

**TELLURIDE**  **FOUNDATION**

**Financial Statements**

*For the Year Ended December 31, 2009*



**and  
Report Thereon**



**THE TELLURIDE FOUNDATION**

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RAFFA

CONSULTING

ACCOUNTING

TECHNOLOGY

*Certified Public  
Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
the Telluride Foundation

We have audited the statement of financial position of the Telluride Foundation (the Foundation) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, certain errors resulting in an understatement of previously reported unrestricted net assets and overstatement of temporarily restricted net assets as of December 31, 2008, were discovered during the current year. Accordingly, an adjustment has been made to unrestricted and temporarily restricted net assets as of December 31, 2008, to correct the error.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**RAFFA, P.C.**

Washington, DC  
August 5, 2010

**THE TELLURIDE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2009

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,890,629
Investments	2,853,925
Accounts receivable, net	35,449
Pledges and grants receivable, net of discount and allowance for bad debt	2,459,962
Note receivable	95,000
Property and equipment, net	6,137
Other assets	4,689
	<hr/>
TOTAL ASSETS	<u><u>\$ 7,345,791</u></u>
 <b>LIABILITIES AND NET ASSETS</b>	
Grants payable	\$ 1,214,382
Accounts payable	26,404
Accrued liabilities	42,519
Agency payable	246,200
Charitable gift annuity liability	127,508
	<hr/>
TOTAL LIABILITIES	<u>1,657,013</u>
 <b>NET ASSETS</b>	
Unrestricted	3,450,036
Temporarily restricted	2,218,937
Permanently restricted	19,805
	<hr/>
Total Net Assets	<u>5,688,778</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 7,345,791</u></u>

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

**THE TELLURIDE FOUNDATION**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE, CONTRIBUTIONS AND SUPPORT</b>				
Individual contributions	\$ 818,793	\$ 1,439,000	\$ 19,805	\$ 2,277,598
Grant income	-	72,473	-	72,473
In-kind contributions	144,040	-	-	144,040
Dividends and interest	150,471	-	-	150,471
Other income	59,746	-	-	59,746
Net assets released from restrictions				
Satisfaction of time restrictions	72,473	(72,473)	-	-
Satisfaction of purpose restrictions	1,598,375	(1,598,375)	-	-
	<b>2,843,898</b>	<b>(159,375)</b>	<b>19,805</b>	<b>2,704,328</b>
<b>TOTAL REVENUE, CONTRIBUTIONS AND SUPPORT</b>				
<b>EXPENSES</b>				
<b>Program Services</b>				
Grants and assistance programs	2,562,955	-	-	2,562,955
Education and consulting	116,825	-	-	116,825
	<b>2,679,780</b>	<b>-</b>	<b>-</b>	<b>2,679,780</b>
<b>Support Services</b>				
Development	280,361	-	-	280,361
General and administrative	85,309	-	-	85,309
	<b>365,670</b>	<b>-</b>	<b>-</b>	<b>365,670</b>
<b>TOTAL EXPENSES</b>	<b>3,045,450</b>	<b>-</b>	<b>-</b>	<b>3,045,450</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>(201,552)</b>	<b>(159,375)</b>	<b>19,805</b>	<b>(341,122)</b>
<b>Nonoperating Activities:</b>				
Realized and unrealized investment gains, net	225,690	-	-	225,690
Change in value of charitable gift annuity	(76,917)	-	-	(76,917)
	<b>(52,779)</b>	<b>(159,375)</b>	<b>19,805</b>	<b>(192,349)</b>
<b>CHANGE IN NET ASSETS</b>				
<b>NET ASSETS, BEGINNING OF YEAR, AS RESTATED</b>	<b>3,502,815</b>	<b>2,378,312</b>	<b>-</b>	<b>5,881,127</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,450,036</b>	<b>\$ 2,218,937</b>	<b>\$ 19,805</b>	<b>\$ 5,688,778</b>

