

**Davis Phinney Foundation**

(a nonprofit Ohio corporation)

Boulder, Colorado

**Financial Statements**

December 31, 2018 and 2017

# Davis Phinney Foundation

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## **Independent Auditor's Report**

To the Board of Directors  
Davis Phinney Foundation  
Boulder, Colorado

We have audited the accompanying financial statements of Davis Phinney Foundation (a nonprofit Ohio corporation), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

The Organization's 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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.

**Independent Auditor's Report (continued)**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Davis Phinney Foundation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Brock and Company, CPAs, P.C.*

Certified Public Accountants

Longmont, Colorado  
March 12, 2019

# Davis Phinney Foundation

## Statements of Financial Position

December 31	2018	2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 768,662	\$ 1,059,909
Investments, at fair value	1,243,309	795,054
Accounts receivable	82,571	2,500
Pledge receivable, current portion	7,000	7,000
Accrued interest receivable	4,958	-
Inventory	1,088	7,251
Prepaid expenses and other current assets	80,672	24,401
Total current assets	<u>2,188,260</u>	<u>1,896,115</u>
<b>Equipment</b>		
Furniture, fixtures, and equipment	44,309	33,409
Less accumulated depreciation	<u>(24,516)</u>	<u>(19,217)</u>
Net equipment	<u>19,793</u>	<u>14,192</u>
<b>Other Assets</b>		
Pledge receivable, net of current portion	2,028	10,741
Deposits and other assets	<u>6,618</u>	<u>1,721</u>
Total other assets	<u>8,646</u>	<u>12,462</u>
Total assets	<u>\$ 2,216,699</u>	<u>\$ 1,922,769</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 62,592	\$ 46,000
Grants payable, current	54,350	35,601
Accrued compensation and benefits	106,908	77,358
Deferred revenue	390,076	391,360
Total current liabilities	<u>613,926</u>	<u>550,319</u>
<b>Long-Term Liability</b>		
Grants payable, long-term	40,415	3,612
Total liabilities	<u>654,341</u>	<u>553,931</u>
<b>Net Assets</b>		
Without donor restrictions	1,544,501	1,350,981
With donor restrictions	<u>17,857</u>	<u>17,857</u>
Total net assets	<u>1,562,358</u>	<u>1,368,838</u>
Total liabilities and net assets	<u>\$ 2,216,699</u>	<u>\$ 1,922,769</u>

The accompanying Notes are an integral  
part of these financial statements

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# Davis Phinney Foundation

## Statements of Activities

Years ended December 31

2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Special events income	\$ 1,043,819	\$ -	\$ 1,043,819
Special events expense	(109,664)	-	(109,664)
Grants	906,098	-	906,098
Contributions	539,636	110,464	650,100
Other income	-	-	-
Interest income	25,837	-	25,837
Merchandise sales, net	8,595	-	8,595
Net assets released from restrictions	110,464	(110,464)	-
Total support and revenue	<u>2,524,785</u>	<u>-</u>	<u>2,524,785</u>
<b>Functional Expenses</b>			
Program services	1,801,424	-	1,801,424
Supporting services			
General and administrative	124,860	-	124,860
Fundraising	403,290	-	403,290
Total functional expenses	<u>2,329,574</u>	<u>-</u>	<u>2,329,574</u>
<b>Losses</b>			
Unrealized loss on investments	1,691	-	1,691
Loss on sale of equipment	-	-	-
Total losses	<u>1,691</u>	<u>-</u>	<u>1,691</u>
Total functional expenses and losses	<u>2,331,265</u>	<u>-</u>	<u>2,331,265</u>
<b>Change in Net Assets</b>	<b>193,520</b>	<b>-</b>	<b>193,520</b>
<b>Net Assets, Beginning of Year</b>	<u>1,350,981</u>	<u>17,857</u>	<u>1,368,838</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,544,501</u>	<u>\$ 17,857</u>	<u>\$ 1,562,358</u>

