

**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, 2019



**Bravo! Colorado at Beaver Creek - Vail, Inc.
Bravo! Colorado Music Festival Endowment Foundation
dba Bravo! Vail
(Colorado Non-Profit Corporations)
September 30, 2019**

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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
Vail, Colorado**

Report on the Financial Statements

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, 2019, and the consolidated related statements of activities, functional expenses, 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

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INDEPENDENT AUDITOR'S REPORT
To the Board of Trustees
Bravo! Colorado at Beaver Creek - Vail, Inc.
dba Bravo! Vail
Vail, Colorado

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, 2019, and the changes in its net assets, functional expenses 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018 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 29, 2020

**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, 2019
(With Comparative Totals at September 30, 2018)**

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	1,534,741	2,605,030
Investments at market value	6,035,211	5,335,409
Investments - Certificates of deposit	829,331	471,212
Accounts receivable, net	415,324	1,073,944
Accounts receivable, related parties (See note 11)	390,723	557,875
Inventory	5,491	4,632
Prepaid expenses	57,625	87,917
Total Current Assets	9,268,446	10,136,019
Non-Current Assets		
Deferred compensation plan assets	187,576	247,439
Fixed Assets		
Leasehold Improvements	178,070	178,070
Less: accumulated amortization	(178,070)	(156,877)
Furniture, fixtures and equipment	518,388	460,008
Less: accumulated depreciation	(465,851)	(434,113)
Net Fixed Assets	52,537	47,088
Other Assets		
Works of art, festival piano	58,000	58,000
Total Assets	9,566,559	10,488,546
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	131,803	146,580
Accrued expenses	251,983	242,272
Total Current Liabilities	383,786	388,852
Non-Current Liabilities		
Deferred compensation obligation	187,576	247,439
Total Non-Current Liabilities	187,576	247,439
Total Liabilities	571,362	636,291
Net Assets		
Without donor restrictions	4,869,465	4,778,283
With donor restrictions	4,125,732	5,073,972
Total Net Assets	8,995,197	9,852,255
Total Liabilities and Net Assets	9,566,559	10,488,546

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)
Statement of Activities
For the Year Ended September 30, 2019
(With Comparative Totals for the Year Ended September 30, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues, Gains and Other Support				
Event income	2,367,338	-	2,367,338	2,429,584
Festival contributions	3,667,639	1,042,779	4,710,418	6,103,409
Program advertising	173,752	-	173,752	153,156
Investment income	10,152	80,374	90,526	203,230
Miscellaneous income	29,481	-	29,481	30,711
In-Kind contributions	1,559,938	-	1,559,938	1,637,255
Net assets released from restrictions	2,071,393	(2,071,393)	-	-
Total Revenues, Gains and Other Support	9,879,693	(948,240)	8,931,453	10,557,345
Expenses				
Artistic	3,964,305	-	3,964,305	3,583,052
Concert operations	875,546	-	875,546	735,879
Education	335,722	-	335,722	263,075
Marketing	438,819	-	438,819	317,039
Administrative	525,277	-	525,277	586,256
Salary, benefits and bonus	1,892,090	-	1,892,090	1,908,843
Development	196,814	-	196,814	264,003
In-Kind	1,559,938	-	1,559,938	1,637,255
Total Expenses	9,788,511	-	9,788,511	9,295,402
Change in Net Assets (Deficit)	91,182	(948,240)	(857,058)	1,261,943
Net Assets - Beginning of Year	4,778,283	5,073,972	9,852,255	8,590,312
Net Assets - End of Year	4,869,465	4,125,732	8,995,197	9,852,255

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Bravo! Colorado at Beaver Creek - Vail, Inc. and Bravo! Colorado Music Festival Endowment Foundation
dba Bravo! Vail
(Colorado Non-Profit Corporations)
Statement of Functional Expenses
For the Year Ended September 30, 2019
(With Comparative Totals for September 30, 2018)