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

**THE TELLURIDE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2009

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CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (192,349)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Bad debt expense	33,609
Realized and unrealized investment gains, net	(225,690)
Depreciation and amortization	4,798
Change in value of charitable gift annuity	76,917
Amortization of discount on pledges receivable	78,012
Change in operating assets and liabilities:	
Accounts receivable	(32,249)
Pledges and grants receivable	31,200
Note receivable	5,000
Other assets	(1,848)
Grants payable	(106,401)
Accounts payable	10,048
Accrued liabilities	19,204
Agency payable	6,233
Charitable gift annuity liability	(15,878)
	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	(309,394)
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CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	2,894,546
Purchases of investments	(1,149,523)
	<hr/>
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,745,023
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,435,629
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	455,000
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,890,629</u>

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

# **THE TELLURIDE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2009**

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### 1. Organization and Summary of Significant Accounting Policies

#### **Organization**

The Telluride Foundation (the Foundation) was incorporated in Colorado as a nonprofit corporation on August 3, 2000. The Foundation is committed to enriching the human experience in the region by fostering private giving, strengthening service providers and conducting events that celebrate the community. To this end, the Foundation provides leadership in philanthropy, serves as a responsible steward for entrusted funds, and promotes understanding and respect for diversity.

#### **Basis of Accounting**

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The financial statements are prepared using the accrual basis of accounting and include all material receivables and payables.

#### **New Accounting Pronouncements and Changes in Accounting Policy**

Effective January 1, 2009, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 105-10, *FASB Codification* (the Codification). The Codification is the single source of authoritative GAAP. Accordingly, references to GAAP have been updated for the appropriate Codification reference.

#### **Cash and Cash Equivalents**

The Foundation considers all highly liquid investment instruments with original maturities of three months or less to be cash equivalents. Cash equivalents consist primarily of certificates of deposit and corporate or municipal bonds.

#### **Short-term and Long-term Investments**

The investment portfolios of all funds are carried at fair value based on quoted market prices. 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. For the Foundation's multi-asset fund, fair value is determined based on net asset value (NAV) as disclosed in the funds' annual audited financial statements. Total earnings on unrestricted and temporarily restricted investments are credited to unrestricted net assets unless otherwise designated by the donor.

#### **Donor-Advised Funds**

The Foundation determined that, due to the variance power it has over its donor-advised funds and the common practice among community foundations, all donor-advised funds are presented as unrestricted net assets. This classification does not affect the Foundation's responsibilities with respect to each fund as detailed in the fund agreements.

Continued

# **THE TELLURIDE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2009**

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1. Organization and Summary of Significant Accounting Policies (continued)

### **Pledges and Grants Receivable**

The Foundation reports unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises to give are received. Outstanding promises to give were discounted by \$138,926 at December 31, 2009. For the year ended December 31, 2009, the Foundation recorded a bad debt expense associated with the pledges and grants receivable of \$33,609. An allowance for uncollectible pledges receivable has been established in the current year of \$25,949 and approximates 1% of the outstanding pledges and grants receivable at year-end.

### **Property and Equipment**

Property and equipment are recorded at cost, less accumulated depreciation, and are depreciated using the straight-line method over the estimated useful lives of the respective assets, generally three to seven years.

### **Net Assets**

The net assets of the Foundation are classified as follows:

- Unrestricted net assets represent funds that are available for support of the Foundation's operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.
- Permanently restricted net assets represent amounts that include donor-imposed restrictions that stipulate that the resources be maintained in perpetuity and that only the investment earnings on such amounts be used in the manner specified by the donor.

### **Reserve Policy**

The Foundation's board of directors has created and approved a reserve policy in which the Foundation reserves a certain portion of their cash and investment balance to ensure that, if a catastrophic event occurs, the Foundation can continue business operations. Based on the reserve calculation, the Foundation's reserve is \$1,592,682 at December 31, 2009.

