bravo! Colorado Music Festival Endowment Foundation**
**dba Bravo! Vail**
**(Colorado Non-Profit Corporations)**
**Consolidated Statement of Cash Flows**
**For the Year Ended September 30, 2017**
**With Comparative Totals For September 30, 2016**

| | 2017 | | | | |
|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | 2016 |
| **Cash Flows from Operating Activities** | | | | | |
| Cash received for concert tickets | 2,309,477 | - | - | 2,309,477 | 2,315,426 |
| Cash received for donor support | 3,504,426 | 232,653 | - | 3,737,079 | 5,308,999 |
| Cash received from investing | 2,767 | 6,649 | 197,056 | 206,472 | 329,497 |
| Cash received from other sources | 152,410 | 1,693 | - | 154,103 | 182,091 |
| Cash (paid) for salaries, payroll taxes, and benefits | (1,713,207) | - | - | (1,713,207) | (1,757,501) |
| Cash (paid) to artists for fees, housing, and travel | (4,326,616) | - | - | (4,326,616) | (3,958,287) |
| Cash (paid) for other goods and services | (1,233,358) | - | - | (1,233,358) | (1,271,781) |
| Transfers, net | 1,097,630 | (1,097,630) | - | - | - |
| **Net Cash Provided by Operating Activities** | (206,471) | (856,635) | 197,056 | (866,050) | 1,148,444 |
| **Cash Flows from Investing Activities** | | | | | |
| Purchase of equipment | - | - | - | - | (134,071) |
| Sale (purchase) of investments, net of redemptions | - | 659,930 | (197,049) | 462,881 | (1,619,040) |
| **Net Cash (Used) by Investing Activities** | - | 659,930 | (197,049) | 462,881 | (1,753,111) |
| **Net Increase in Cash** | (206,471) | (196,705) | 7 | (403,169) | (604,667) |
| **Cash Balance and Cash Equivalents - Beginning of Year** | 513,293 | 946,376 | 11,680 | 1,471,349 | 2,076,016 |
| **Cash Balance and Cash Equivalents - End of Year** | 306,822 | 749,671 | 11,687 | 1,068,180 | 1,471,349 |
| **Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities** | | | | | |
| Change in net assets | (22,055) | (807,433) | 441,430 | (388,058) | 203,020 |
| **Adjustments** | | | | | |
| Depreciation | 48,238 | - | - | 48,238 | 38,674 |
| Amortization | 21,855 | - | - | 21,855 | 16,616 |
| Unrealized (gain)/loss on investments | - | - | (394,374) | (394,374) | - |
| (Increase) decrease in accounts receivable | (186,302) | 67,375 | - | (118,927) | 651,404 |
| (Increase) decrease in inventory | (645) | - | - | (645) | (2,808) |
| (Increase) decrease in prepaid expenses | (13,102) | - | - | (13,102) | (5,834) |
| Increase (decrease) in due to/from other net asset class | (33,423) | (116,577) | 150,000 | - | - |
| Increase (decrease) in accounts payable and accrued items | (21,037) | - | - | (21,037) | 247,372 |
| **Total Adjustments** | (184,416) | (49,202) | (244,374) | (477,992) | 945,424 |
| **Net Cash Provided by Operating Activities** | (206,471) | (856,635) | 197,056 | (866,050) | 1,148,444 |
| **Schedule of Non-Cash Activities** | | | | | |
| In-kind contribution | 1,572,760 | - | - | 1,572,760 | 1,591,221 |
| | 1,572,760 | - | - | 1,572,760 | 1,591,221 |

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

**Bravo! Colorado at Beaver Creek - Vail, Inc.**
**and Bravo! Colorado Music Festival Endowment Foundation**
**dba Bravo! Vail**
**(Colorado Non-Profit Corporations)**
**Notes to the Consolidated Financial Statements**
**September 30, 2017**

## 1. Organization

Bravo! Colorado at Beaver Creek/Vail, Inc. dba Bravo! Vail is incorporated in the State of Colorado as a non-profit corporation. The By-Laws and Articles of Incorporation are dated December 11, 1987. Bravo! Vail began operations in 1987.