	2019			2018
	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Artistic:				
Artist staff	251,707	-	-	251,707
Artist staff expenses	16,369	-	-	16,369
Artist fees	565,463	-	-	565,463
Housing	659,096	-	-	659,096
Orchestras	2,471,670	-	-	2,471,670
Concert Operations:				
Chamber hall rental	12,450	-	-	12,450
Gerald Ford Amphitheatre	141,978	-	-	141,978
Equipment rental / sound engineer	116,002	-	-	116,002
Amphitheatre screen usage	24,797	-	-	24,797
Piano	23,909	-	-	23,909
Photographer / videography	49,857	-	-	49,857
Production crew salaries	75,161	-	-	75,161
Concert production	284,606	-	-	284,606
Operations salaries	114,912	-	-	114,912
Soiree expenses	31,874	-	-	31,874
Education:				
Adult education	2,650	-	-	2,650
Education - artist fees	55,323	-	-	55,323
Family concerts	11,142	-	-	11,142
Internship expenses	5,199	-	-	5,199
After-School programs	15,886	-	-	15,886
Education - marketing	15,040	-	-	15,040
Education - administration	23,984	-	-	23,984
Education salaries	206,498	-	-	206,498
Marketing:				
Marketing & PR projects	28,010	-	-	28,010
Advertising - print	30,286	-	-	30,286
Advertising - broadcast	22,487	-	-	22,487
Advertising - outdoor	9,383	-	-	9,383
Digital	53,029	-	-	53,029
Direct response	31,381	-	-	31,381
PR & content	49,647	-	-	49,647
Research	7,904	-	-	7,904
Hospitality	6,868	-	-	6,868
Website design & maintenance	28,473	-	-	28,473
Special marketing projects	95,860	-	-	95,860
Festival design / collateral	75,491	-	-	75,491

(continued)

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Bravo! Colorado at Beaver Creek - Vail, Inc. and Bravo! Colorado Music Festival Endowment Foundation
dba Bravo! Vail
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Statement of Functional Expenses
For the Year Ended September 30, 2019
(With Comparative Totals for September 30, 2018)

	2019			2018	
	Supporting Services				
	Program Services	Management and General	Fundraising		
Development:					
Donor cultivation	-	-	42,705	42,705	57,479
Gala dinner expenses	-	-	13,390	13,390	116,194
Development planning / travel	-	-	7,100	7,100	7,194
Donor events	-	-	125,769	125,769	76,270
Postage - fundraising	-	-	7,850	7,850	6,866
Administration:					
Office rent	48,246	18,954	18,954	86,154	86,154
Utilities	2,242	881	881	4,004	5,215
Postage - admin	-	10,042	-	10,042	10,444
Telephone	-	9,973	-	9,973	10,016
Office supplies	-	18,600	-	18,600	22,056
Administrative expenses	-	21,152	-	21,152	20,231
Office equipment	-	19,718	-	19,718	30,313
Network licensing & maintenance	56,776	26,358	32,806	115,940	96,926
Stationery / ticket stock	1,972	4,349	3,620	9,941	7,327
Executive Director expenses	-	8,877	-	8,877	8,337
Staff travel / long distance	122	5,781	3,563	9,466	25,220
Board expenses	-	5,598	-	5,598	8,473
Accounting / audit	-	11,426	-	11,426	10,300
Transaction / processing fees	22,236	18,168	34,484	74,888	108,340
Office maintenance / storage	4,001	9,177	-	13,178	12,914
Festival insurance policies	33,688	-	-	33,688	38,018
Guild expenses	6,057	-	-	6,057	7,827
Consulting fees	-	13,644	-	13,644	19,631
Bank service fees	-	-	-	-	-
Depreciation & amortization	-	52,931	-	52,931	58,514
Salaries / Taxes:					
Administrative salaries	-	570,794	-	570,794	669,695
Development salaries	-	-	402,240	402,240	285,830
Box Office salaries	126,840	-	-	126,840	123,671
Marketing salaries	220,647	-	-	220,647	344,264
Employee health benefits	71,694	37,709	36,438	145,841	141,026
Retirement benefit management	-	3,509	-	3,509	1,662
Employer taxes	140,296	-	-	140,296	125,252
Worker's compensation	-	4,879	-	4,879	6,110
Employer retirement contribution	22,660	27,016	14,433	64,109	41,551
Employee development	-	20,333	-	20,333	4,057
Employee recognition	109,950	43,852	38,800	192,602	165,725
In-kind	1,559,938	-	-	1,559,938	1,637,255
Total Expenses	<u>8,041,757</u>	<u>963,721</u>	<u>783,033</u>	<u>9,788,511</u>	<u>9,295,402</u>
Percentages	82%	10%	8%	100%	
Percentages without in-kind	<u>79%</u>	<u>12%</u>	<u>10%</u>	<u>100%</u>	