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# **THE TELLURIDE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2009**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Accounting for Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted. Unconditional promises to give without a stipulated due date or for which the Foundation has met all conditions precedent to receipt of the contribution prior to the Foundation's year-end are classified as unrestricted net assets.

A donor restriction expires when a stipulated time restriction ends or a purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**In-kind Contributions**

In-kind contributions are reflected as contributions at their estimated fair values when received or when an unconditional pledge to contribute has been made.

**Awards and Grants**

The Foundation makes awards and grants for community, education and children's organizations in Telluride and its surrounding counties. The minimum amount for which the Foundation is obligated to pay is recorded upon the board of directors' approval. At December 31, 2009, the Foundation had \$1,214,382 of unconditional community grants payable, which have been included in accompanying statement of financial position.

**Functional Allocation of Expenses**

The costs attributable to program services and expenses associated with fundraising have been summarized in the accompanying schedule of functional expenses. Accordingly, certain general and administrative costs have been allocated among the programs benefited based primarily on evaluations of employees' time incurred on each program.

**Tax Status**

The Foundation is a nonprofit voluntary charitable organization, exempt from income tax under Section 501(a) of the U.S. Internal Revenue Code and provisions of the State of Colorado. The Foundation has been classified by the Internal Revenue Service as an organization that is not a private foundation and has been designated as a publicly supported organization.

# THE TELLURIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

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1. Organization and Summary of Significant Accounting Policies (continued)

### **Fair Value of Financial Instruments**

In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, as of and for the year ended December 31, 2009, the Foundation has categorized its applicable financial instruments into the required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

*Level 1*—Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access.

*Level 2*—Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

*Level 3*—Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of and for the year ended December 31, 2009, only the Foundation's investments, as described in Note 2 of these financial statements, were measured at fair value on a recurring basis.

Effective December 31, 2009, the Foundation elected to adopt the measurement provisions of Accounting Standards Update No. 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*, to its alternative investments. The guidance amends the *Fair Value Measurements* topic and permits, as a practical expedient, fair value of investments within its scope to be estimated using net asset value or its equivalent. Net asset value, in many instances, will not equal fair value that would be calculated pursuant to the *Fair Value Measurements* topic.

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**THE TELLURIDE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2009**

2. Investments

Investments, at fair value at December 31, 2009, and the related investment income for the Foundation for the year ended December 31, 2009, consisted of the following:

	<u>Interest and Dividends</u>	<u>Unrealized Gains</u>	<u>Realized Gains (Loss)</u>	<u>Fair Value</u>
Mutual fund	\$ 35,388	\$ 54,858	\$ 11,176	\$ 1,101,422
Multi-asset fund	58,474	516,853	(344,617)	1,432,184
Certificates of deposit	<u>55,661</u>	<u>-</u>	<u>-</u>	<u>320,319</u>
Total	<u>\$ 149,523</u>	<u>\$ 571,711</u>	<u>\$ (333,441)</u>	<u>\$ 2,853,925</u>

The following is a summary of the inputs used in valuing the Foundation's assets carried at fair value as of December 31, 2009:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Mutual fund	\$ 1,101,422	\$ 1,101,422	\$ -
Multi-asset fund	1,432,184	-	1,432,184
Certificates of deposit	<u>320,319</u>	<u>-</u>	<u>320,319</u>
Total	<u>\$ 2,853,925</u>	<u>\$ 1,101,422</u>	<u>\$ 1,752,503</u>

The Foundation invests in certain entities that calculate net asset value per share in accordance with guidance relative to investment companies, and these investments are reported at fair value based on the net asset value per share as reported by the investee. These investments are measured at fair value using Level 2 inputs. Investments are categorized as Level 2 instruments when the Foundation has the ability to redeem its investments at net asset value per share at the measurement date.

