



Consolidated Financial Statements

For the Years Ended December 31, 2021 and 2020



**and
Report Thereon**



**Reports Required in Accordance with
the Uniform Guidance**

For the Year Ended December 31, 2021



THE TELLURIDE FOUNDATION AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Telluride Foundation and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of Telluride Foundation and Affiliate (separate nonprofit organizations collectively referred to as the Foundation), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Telluride Foundation and Affiliate as of December 31, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Telluride Foundation and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Telluride Foundation and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Telluride Foundation and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Telluride Foundation and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 2, 2022 on our consideration of the Telluride Foundation and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Telluride Foundation and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Telluride Foundation and Affiliate's internal control over financial reporting and compliance.

Reese Henry & Company, Inc.

Reese Henry & Company, Inc.
Aspen, Colorado
August 2, 2022

THE TELLURIDE FOUNDATION AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 7,246,540	\$ 8,845,297
Accounts receivable	907,511	346,409
Prepaid expense	43,669	14,250
Security deposits	2,900	900
Pledges and grants receivable, net of discount and allowance for bad debts	4,643,989	4,676,201
Investments	7,741,827	7,084,034
Note receivable	1,163,048	1,171,700
Property and equipment, net	943,320	964,385
TOTAL ASSETS	\$ 22,692,804	\$ 23,103,176
LIABILITIES AND NET ASSETS		
Grants payable	\$ 1,066,540	\$ 925,457
Accounts payable and accrued expenses	342,904	210,939
Agency payable	250,000	-
Deferred revenue	4,500	1,250,000
Note payable	1,387,415	1,396,753
TOTAL LIABILITIES	3,051,359	3,783,149
NET ASSETS		
Without donor restrictions		
Unrestricted, Undesignated	10,390,644	7,886,967
Invested in Property and equipment	943,320	964,385
Total without donor restrictions	11,333,964	8,851,352
With donor restrictions		
Purpose restriction	4,459,826	5,639,408
Pledges received in future periods	3,847,655	4,829,267
Total with donor restrictions	8,307,481	10,468,675
TOTAL NET ASSETS	19,641,445	19,320,027
TOTAL LIABILITIES AND NET ASSETS	\$ 22,692,804	\$ 23,103,176

The accompanying notes are an integral part of these financial statements

THE TELLURIDE FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions and Grants	\$ 2,574,857	\$ 2,840,837	\$ 5,415,694	\$ 1,987,399	\$ 5,627,372	\$ 7,614,771
Federal Contract Revenue	1,413,965	-	1,413,965	2,016,861	-	2,016,861
Service Contract Revenue	871,733	-	871,733	13,685	340,011	353,696
Dividends and interest	882,494	-	882,494	142,344	-	142,344
Other income	275,460	-	275,460	320,753	-	320,753
Net assets released from restrictions						
Satisfaction of time restrictions	1,844,500	(1,844,500)	-	1,607,500	(1,607,500)	-
Satisfaction of program restrictions	3,157,531	(3,157,531)	-	2,423,772	(2,423,772)	-
TOTAL REVENUE AND SUPPORT	11,020,540	(2,161,194)	8,859,346	8,512,314	1,936,111	10,448,425
EXPENSES						
Program Services:						
Grants and assistance programs	7,042,008	-	7,042,008	7,534,564	-	7,534,564
Education and consulting	490,760	-	490,760	358,399	-	358,399
Total Program Services	7,532,768	-	7,532,768	7,892,963	-	7,892,963
Support Services:						
Development	403,702	-	403,702	309,991	-	309,991
General and administrative	410,431	-	410,431	401,614	-	401,614
Total Support Services	814,133	-	814,133	711,605	-	711,605
TOTAL EXPENSES	8,346,901	-	8,346,901	8,604,568	-	8,604,568
CHANGE IN NET ASSETS FROM OPERATIONS	2,673,639	(2,161,194)	512,445	(92,254)	1,936,111	1,843,857
Nonoperating Activities:						
Realized and unrealized investment losses, net	(161,027)	-	(161,027)	818,052	-	818,052
Investments in TVA companies	(30,000)	-	(30,000)	-	-	-
CHANGE IN NET ASSETS	2,482,612	(2,161,194)	321,418	725,798	1,936,111	2,661,909
NET ASSETS, BEGINNING OF YEAR	8,851,352	10,468,675	19,320,027	8,125,554	8,532,564	16,658,118
NET ASSETS, END OF YEAR	\$ 11,333,964	\$ 8,307,481	\$ 19,641,445	\$ 8,851,352	\$ 10,468,675	\$ 19,320,027