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
dba Bravo! Vail
(A Colorado Non-Profit Corporation)
Statement of Cash Flows
For the Year Ended September 30, 2019
(With Comparative Totals for the Year Ended September 30, 2018)

	2019	2018
Cash Flows from Operating Activities		
Cash received for concert tickets	2,367,338	2,675,987
Cash received for donor support	5,190,334	5,127,097
Interest and dividends received	268,147	504,790
Cash received from other sources	203,233	183,867
Cash (paid) for salaries, payroll taxes, and benefits	(1,717,092)	(1,745,567)
Cash (paid) to artist expenses	(4,839,851)	(4,318,931)
Cash (paid) for other goods and services	(1,594,333)	(1,567,428)
Net Cash Provided by Operating Activities	(122,224)	859,815
Cash Flows from Investing Activities		
Purchase of equipment	(58,380)	-
Sale (purchase) of investments, net of redemptions	(889,685)	1,119,046
Net Cash (Used) by Investing Activities	(948,065)	1,119,046
Net Increase in Cash	(1,070,289)	1,978,861
Cash Balance and Cash Equivalents - Beginning of Year	2,605,030	626,169
Cash Balance and Cash Equivalents - End of Year	1,534,741	2,605,030
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in net assets	(857,058)	1,261,943
Adjustments to reconcile:		
Depreciation	31,738	36,986
Amortization	21,193	21,528
Net realized (gain) loss on investments	94,051	-
Net unrealized (gain) loss on investments	83,570	256,780
Donated securities	(345,856)	-
(Increase) decrease in accounts receivable	825,772	(729,913)
(Increase) decrease in inventory	(859)	106
(Increase) decrease in prepaid expenses	30,292	(64,005)
Increase (decrease) in accounts payable and accrued items	(5,067)	76,390
	734,834	(402,128)
Net Cash Provided by Operating Activities	(122,224)	859,815
Schedule of Non-Cash Activities		
In-kind contribution	1,559,938	1,637,255
	1,559,938	1,637,255

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, 2019**

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

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, Bravo! Vail. The Foundation is managed by a Board of Directors consisting of six members. The Foundation Board is authorized to engage in professional financial management and to oversee the overall performance of the Foundation for the benefit of Bravo! Vail. Income from the Foundation may be distributed to Bravo! Vail at the discretion of the Foundation Board of Directors. The Foundation's transactions have been presented as donor 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 earned and expenses when incurred.

B. Basis of Presentation and Net Assets

Bravo! Vail 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:

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

With Donor Restrictions – Net assets subject to restrictions imposed by donors or grantors. 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. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has lapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

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.

Bravo! Colorado at Beaver Creek - Vail, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
September 30, 2019
(Continued)

3. Summary of Significant Accounting Policies (continued)

D. Investments

Bravo! Vail 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 considered to be without restrictions 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. 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, 2019, as all amounts are considered collectible.

G. Inventory

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

H. 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 are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Furniture and equipment	3 - 5 years
Website	3 years
Leasehold improvements	3 - 6 years

**Bravo! Colorado at Beaver Creek - Vail, Inc.
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Notes to the Consolidated Financial Statements
September 30, 2019
(Continued)**

3. Summary of Significant Accounting Policies (continued)

I. Support and Revenue

Contributions of cash and other assets are reported as with donor or grantor restriction if they are received with donor or grantor stipulations that limit or specify the use of the donated assets, whether by time, period, or purpose. When a donor or grantor restriction expires – that is, when a stipulated time restriction ends or the stated purpose restriction is accomplished – donor / grantor restricted net assets are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions. Contributions with donor restriction received and released from restrictions within the same fiscal year are reported as contributions without donor restriction.