Continued

# THE TELLURIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

### 3. Pledges and Grants Receivable

Pledges and grants receivable consisted of the following unconditional promises to give at December 31, 2009:

In one year or less	\$ 1,503,337
Between 1-5 years	<u>1,121,500</u>
Unconditional promises to give before unamortized discount	2,624,837
Less: Unamortized discount	(138,926)
Less: Allowance for uncollectible pledges	<u>(25,949)</u>
Total	<u>\$ 2,459,962</u>

Changes in the Foundation's allowance for uncollectible pledges receivable are as follows:

Beginning balance:	\$ -
Bad debt expense	33,609
Accounts written off	<u>(7,660)</u>
Ending balance	<u>\$ 25,949</u>

### 4. Note Receivable

On August 1, 2007, the Foundation issued an unsecured note receivable in the amount of \$100,000 to San Miguel Resource Center, an unrelated third party. The note has a maturity date of August 1, 2012, and bears interest at a rate of 0% per annum. The note receivable balance is \$95,000 as of December 31, 2009.

### 5. Property and Equipment

Property and equipment held by the Foundation is as follows at December 31, 2009:

Computer and software	\$ 32,260
Furniture, fixtures and equipment	<u>30,037</u>
Total property and equipment	62,297
Less: Accumulated depreciation and amortization	<u>(56,160)</u>
Property and equipment, net	<u>\$ 6,137</u>

Depreciation and amortization expense was \$4,798 for the year ended December 31, 2009.

Continued

## **THE TELLURIDE FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2009**

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6. Agency Agreement

The Foundation enters into agreements with unaffiliated not-for-profit organizations whereby the Foundation agrees to maintain a fund balance on behalf of the unaffiliated organization for an administrative fee ranging between 0.75% and 1.00% per year. The Foundation records the fund balances within investments and as an agency payable. Income on the fund is recorded as an increase to investments and agency payable. At December 31, 2009, agency payable amount of \$246,200 is shown in the accompanying statement of financial position.

7. Charitable Gift Annuity

During 2004, the Foundation entered into an arrangement with a donor whereby the donor contributed investment assets to the Foundation in the amount of \$317,550 in exchange for the Foundation's requirement to pay an annuity to the donor over a specified period of time. The investments are recorded at fair value. The present value of the annuity at the time of the agreement was calculated using an adjustment factor of 8.23, resulting in an initial liability of \$130,718. The Foundation's remaining liability was \$127,508 as of December 31, 2009, which has been included in the statement of financial position.

8. Commitments and Contingencies

**Leases**

The Foundation occupies office space on a month-to-month basis, and the Foundation is currently assessing alternative office locations. Rental expense was \$35,118 for the year ended December 31, 2009.

**Retirement Plan**

The Foundation sponsors a simple 401(k) plan to employees who have attained the age of 21 and have completed one year of employment or 1,000 hours of employment. Eligible employees may contribute 100% of pre-tax compensation up to the maximum allowed by the Internal Revenue Code. The Foundation is obligated to match 100% of employees' contributions up to 3% of their salary. The Foundation's contribution to the plan was \$4,500 for the year ended December 31, 2009.

# THE TELLURIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

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### 9. Endowment Funds

#### **Interpretation of Relevant Law**

The Board of Directors of the Foundation has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the endowment funds applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Foundation and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Foundation
- The investment policies of the Foundation.

As of December 31, 2009, the endowment net asset composition by type of fund is as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 19,805	\$ 19,805
Total funds	<u>\$ -</u>	<u>\$ 19,805</u>	<u>\$ 19,805</u>

Continued

**THE TELLURIDE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2009**

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9. Endowment Funds (continued)

**Permanently Restricted Net Assets**

Permanently restricted net assets:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA

\$ 19,805

Total endowment funds classified as permanently restricted net assets

\$ 19,805

As of December 31, 2009, all of the permanently restricted net assets were received from individual trust contributions.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with an individual donor restricted endowment fund may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2009.

**Spending Policy and how the Investment Objectives Relate to Spending Policy**

The Foundation currently appropriates all the interest and dividends and investment gains or losses for spending on operations.