The accompanying notes are an integral part of these financial statements

THE TELLURIDE FOUNDATION AND AFFILIATE
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services		Support Services		Total
	Grants and Assistance Programs	Education and Consulting	Development	General and Administrative	
Awards and grants to charitable organizations	\$ 3,160,221	\$ -	\$ -	\$ -	\$ 3,160,221
Salaries	1,704,549	268,629	173,455	95,879	2,242,512
Professional fees and services	1,154,683	1,567	1,608	42,288	1,200,146
Employee benefits	312,103	56,506	37,868	21,969	428,446
Administrative fee expense	128,381	64,190	-	21,397	213,968
Computer expense	116,739	27,494	23,236	14,898	182,367
Payroll taxes	133,943	20,463	13,091	7,147	174,644
Bad debt expense	-	-	-	166,783	166,783
Special events and fundraising	-	-	94,523	-	94,523
Office and occupancy	69,539	6,125	11,115	5,707	92,486
Supplies and equipment	73,301	1,339	2,392	1,232	78,264
Travel	51,656	1,792	2,022	232	55,702
Miscellaneous	27,833	7,888	4,148	3,806	43,675
Advertising	36,376	536	-	-	36,912
Depreciation and amortization	8,749	8,749	8,749	8,748	34,995
Mortgage and loan interest expense	26,081	2,975	2,199	1,498	32,753
Website design and maintenance	14,242	2,760	4,319	1,465	22,786
Training and development	4,151	16,822	403	422	21,798
In-kind expense	-	-	15,000	-	15,000
Insurance	-	-	-	13,787	13,787
Telephone	6,268	670	2,798	1,253	10,989
Postage and shipping	6,651	590	1,656	782	9,679
Printing and publication	3,350	1,091	788	322	5,551
Bank charges and investment fees	1,021	-	3,471	56	4,548
Membership dues and subscriptions	2,171	574	861	760	4,366
TOTAL	\$ 7,042,008	\$ 490,760	\$ 403,702	\$ 410,431	\$ 8,346,901

The accompanying notes are an integral part of these financial statements

THE TELLURIDE FOUNDATION AND AFFILIATE
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services		Support Services		Total
	Grants and Assistance Programs	Education and Consulting	Development	General and Administrative	
Awards and grants to charitable organizations	\$ 2,732,088	\$ -	\$ -	\$ -	\$ 2,732,088
Professional fees and services	2,213,443	3,249	3,249	45,054	2,264,995
Salaries	1,479,961	148,033	161,506	84,438	1,873,938
Employee benefits	347,295	45,848	44,117	23,704	460,964
Administrative fee expense	133,867	66,933	-	22,311	223,111
Bad debt expense	-	-	-	165,948	165,948
Office and occupancy	134,261	6,942	10,599	5,241	157,043
Payroll taxes	116,925	10,616	12,156	6,293	145,990
Supplies and equipment	110,968	940	2,010	982	114,900
Advertising	79,671	-	-	-	79,671
Computer expense	49,211	9,511	7,791	4,863	71,376
Printing and publication	2,148	41,054	20,675	6,982	70,859
Depreciation and amortization	8,816	10,443	10,296	10,173	39,728
Travel	34,591	1,960	2,354	393	39,298
Mortgage and loan interest expense	27,608	2,723	1,942	1,284	33,557
Website design and maintenance	13,333	3,134	4,777	1,603	22,847
Postage and shipping	11,246	1,499	4,426	2,056	19,227
Insurance	4,474	-	-	12,884	17,358
Miscellaneous	12,481	959	1,451	2,389	17,280
Special events and fundraising	-	-	17,255	-	17,255
Bank charges and investment fees	10,029	-	2,134	2,421	14,584
Telephone	5,969	587	2,392	1,070	10,018
Training and development	3,334	3,426	48	198	7,006
Membership dues and subscriptions	2,845	542	813	1,327	5,527
TOTAL	<u>\$ 7,534,564</u>	<u>\$ 358,399</u>	<u>\$ 309,991</u>	<u>\$ 401,614</u>	<u>\$ 8,604,568</u>