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2017

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<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 863,452	\$ 12,864	\$ 876,316
(132,941)	-	(132,941)
662,583	70,000	732,583
614,104	38,960	653,064
464	-	464
2,885	-	2,885
579	-	579
168,596	(168,596)	-
<u>2,179,722</u>	<u>(46,772)</u>	<u>2,132,950</u>
1,449,003	-	1,449,003
95,674	-	95,674
344,718	-	344,718
<u>1,889,395</u>	<u>-</u>	<u>1,889,395</u>
-	-	-
327	-	327
<u>327</u>	<u>-</u>	<u>327</u>
<u>1,889,722</u>	<u>-</u>	<u>1,889,722</u>
290,000	(46,772)	243,228
<u>1,060,981</u>	<u>64,629</u>	<u>1,125,610</u>
<u>\$ 1,350,981</u>	<u>\$ 17,857</u>	<u>\$ 1,368,838</u>

The accompanying Notes are an integral  
part of these financial statements

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# Davis Phinney Foundation

## Statements of Functional Expenses

Years ended December 31

2018

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries	\$ 578,050	\$ 74,125	\$ 259,992	\$ 912,167
Payroll taxes and benefits	86,444	13,219	30,637	130,300
Total personnel	664,494	87,344	290,629	1,042,467
Program events	248,985	1	18,979	267,965
Program manuals	191,649	-	-	191,649
Research awards and grants	171,156	-	-	171,156
Travel and meals	126,379	536	3,963	130,878
Postage and shipping	107,671	68	5,111	112,850
Computer and information technology	70,723	10,365	15,775	96,863
Consulting	47,940	4,511	9,451	61,902
Printing	43,246	85	10,441	53,772
Multimedia expense	45,649	103	5,180	50,932
Rent	34,380	2,352	9,168	45,900
Contract labor	2,340	631	19,300	22,271
Telephone and Internet	11,109	929	2,395	14,433
Advertising	12,950	67	404	13,421
Legal and professional fees	186	9,969	-	10,155
Repairs and maintenance	6,034	402	1,609	8,045
Office expenses	5,691	693	1,620	8,004
Bank fees	1,463	13	5,965	7,441
Taxes and licenses	200	5,721	-	5,921
Miscellaneous	852	581	1,176	2,609
Insurance	3,383	159	635	4,177
Dues and subscriptions	970	65	429	1,464
Total expenses before depreciation	1,797,450	124,595	402,230	2,324,275
Depreciation	3,974	265	1,060	5,299
Total expenses	\$ 1,801,424	\$ 124,860	\$ 403,290	\$ 2,329,574



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2017

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Program Services	Supporting Services		Total Expenses
	General and Administrative	Fundraising	
\$ 447,330	\$ 50,302	\$ 249,205	\$ 746,837
44,566	13,905	23,745	82,216
<u>491,896</u>	<u>64,207</u>	<u>272,950</u>	<u>829,053</u>
234,655	22	1,351	236,028
182,124	-	-	182,124
83,610	-	-	83,610
102,030	1,837	8,197	112,064
68,783	103	4,387	73,273
47,950	7,397	7,691	63,038
23,982	1,578	6,314	31,874
19,750	32	5,320	25,102
117,305	353	3,671	121,329
32,020	2,130	8,521	42,671
3,353	80	11,818	15,251
9,993	626	2,256	12,875
9,401	5	218	9,624
-	11,200	-	11,200
1,034	79	276	1,389
6,684	742	2,449	9,875
1,482	48	5,363	6,893
5,097	707	1,430	7,234
2,478	3,036	422	5,936
1,714	1,247	457	3,418
486	33	780	1,299
<u>1,445,827</u>	<u>95,462</u>	<u>343,871</u>	<u>1,885,160</u>
<u>3,176</u>	<u>212</u>	<u>847</u>	<u>4,235</u>
<u>\$ 1,449,003</u>	<u>\$ 95,674</u>	<u>\$ 344,718</u>	<u>\$ 1,889,395</u>

The accompanying Notes are an integral  
part of these financial statements

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# Davis Phinney Foundation

## Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2018	2017
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 193,520	\$ 243,228
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	5,299	4,235
Unrealized loss on investments	1,691	-
Loss on sale of equipment	-	327
Amortization of pledge receivable discount	(81)	(1,120)
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	(79,990)	2,500
Pledge receivable	8,713	8,120
Accrued interest receivable	(4,958)	-
Inventory	6,163	7,404
Prepaid expenses and other current assets	(56,271)	10,076
Deposits and other assets	(4,897)	650
Accounts payable	16,592	36,571
Grants payable	55,552	(50,146)
Accrued compensation and benefits	29,550	41,571
Deferred revenue	(1,284)	174,180
Net cash provided by operating activities	<u>169,599</u>	<u>477,596</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from maturity of investments	1,597,054	502,775
Purchases of investments	(2,047,000)	(1,046,744)
Purchases of equipment	(10,900)	(8,721)
Proceeds from sale of equipment	-	800
Net cash used by investing activities	<u>(460,846)</u>	<u>(551,890)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(291,247)</b>	<b>(74,294)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,059,909</b>	<b>1,134,203</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 768,662</b>	<b>\$ 1,059,909</b>