The mission of Bravo! Vail is to stimulate and foster public interest and appreciation of the performing arts, especially music, and to serve the State of Colorado and especially the Vail Valley communities of Vail, Beaver Creek and Avon through the presentation and sponsorship of musical concerts, activities, and events of the highest international standards.

## 2. Reporting Entity

The Bravo! Colorado Music Festival Endowment Foundation (the "Foundation") has been established and organized as a Colorado non-profit corporation and is operated at all times for the exclusive benefit of or to carry out the purpose of the Bravo! Vail. The Foundation is managed by a Board of Directors consisting of six members divided into two classes. The Foundation Board is authorized to engage in professional financial management, to conduct audits, and to oversee the overall performance of the Foundation for the benefit of Bravo. Income from the Foundation may be distributed to Bravo at the discretion of the Foundation Board of Directors. The Foundation's transactions have been presented as permanently restricted on the consolidated financial statements.

## 3. Summary of Significant Accounting Policies

### A. Basis of Accounting

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

### B. Support and Revenue

Unconditional promises to give are recorded as received. Unconditional promises to give which are due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give which are due in subsequent years are reflected as long-term promises to give, and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the pledges are to be received to discount these amounts.

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 Bravo! Vail 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.

## 3. Summary of Significant Accounting Policies (continued)

### C. Cash and Cash Equivalents

Bravo! Vail considers all checking, savings, and money market accounts, as well as all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents for purposes of the Statement of Cash Flows.

### D. Inventory

Bravo! Vail records inventory at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

### E. Investments

Bravo! Vail has invested in certificates of deposits, which are classified as trading for financial statement presentation purposes. Accordingly, these securities are reported on these financial statements at fair value, and all realized and unrealized gains and losses are included in current period earnings.

### F. Allowance for Doubtful Accounts

Bravo! Vail uses the allowance method for recognition of uncollectible receivables, whereby an allowance is established when collectability becomes doubtful. No allowance for doubtful accounts was required at September 30, 2017, as all amounts are considered collectible.

### G. Fixed Assets and Depreciation

Capital assets are defined by Bravo! Vail as assets with an initial cost of $500 or more and an estimated useful life in excess of one year. As previously described, donated fixed assets are recorded at fair market value when received. Purchased fixed assets are recorded at historical cost.

Leasehold improvements (i.e., corporate office) are depreciated using the straight-line method, over the term of the remaining term of the underlying lease.

Fixed assets donated or purchased by Bravo! Vail are capitalized and depreciated on the straight-line basis over the following estimated useful lives:

| | |
|---|---|
| Equipment | 3 years |
| Furniture | 7 years |

### H. Income Taxes

Bravo! Vail consists of non-profit organizations 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.

## 3. Summary of Significant Accounting Policies (continued)

### I. 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.

### J. Subsequent Events

Management has evaluated subsequent events through February 2, 2018; the date these financial statements were available to be issued.

### K. Fair Value Measurements

The carrying amounts reported in the statement of financial position for cash and cash equivalents, prepaid and other assets, accounts payable and accrued liabilities, approximate fair value because of the immediate or short-term maturities of these financial instruments. Bravo! Vail adopted ASC 820, *Fair Value Measurement and Disclosure* as of January 1, 2008, which among other things requires enhanced disclosures about financial assets that are measured and reported at fair value on a recurring basis. ASC 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial assets at fair value. The hierarchy prioritizes the inputs into the following three levels:

**Level 1** - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include money-market funds, mutual funds, listed equities, listed derivatives, cash, and cash equivalents. For the Foundation, Level I investments consist of equity securities and mutual funds.