The accompanying notes are an integral part of these financial statements

THE TELLURIDE FOUNDATION AND AFFILIATE

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 321,418	\$ 2,661,909
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized investment gains and losses, net	161,027	(818,052)
Provision (recovery) for doubtful pledge receivables	(1,716)	(6,053)
Amortization of discount on pledge receivables	(51,904)	(41,235)
Depreciation and amortization	34,995	39,728
Loss on disposal of fixed asset	-	55,453
Change in operating assets and liabilities:		
Accounts receivable	(561,102)	236,889
Pledges and grants receivable	85,832	302,617
Prepaid expenses and security deposits	(31,419)	59,520
Accounts payable and accrued expenses	141,083	(26,313)
Grants payable	131,965	(237,032)
Agency payable	250,000	-
Deferred revenue	(1,245,500)	1,242,800
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(765,321)	3,470,231
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection on note receivable	8,652	160,957
Proceeds from sale of investments	34,299	1,765,671
Purchases of investments	(853,119)	(376,810)
Purchase of property and equipment	(13,930)	(262,508)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(824,098)	1,287,310
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on note payable	(9,338)	(4,497)
NET CASH USED BY FINANCING ACTIVITIES	(9,338)	(4,497)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,598,757)	4,753,044
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,845,297	4,092,253
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,246,540	\$ 8,845,297
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 32,752	\$ 33,558

The accompanying notes are an integral part of these financial statements

THE TELLURIDE FOUNDATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies

Organization

The Telluride Foundation and Affiliate (the Foundation) work to improve the quality of life for the people that live, work and visit the Telluride, Colorado region. These activities are funded primarily through contributions and grants.

Principles of Consolidation

The consolidated financial statements of the Foundation include the accounts of the Telluride Foundation (Telluride) and its affiliate, Tri-County Health Network (TCHN). All material intercompany balances and transactions have been eliminated in consolidation.

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

TCHN was incorporated in Colorado as a nonprofit corporation on February 17, 2010. TCHN's purpose is to improve the quality and coordination of health and healthcare services in the Dolores, San Miguel and Uncompahgre river basin regions of Colorado. Telluride has the right to appoint the majority of TCHN's Board of Directors.

Cash Equivalents

The Foundation considers money market funds and short-term investments which have a purchased maturity of three months or less to be cash equivalents.

Investments

Investments include a multi-asset fund, an intermediate bond fund, a federated Treasury obligations fund and certificates of deposit with purchased maturities greater than three months. These investments are recorded in the accompanying consolidated financial statements at their fair value as of December 31st. 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 multi-asset fund is considered to be an alternative investment fund as the fund is not traded in an established market with published values. Access to participation in the fund is also limited primarily to foundations, endowments and other 501(c)(3) organizations and other nonprofit organizations meeting specified accreditation requirements. The fund may include long and short positions in common stock, U.S. and foreign corporate and government fixed income securities, forward and futures contracts, commodities, repurchase agreements and various other derivatives. The estimated fair value for the alternative investment fund was provided by the fund manager and may be based upon historical cost, appraisals, obtainable prices for similar assets, or other estimates. Because of the inherent uncertainty of the valuation of the Foundation's alternative investment fund, the value used for this investment may differ significantly from the value that would have been used had a ready market for the investment existed.