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. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Non-monetary contributions of goods and services are recorded at their fair values in the period 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 the services are considered “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. Nonmonetary donations are recognized as revenue and offsetting expense or asset, depending on the nature of such support received.

Program services fees received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred

J. 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.

Unrelated business income is income derived from a trade or business by the exempt organization that is not substantially related to the performance of the organization’s exempt purpose or function. For the year ended September 30, 2019, Bravo! Vail had no unrelated business income.

The Federal information returns of Bravo! Vail are subject to examination by the Internal Revenue Service. Bravo! Vail’s returns are no longer subject to examination for tax years prior to fiscal year 2016.

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Notes to the Consolidated Financial Statements
September 30, 2019
(Continued)**

3. Summary of Significant Accounting Policies (continued)

K. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Bravo! Vail. These expenses include depreciation, certain personnel salaries and benefits, information technology, and utilities. Depreciation is allocated based on use of assets and location of assets. Salaries and benefits are allocated based on position or time spent on each function. Information technology is allocated based on time spent and specific technology utilized. Utilities are allocated based on location

L. 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.

M. 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 Bravo! Vail's financial statements as of and for the year ended September 30, 2018, from which the comparative totals were derived.

N. Subsequent Events

Management has evaluated potential subsequent events prior to February 29, 2020, any such events have been included in these financial statements.

4. Investments

Investments are stated at their estimated fair values. Bravo! Vail's investment assets are dedicated to providing the financial resources needed to meet the Bravo! Vail's charitable objectives. Bravo! Vail's investments are managed by an independent professional investment management firm and are held in various investment structures such as mutual funds. 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.

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Notes to the Consolidated Financial Statements
September 30, 2019
(Continued)**

4. Investments (continued)

The fair values of Bravo! Vail's investments measured on a recurring basis at September 30, 2019 were as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Certificates of deposit	\$ 829,331	829,331	-	-
Equities	2,650,159	2,650,159	-	-
Mutual funds and exchanged-traded funds	3,385,052	3,385,052	-	-
Total	\$ 6,864,542	6,864,542	-	-

Assets with donor restrictions 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 09/30/19
Domestic/Global Equity	\$ 1,840,542
International Equities	809,617
Emerging Markets	380,500
Global Allocation Funds	686,824
Fixed Income	1,974,863
Real Assets/Inflation Hedges	342,865
Certificates of Deposit	829,331
Total	\$ 6,864,542

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September 30, 2019
(Continued)**

5. Liquidity and Availability of Resources

Bravo! Vail's net assets consist of donor-restricted amounts and amounts without donor restrictions. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditures. Bravo! Vail's investment policy and liquidity management are structured around retaining an investment portfolio with moderate growth income. The objectives of the policy are to preserve capital so that capital losses are minimized, maintain rates of return comparable to other similar investment markets, and invest in instruments that are mostly short term in nature, to ensure Bravo! Vail's financial obligations can be met when due.

Bravo! Vail's financial assets available within one year from September 30, 2019 for general expenditures are as follows:

Cash and cash equivalents	\$ 2,364,072
Accounts and interest receivable	806,047
Liquid and short-term investments	<u>6,035,211</u>
 Total	 <u><u>\$ 9,205,330</u></u>

6. Endowment

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. The Foundation's endowment consists of a donor-restricted endowment to support the longevity of Bravo! Vail. The donor-restricted endowment fund corpus may not be drawn down or pledge as collateral for a loan or other liability; however, interest and other returns earned on the donor-restricted endowment fund are considered to be undesignated, and may be used for operating purposes upon approval of a two-third majority of the Foundation's Board of Directors.