The accompanying Notes are an integral  
part of these financial statements

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# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

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

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

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

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

*Changes in Accounting Principles.* Commencing on January 1, 2018, the Organization adopted the provisions of FASB ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities, which became effective. The update changes the presentation of net assets, required the presentation of the statement of functional expenses, modifies the presentation of cash flows, requires certain disclosures about liquidity and availability of resources, and provides for disclosures of investment return. The change in accounting principle has been retroactively applied to all periods presented.

*Net Asset Classification.* The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. The Organization complies with established standards for external reporting by not-for-profit organizations, which requires that resources be classified for reporting purposes into two net asset categories according to externally (donor) imposed restrictions. The two net asset categories are as follows:

*Net assets without donor restrictions.* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net assets with donor restrictions.* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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

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

# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

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

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

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

The Organization values certificates of deposit at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. Early withdrawal charges may apply in the event the instruments are liquidated prior to their scheduled maturity date. There have been no changes in the methodologies used at December 31, 2018 and 2017.

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

# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

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

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

*Accounts Receivable.* Accounts receivable are stated net of allowances for uncollectible accounts. At the time accounts receivable are originated, the Organization considers an allowance for doubtful accounts based on the creditworthiness of the customer. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Organization on an ongoing basis. Management believes that substantially all accounts receivable are fully collectible at December 31, 2018 and 2017.

*Promises to Give.* Unconditional promises to give (pledges) are recognized as revenues in the period received. Pledges receivable are recorded at the amount the Organization expects to receive, allowing for estimated uncollectible pledges. The allowance for uncollectible pledges is estimated based on management's review of specific pledges outstanding. There was no allowance for doubtful accounts for the years ended December 31, 2018 and 2017 as management believes that all of the pledges receivable are collectible. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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

*Equipment.* It is the Organization's policy to capitalize equipment at cost for purchases over \$2,500, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Equipment is depreciated using straight-line methods over the estimated useful lives of the assets, which is generally two to seven years. Depreciation expense for the years ended December 31, 2018 and 2017 was \$5,299 and \$4,235, respectively.

*Impairment of Long-Lived Assets.* In the event that facts and circumstances indicate that equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2018 and 2017.

*Revenue Recognition.* Payments received for sponsorships that are reciprocal in nature are deferred and recognized as the events occur and services are rendered.

# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

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

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

*Contributed Services.* Contributed services are recognized if the services received satisfy the criteria for recognition. The contributions of services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No donated services were recognized in 2018 or 2017.

*Advertising.* The Organization expenses advertising costs, including donated advertising, as they are incurred. Advertising expense for the years ended December 31, 2018 and 2017 totaled \$13,421 and \$9,624, respectively.

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

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

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

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

As of December 31, 2018, income tax years ending December 31, 2015 through the current year are open for examination. Penalties and interest may be assessed on income taxes that are delinquent.

# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

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

*Concentrations.* Cash is routinely maintained in excess of federally insured limits. Additionally, at December 31, 2018, 99% of accounts receivable were due from a single grantor.

*Reclassifications.* Certain amounts from the financial statements for the year ended December 31, 2017 have been reclassified to conform with reporting for December 31, 2018, without affecting the change in net assets.

*Subsequent Events.* The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through March 12, 2019, the date at which the financial statements were available for release.

### Note 2 - Availability and Liquidity

The following represents the Organization's financial assets for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Financial assets at year end		
Cash and cash equivalents	\$ 768,662	\$1,059,909
Investments	1,243,309	795,054
Accounts receivable	<u>82,571</u>	<u>2,500</u>
Total financial assets	<u>2,094,542</u>	1,857,463
Less amounts not available to be used within one year		
Restricted community funds	<u>17,857</u>	<u>17,857</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,076,685</u>	<u>\$1,839,606</u>

The Organization's goal is generally to maintain financial assets to meet ten months of operating expenses, which are approximately \$1,900,000. As part of its liquidity plan, the Organization invests in short term certificates of deposit with staggered maturity dates that are available for liquidation as needed.