**Level 2** - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate and government bonds, less liquid and restricted equity securities and certain over-the-counter derivatives. For the Foundation, Level 2 investments consist of money-market funds and pooled investments.

**Level 3** - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include limited partnership interests in corporate private equity and real estate funds, funds of hedge funds, and distressed debt. For the Foundation, Level 3 investments consist of investments made through investment vehicles such as limited partnerships and private corporations which in turn invest in funds of funds, and hedge funds, and fair value charitable remainder trusts. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

## 3. Summary of Significant Accounting Policies (continued)

### L. Due (to) from Other Fund

Bravo! Colorado at Beaver Creek - Vail, Inc. invests available cash that is not required for operations in a consolidated investment account which is shown on the financial statements a temporarily restricted investment account. The due (to) from amounts represents unrestricted invested amounts that are being held in the temporarily restricted investment account. Amounts due from permanently restricted net assets reflect transfers that were approved by the Board and have not been transferred as of year-end.

## 4. Investments

Unrestricted and Temporarily Restricted Investments, at market value, as of September 30, 2017 consist of certificates of deposit in the amount of $572,630.

Permanently restricted assets are held by the Foundation. The Foundation's investment policy includes an objective to grow at a rate of 5% plus inflation as measured by CPI over a five year period of time. The policy's risk parameters allow for limited volatility through asset class diversification and security concentration limits. Sufficient liquidity to allow a 5% withdrawal rate of the fair market value of the portfolio is required. The policy allows for the following category allocations:

| Investment Category | % Range |
|---|---|
| Domestic/Global Equities | 10% - 30% |
| International Equities | 10% - 30% |
| Global Allocation Funds | 5% - 30% |
| Fixed Income | 10% - 40% |
| Diversifying Assets | 0% - 20% |
| Real Assets/Inflation Hedges | 0% - 20% |
| Cash & Short-term Investments | 0% - 20% |

The Foundation had the following investment categories at year end:

| Investment Category | Market Value 09/30/17 |
|---|---|
| Domestic/Global Equity | $ 1,174,510 |
| International Equities | 1,350,440 |
| Global Allocation Funds | 917,124 |
| Fixed Income | 1,551,744 |
| Diversifying Assets | 217,921 |
| Real Assets/Inflation Hedges | 506,366 |
| Cash & Short-term Investments | 1,016,882 |
| Total | $ 6,734,987 |

Of the above investments, all are reflected at market value based upon quoted prices in active markets (Level 1).

## 5. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions that have been restricted by donors for a specific or limited period of time or stated purpose. At September 30, 2017, Bravo! Vail's temporarily restrictive net assets were comprised of the following:

| | | |
|---|---|---|
| Time restrictions: | | |
| Restricted for fiscal year 2018 | $ | 233,287 |
| Purpose restrictions: | | |
| Education funding | | 236,132 |
| Choral funding | | 250,000 |
| Piano funding | | 300,000 |
| Specific performances | | 9,200 |
| Other | | 4,783 |
| Total temporarily restricted assets | $ | 1,033,402 |

## 6. Permanently Restricted Net Assets

Permanently restricted net assets consist of contributions that have been restricted by donors for the establishment of a permanent endowment that can provide investment income for Bravo! Vail operations.

## 7. In-Kind Contributions

Contributions were generally for artists' fees, housing, travel, and advertising. The contribution and related expense are included in Bravo! Vail's financial statements at fair market value. During fiscal year 2017, Bravo! Vail received the following estimated non-cash contributions of products or services:

| | | |
|---|---|---|
| In-Kind - Advertising donations | $ | 16,000 |
| In-Kind - Housing donations | | 296,000 |
| In-Kind - Orchestra donations | | 646,250 |
| In-Kind - Production donations | | 331,432 |
| In-Kind - Other | | 283,078 |
| **Total** | $ | 1,572,760 |

## 8. Lease Commitments

### A. Office Space – Bravo! Vail Operations

Bravo! Vail entered into a lease for office space on April 1, 2009. The initial term of the lease is through September 30, 2019. The lease allows for a five year renewal, subject to certain stipulations.