The composition of the Foundation's endowment fund net assets by type as of September 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund:			
Original Board-designated amount	\$ 179,260	-	179,260
Accumulated investment gains	3,495,139	-	3,495,139
Donor-restricted endowment fund:			
Amount required to be maintained in perpetuity by donor	<u>-</u>	<u>2,375,852</u>	<u>2,375,852</u>
	<u><u>\$ 3,674,399</u></u>	<u><u>2,375,852</u></u>	<u><u>6,050,251</u></u>

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6. Endowment (continued)

Changes in the Foundation's endowment net assets, including Board-designated endowment, during the year ended September 30, 2019 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets - Beginning of year	\$ 3,797,218	2,375,852	6,173,070
Investment return, net	78,781	-	78,781
Contributions	-	-	-
Appropriation of endowment assets for expenditure	<u>(201,600)</u>	<u>-</u>	<u>(201,600)</u>
Endowment net assets - End of year	<u>\$ 3,674,399</u>	<u>2,375,852</u>	<u>6,050,251</u>

7. Office Space – Bravo! Vail Operations

Bravo! Vail entered into a lease for office space on April 1, 2009. The initial lease expired September 30, 2019, and upon execution of a second amendment, was renewed through September 30, 2024. The lease allows for one additional five-year renewal, subject to certain stipulations.

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

Fiscal Year Ending:	
9/30/2020	\$ 66,599
9/30/2021	68,597
9/30/2022	70,595
9/30/2023	72,593
9/30/2024	<u>74,591</u>
Total	<u>\$ 352,975</u>

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, 2019, was \$35,614.

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8. Classification of Net Assets and Net Assets Released from Restriction

During the year ended September 30, 2019, the following assets were released from restriction:

Purpose restrictions accomplished:	
Piano funding	\$ 87,250
Choral funding	50,000
Education funding	204,090
Artistic Excellence	-
Specific performances	896,053
General Foundation programs and operations	<u>834,000</u>
Total restrictions released	<u>\$ 2,071,393</u>

At September 30, 2019, Bravo! Vail had the following net assets both without donor restrictions and with donor restrictions:

Without donor restrictions:	
Undesignated	\$ 4,816,928
Invested in property and equipment, net of debt	<u>52,537</u>
Total net assets without donor restrictions	<u>\$ 4,869,465</u>
With donor restrictions:	
Perpetual in nature	
Foundation programs and operations	\$ 2,381,153
<u>Purpose restrictions:</u>	
Piano funding	137,750
Choral funding	150,000
Education funding	135,094
Artistic Excellence	208,500
Specific performances	10,000
General Foundation programs and operations	699,050
<u>Time-restricted for future periods:</u>	
General future pledges	<u>404,185</u>
Total net assets with donor restrictions	<u>\$ 4,125,732</u>
Total Net Assets	<u>\$ 8,995,197</u>

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9. 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 2019, Bravo! Vail received the following estimated non-cash contributions of products or services:

In-Kind - Advertising donations	\$ 16,000
In-Kind - Housing donations	337,251
In-Kind - Orchestra donations	646,250
In-Kind - Production donations	317,027
In-Kind - Other	<u>243,410</u>
Total	<u>\$ 1,559,938</u>

10. Retirement Savings Plans - 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, 2019, Bravo! Vail held account balances for two 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 Bravo! Vail for artistic projects which are funded on an annual basis through a specific grant request.

Conditions on the promise require Bravo! Vail to submit a written request for funds, which include a detailed budget no later than the thirtieth (30th) 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 Bravo! Vail, or to third parties on behalf of Bravo! Vail 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, Bravo! Vail is required to submit to the Donor a final project expense report and an evaluation report.

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11. Conditional Promises to Give (continued)

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

As of September 30, 2019, \$2,615,000 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. Concentrations of Credit Risk

The Federal Deposit Insurance Corporation ("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 September 30, 2019, \$841,772 of Bravo! Vail's cash and cash equivalents were not covered by FDIC insurance.

The Securities Investor Protection Corporation ("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 September 30, 2019, \$5,955,443 of Bravo! Vail's cash and investments were not covered by SIPC insurance.

13. Related Party Transactions

From time to time Board, advisory, and staff members of the Organization make contributions. At year end \$29,000 in unrestricted pledges and \$361,723 in temporarily restricted pledges were receivable from these individuals.