THE TELLURIDE FOUNDATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

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

Investments (continued)

Realized gains and losses on investments are computed on an average cost method and are recorded on the trade date of the transaction and included in realized and unrealized investment returns in the accompanying consolidated statements of activities. Investment returns (dividends and realized and unrealized gains/losses) allocable to the portion of the Foundation's investment balance which represents funds held by the Foundation under the terms of agency agreements are not included in the investment returns in the accompanying consolidated statements of activities as such returns are required to be held solely for the purposes defined by the agency agreements and are not considered revenue of the Foundation. However, for purposes of reporting in the consolidated statements of cash flows, all realized and unrealized gains and losses from investments, including those allocable to agency funds held by the Foundation, are reported.

Fair Value Measurements

In accordance with the fair value measurements and disclosures topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), the Foundation has categorized its applicable financial instruments into a 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.

As of and for the years ended December 31, 2021 and 2020, the Foundation's assets and liabilities which were measured at fair value on a recurring basis and subject to the disclosure requirements of the fair value measurements and disclosures topic of the FASB ASC include only its investments, as described in Note 2 of these financial statements.

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. This classification is applied to any investment of the Foundation that has a readily available quoted market price from an active market where there is significant transparency in the executed/quoted market price.

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, such as quoted prices for similarly structured securities in active markets.

THE TELLURIDE FOUNDATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

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

Fair Value Measurements (continued)

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. This classification is applied to investments for which there is no established trading market. Fair value is generally determined based on the fund's net asset value (NAV) as provided by the fund's management using a variety of methodologies relevant to the particular investment portfolio that combine primary market data available from national securities exchanges for underlying securities that are actively traded as well as other factors that may lead to a determination of a fair value at a different amount.

Accounts, Pledges and Contributions Receivable

The Foundation uses the allowance method to determine uncollectible accounts, pledges and contributions receivable. The allowance is based on prior years' experience and management's analysis of specific accounts and promises to give. A charge to the allowance for doubtful accounts is made when collection of the full amount is no longer probable.

Pledges and contributions receivable due to be received over periods beyond one year from the consolidated statement of financial position date are recognized at their estimated present value.

Property and Equipment

The Foundation owns a building which is recorded at cost. Depreciation on the building and related building improvements are principally provided on a straight line basis over a period of thirty-nine years. Furniture and equipment are also stated at cost. Depreciation on furniture and equipment is provided principally on a straight line basis over the estimated useful lives of the respective assets which range from three to seven years. Expenditures for major additions, repairs and improvements (those in excess of \$5,000) are capitalized; expenditures for minor repairs and maintenance are expensed when incurred.

Grants Payable

The Foundation provides awards and grants for community, education and children's organizations in Telluride, Colorado and its surrounding counties. Unconditional awards and grants are recognized upon approval by the Foundation's Board of Directors. Conditional awards and grants are recognized at the time the conditions are substantially met by the grantee. When grant commitments are to be paid over several years, the Foundation records such liabilities at their estimated present value.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets without Donor Restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

THE TELLURIDE FOUNDATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

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

Net Assets (continued)

- *Net Assets with Donor Restrictions:* Net assets subject to donor (or certain grantor) imposed restrictions. 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 elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Foundation has 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, undesignated net assets.

Revenue Recognition

Contributions

Contributions and grants are reported as revenue in the year in which payments are received and/or unconditional promises are made. The Foundation reports gifts of cash and other assets that are received with donor stipulations limiting the use of the donated assets as unrestricted support if all such donor restrictions are met in the year the award is received. Gifts of cash and other assets received with donor stipulations limiting the use of the donated assets are reported as net assets with donor restrictions if such donor stipulations are not fully met in the year the award is received. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

In-Kind Contributions

In-kind contributions are recognized as contributions at the estimated fair value of the good or service when received or when an unconditional pledge to contribute has been made.

Federal Contract Revenue

The Foundation has pass-through agreements with United States governmental agencies in exchange for services. Revenue from these agreements is recognized as associated costs are incurred on the basis of direct costs plus allowable indirect costs.