Annual lease payments under the term of the lease are as follows:

| **Fiscal Year Ending:** | | |
|---|---|---|
| 9/30/2018 | | 58,774 |
| 9/30/2019 | | 58,774 |
| **Total** | $ | 117,548 |

*The annual lease payments will be adjusted based on the U.S. Bureau of Labor Statistics Consumer Price Index ("CPI") for Denver.

Since the inception of this lease, Bravo! Vail has incurred a total of $178,070 in leasehold improvements. Improvements are amortized using the straight-line method over the life of the current applicable lease. Amortization cost for the year ended September 30, 2017, was $135,349.

## 9. Expenses Reported by Functional Classification

The following indicates Bravo! Vail's expenses differentiated by program services and supporting activities:

| | | |
|---|---|---|
| Program services | $ | 6,771,233 |
| Supporting activities: | | |
| Fundraising | | 667,487 |
| Management and general | | 1,442,595 |
| **Total Expenses** | $ | 8,881,315 |

## 10. Retirement Savings Plans

### A. 457(b) Eligible Deferred Compensation Plan

On October 1, 2006, Bravo! Vail established a 457(b) deferred compensation plan for certain of its management employees to enable employees who become covered under the Plan to enhance their retirement security by permitting them to enter into agreements with Bravo! Vail to defer compensation and receive benefits at separation of service, and for financial hardships due to unforeseeable emergencies. Bravo! Vail pays all administrative costs associated with the plan. Withdrawals for certain events are allowed, although a penalty may be imposed by the IRS.

As of September 30, 2017, Bravo! Vail held account balances for five participants.

Matching contributions are vested based on the following vesting schedule:

| | | |
|---|---|---|
| After 1 year of employment | - | 25% vested |
| After 2 years of employment | - | 50% vested |
| After 3 years of employment | - | 75% vested |
| After 4 years of employment | - | 100% vested |

## 11. Conditional Promises to Give

A private foundation (the "Donor") has agreed to contribute $5,000,000. The funds are conditional upon their use to reimburse the Foundation for artistic projects which are funded on an annual basis through a specific grant request.

Conditions on the promise require the Foundation to submit a written request for funds, which include a detailed budget no later than the thirtieth (30$^{th}$) day prior to the end of the preceding fiscal year. The contribution is subject to the Donor's review and approval, including approval of the specific orchestra or other musical talent. The Donor shall disburse any approved amounts to the Foundation, or to third parties on behalf of the Foundation as may be appropriate, between October 1 and October 30 of the fiscal year for which the funds are being requested. Within thirty (30) days of the completion of any fiscal year in which a portion of the fund is used, the Foundation is required to submit to the Donor a final project expense report and an evaluation report.

The pledge agreement allows funds to be requested until the earlier of (i) October 1, 2025 or (ii) the last day of the Foundation's fiscal year ending in 2026.

As of September 30, 2017, $1,200,000 of the $5,000,000 total pledge has been received. The remaining amount of the pledge has not been included as revenue in these financial statements as the donor imposed conditions have not yet been met.

## 12. Uninsured Cash Balances

The Foundation's cash balances held with financial institutions were insured by either the Federal Deposit Insurance Corporation (the "FDIC") or the Securities Investor Protection Corporation (the "SIPC") at September 30, 2017, up to $250,000 for FDIC and $500,000 for SIPC per depositor at each separately chartered FDIC or SIPC member financial institutions. At September 30, 2017, the Foundation's uninsured cash balances totaled $253,605 for FDIC member institutions and $5,608,537 for SIPC member institutions.

## 13. Related Party Transactions

From time to time Board members of the Organization make contributions. At year end $192,342 in unrestricted pledges and $160,500 in temporarily restricted pledges were receivable from Board members.