### Note 3 - Investments

The following table sets forth by level, within the fair value hierarchy, the Organization's investments, at fair value, as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	<u>\$ -</u>	<u>\$ 1,243,309</u>	<u>\$ -</u>	<u>\$ 1,243,309</u>

# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

### Note 3 - Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments, at fair value, as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	<u>\$ -</u>	<u>\$ 795,054</u>	<u>\$ -</u>	<u>\$ 795,054</u>

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

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2018 and 2017, there were no significant transfers in or out of fair value levels.

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

	<u>2018</u>	<u>2017</u>
Interest earned on investments and cash deposits	<u>\$ 25,837</u>	<u>\$ 2,885</u>
Unrealized loss on investments	<u>(1,691)</u>	<u>-</u>
	<u>\$ 24,146</u>	<u>\$ 2,885</u>

### Note 4 - Pledge Receivable

The Organization has a pledge receivable related to a donor bequest. A schedule of expected collections is as follows as of December 31, 2018:

<u>Year</u>	<u>Amount</u>
2019	<u>\$ 7,000</u>
2020	<u>2,109</u>
	<u>9,109</u>
Less valuation allowances	<u>(81)</u>
	<u>\$ 9,028</u>

Unconditional promises to give are measured in the aggregate using present value techniques that consider historical trends of collection similar to these fund raising activities, the type of donor, general economic conditions, and market interest rate assumptions. The interest element resulting from amortization of the discount for the time value of money is reported as contribution revenue. At December 31, 2018 and 2017, amounts that are due beyond one year from the year end are discounted at an effective rate of 4%.



# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

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### Note 5 - Grants Payable

The Organization has made unconditional promises to grant funds to certain recipients. A schedule of committed payments is as follows at December 31, 2018:

<u>Year</u>	<u>Amount</u>
2019	\$ 54,350
2020	40,415
	<u>\$ 94,765</u>

### Note 6 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years ended December 31, 2018 and 2017 :

	<b>Community Support</b>	<b>Program Manuals</b>	<b>Research</b>	<b>Total</b>
Balance, January 1, 2017	\$ 64,629	\$ -	\$ -	\$ 64,629
Additions	12,864	108,960	-	121,824
Releases	(59,636)	(108,960)	-	(168,596)
Balance, January 1, 2018	<b>\$ 17,857</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,857</b>
Additions	-	<b>110,464</b>	-	<b>110,464</b>
Releases	-	<b>(110,464)</b>	-	<b>(110,464)</b>
Balance, December 31, 2018	<b><u>\$ 17,857</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 17,857</u></b>

### Note 7 - Operating Leases

The Organization leased a building in Boulder, Colorado under a noncancelable operating lease. The lease required monthly base rent payments of \$2,220, and required the Organization to pay expenses and utilities. The lease expired in September 2018 and was extended on a month-to-month basis through January 2019. Rent expense under the lease totaled \$45,900 and \$42,671 for the years ended December 31, 2018 and 2017, respectively.

The Organization relocated to new office facilities in Louisville, Colorado during January 2019. The lease requires monthly base rent payments of \$4,897, with an escalated payment schedule. The lease also requires the Organization to pay pro-rata common costs. The lease expires in April 2024.

# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

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### Note 7 - Operating Leases (continued)

Future annual minimum base lease payments required under the operating leases are as follows at December 31, 2018:

<u>Year</u>	<u>Amount</u>
2019	\$ 44,075
2020	60,313
2021	62,376
2022	64,438
2023	66,499
Thereafter	17,269
	<u>\$ 314,970</u>

### Note 8 - Commitments

The Organization reserves future events under multiple noncancelable contractual agreements. Future minimum payments required under contractual reservations are as follows at December 31, 2018:

<u>Date</u>	<u>Location</u>	<u>Amount</u>
March 2019	Reno, Nevada	\$ 6,913
April 2019	Austin, Texas	20,000
July 2019	Indianapolis, Indiana	25,193
October 2019	Ottawa, Ontario	25,917
		<u>\$ 78,023</u>