10. Temporarily Restricted Net Assets

At December 31, 2009, temporarily restricted net assets of \$2,218,937 have been restricted due to time restrictions. Temporarily restricted net assets are released from restriction based on the lapse of time or upon their disbursements to various organizations and events within the Telluride community.

11. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents. The Foundation places its cash and cash equivalents with high credit quality financial institutions with balances that, at times, may exceed federally insured amounts. As of December 31, 2009, the amount in excess of the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 was \$1,640,629. The Foundation has not experienced any losses in such accounts. Effective October 3, 2008, the

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## THE TELLURIDE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

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11. Concentrations of Credit Risk (continued)

FDIC increased its insurance limit from \$100,000 to \$250,000 through December 31, 2013, and implemented the Transaction Account Guarantee Program, by which the FDIC will guarantee certain noninterest-bearing transaction accounts.

12. Income Taxes

The Foundation is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required for the year ended December 31, 2009, as the Foundation had no unrelated business income.

Effective January 1, 2009, the Foundation adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC 740 *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Foundation performed an evaluation for uncertain tax positions for the year ended December 31, 2009, and determined that there were no matters that would require recognition in the financial statements or which may have any affect on its tax-exempt status. As of December 31, 2009, the statutes of limitations for tax years 2006 through 2008 remain open for the U.S. federal jurisdiction or the various states and local jurisdictions in which the Foundation files tax returns. It is the Foundation's policy to recognize interest and penalties related to uncertain tax positions, if any, in income tax expense.

13. Prior Period Adjustment

During the year ended December 31, 2009, the Foundation restated its unrestricted and temporarily restricted net assets balances at the beginning of the year of \$3,049,065 and \$2,832,062, respectively, to correct the timing of the release to unrestricted net assets when a donor-imposed restriction expires with the passage of time. The effect of the adjustment was to increase unrestricted net assets and decrease temporarily restricted net assets by \$453,750 as of December 31, 2008.

14. Subsequent Events

The Foundation's management has evaluated subsequent events through August 5, 2010, the date the financial statements were available to be issued. There were no subsequent events identified through August 5, 2010, required to be disclosed in these financial statements, except for in May 2010, the Foundation purchased its own office space for approximately \$420,000.



**SUPPLEMENTAL INFORMATION**

**THE TELLURIDE FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2009

	Program Services		Support Services		Total
	Grants and Assistance Programs	Education and Consulting	Development	General and Administrative	
Awards and grants to charitable organizations	\$ 2,347,341	\$ -	\$ -	\$ -	\$ 2,347,341
Salaries	117,146	46,291	36,844	17,005	217,286
In-kind sport and activity tickets	-	-	159,332	-	159,332
Professional fees and services	18,780	16,650	7,288	48,351	91,069
Employee benefits	27,636	10,920	8,690	4,011	51,257
Office and occupancy	13,854	7,313	10,439	3,512	35,118
Bad debt expense	-	-	33,609	-	33,609
Administrative fee expense	17,104	8,552	-	2,851	28,507
Payroll taxes	7,783	3,076	2,448	1,130	14,437
Computer expense	3,649	4,256	3,041	1,216	12,162
Printing and publication	253	4,841	2,547	849	8,490
Miscellaneous	2,096	3,057	1,572	888	7,613
Special events and promotions	-	3,612	3,612	-	7,224
Bank charges and investment fees	-	-	4,882	1,585	6,467
Depreciation and amortization	1,198	1,200	1,200	1,200	4,798
Website design and maintenance	1,355	678	1,017	339	3,389
Telephone	962	1,123	802	321	3,208
Membership dues and subscriptions	1,209	604	906	302	3,021
Training	-	2,558	-	-	2,558
Insurance	278	558	349	1,123	2,308
Travel	822	413	618	206	2,059
Postage and shipping	921	461	692	231	2,305
Supplies	568	662	473	189	1,892
TOTAL	<u>\$ 2,562,955</u>	<u>\$ 116,825</u>	<u>\$ 280,361</u>	<u>\$ 85,309</u>	<u>\$ 3,045,450</u>