### Note 9 - Special Events

The Organization derived net revenue from the following special fundraising events for the year ended December 31:

	<u>2018</u>	<u>2017</u>
<b>Growling Beaver</b>		
Gross proceeds	\$ 290,047	\$ 140,739
Direct costs	(9,737)	(6,746)
Net revenue	<u>\$ 280,310</u>	<u>\$ 133,993</u>
<b>Sufferlandria</b>		
Gross proceeds	\$ 180,519	\$ 155,018
Direct costs	(8,955)	(6,516)
Net revenue	<u>\$ 171,564</u>	<u>\$ 148,502</u>

# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

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### Note 9 - Special Events (continued)

<b>Copper Triangle</b>		
Gross proceeds	\$ 138,984	\$ 159,131
Direct costs	(9,679)	(17,658)
Net revenue	<u>\$ 129,305</u>	<u>\$ 141,473</u>
<b>Ride the Rockies</b>		
Gross proceeds	\$ 125,179	\$ 98,739
Direct costs	(18,086)	(10,238)
Net revenue	<u>\$ 107,093</u>	<u>\$ 88,501</u>
<b>Louisiana Parkinson's Walk</b>		
Gross proceeds	\$ 82,471	\$ 82,777
Direct costs	(28,734)	(23,725)
Net revenue	<u>\$ 53,737</u>	<u>\$ 59,052</u>
<b>Register's Annual Great Bicycle Ride Across Iowa</b>		
Gross proceeds	\$ 50,700	\$ 86,927
Direct costs	(9,817)	(17,446)
Net revenue	<u>\$ 40,883</u>	<u>\$ 69,481</u>
<b>Other events</b>		
Gross proceeds	\$ 175,919	\$ 152,985
Direct costs	(24,656)	(50,612)
Net revenue	<u>\$ 151,263</u>	<u>\$ 102,373</u>
<b>Total</b>		
Gross proceeds	\$ 1,043,819	\$ 876,316
Direct costs	(109,664)	(132,941)
Net revenue	<u>\$ 934,155</u>	<u>\$ 743,375</u>

# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

### Note 3 - Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments, at fair value, as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	<u>\$ -</u>	<u>\$ 795,054</u>	<u>\$ -</u>	<u>\$ 795,054</u>

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

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2018 and 2017, there were no significant transfers in or out of fair value levels.

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

	<u>2018</u>	<u>2017</u>
Interest earned on investments and cash deposits	<u>\$ 25,837</u>	<u>\$ 2,885</u>
Unrealized loss on investments	<u>(1,691)</u>	<u>-</u>
	<u>\$ 24,146</u>	<u>\$ 2,885</u>

### Note 4 - Pledge Receivable

The Organization has a pledge receivable related to a donor bequest. A schedule of expected collections is as follows as of December 31, 2018:

<u>Year</u>	<u>Amount</u>
2019	\$ 7,000
2020	<u>2,109</u>
	9,109
Less valuation allowances	<u>(81)</u>
	<u>\$ 9,028</u>

Unconditional promises to give are measured in the aggregate using present value techniques that consider historical trends of collection similar to these fund raising activities, the type of donor, general economic conditions, and market interest rate assumptions. The interest element resulting from amortization of the discount for the time value of money is reported as contribution revenue. At December 31, 2018 and 2017, amounts that are due beyond one year from the year end are discounted at an effective rate of 4%.

# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

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### Note 5 - Grants Payable

The Organization has made unconditional promises to grant funds to certain recipients. A schedule of committed payments is as follows at December 31, 2018:

<u>Year</u>	<u>Amount</u>
2019	\$ 54,350
2020	40,415
	<u>\$ 94,765</u>

### Note 6 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years ended December 31, 2018 and 2017 :

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Balance, January 1, 2018	<u>\$ 17,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,857</u>
Additions	-	110,464	-	110,464
Releases	-	(110,464)	-	(110,464)
Balance, December 31, 2018	<u>\$ 17,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,857</u>

### Note 7 - Operating Leases

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# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

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# Davis Phinney Foundation

## Notes to Financial Statements

December 31, 2018 and 2017

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### Note 9 - Special Events (continued)

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<b>Total</b>		
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