The reporting requirements specified by Office of Management and Budget (OMB) Uniform Guidance (UG) were required for the years ended December 31, 2021 and 2020 as the federal expenditure thresholds for OMB reporting were met.

Service Contract Revenue

Service contract revenue is related to services provided to third-party organizations. Revenue from the service contracts is recognized as the related services are performed.

THE TELLURIDE FOUNDATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services based upon various methods deemed to justify the benefits received by those programs and supporting services. Salaries and payroll related costs are allocated based on estimated time spent. Grant expenses are allocated based on actual expenses incurred for grant and assistance programs.

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.

Measure of Operations

The Foundation considers realized and unrealized gains/(losses) and the change in value of the charitable gift annuity resulting from adjustments to the present value of the annuity to be non-operating in nature.

Recently adopted accounting pronouncements

In June 2018, the FASB issued Accounting Standards Update (“ASU”) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The Foundation adopted this ASU for the year ending December 31, 2020. The adoption of this ASU had no significant impact on how the Foundation recognizes revenue.

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes current revenue recognition requirements and industry- specific guidance. The codification was amended through additional ASU’s and, as amended, requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. The Foundation adopted this ASU for the year ending December 31, 2020. The adoption of this ASU had no significant impact on how the Foundation recognizes revenue.

Upcoming accounting pronouncements

In February 2016, the FASB issued ASU 2016-02 to increase transparency and comparability of information regarding an entity’s leasing activities by providing additional information to users of financial statements. ASU 2016-02 requires lessees to recognize most leases on their balance sheet by recording a liability for its lease obligation and an asset for its right to use the underlying asset as of the lease commencement date and recognizing expenses on the income statement in a similar manner to the current guidance in ASC Topic 840, Leases (“ASC 840”). The new lease guidance will be effective for the Foundation’s year ending December 31, 2022. The Foundation has determined that the adoption of ASU 2016-02 will have no impact on its financial condition, results or operations, or cash flows.

Date of Management’s Review

The Foundation has evaluated subsequent events through August 2, 2022, the date which the financial statements were available to be issued.

THE TELLURIDE FOUNDATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

2. Investments

The Foundation used the following fair value measurements as of December 31, 2021:

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Multi-asset fund	\$ 6,241,031	\$ -	\$ 6,241,031	\$ -
Intermediate bond fund	1,070,410	1,070,410	-	-
Certificates of deposit	<u>430,386</u>	<u>430,386</u>	-	-
Total	<u>\$ 7,741,827</u>	<u>\$ 1,500,796</u>	<u>\$ 6,241,031</u>	<u>\$ -</u>

The Foundation used the following fair value measurements as of December 31, 2020:

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Multi-asset fund	\$ 5,549,532	\$ -	\$ 5,549,532	\$ -
Intermediate bond fund	1,077,408	1,077,408	-	-
Equity in TVA companies	30,000	-	-	30,000
Certificates of deposit	<u>427,094</u>	<u>427,094</u>	-	-
Total	<u>\$ 7,084,034</u>	<u>\$ 1,504,502</u>	<u>\$ 5,549,532</u>	<u>\$ 30,000</u>

The fair value of the multi-asset fund as of December 31, 2021 and 2020 was estimated using the net asset value per share reported by the fund. As permitted under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2009-12, the Foundation reports this investment as Level 2 as the investment can be redeemed at NAV, without restriction, at the measurement date.

Investment returns, including the interest earned on cash and cash equivalents, are summarized as follows:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 882,494	\$ 142,344
Unrealized (loss) gain	(165,325)	816,955
Realized gains	<u>4,298</u>	<u>1,097</u>
Total	<u>\$ 721,467</u>	<u>\$ 960,396</u>

THE TELLURIDE FOUNDATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

3. Pledges and Grants Receivable

Pledges and grants receivable are due to be received as follows as of December 31:

	<u>2021</u>	<u>2020</u>
In one year or less	\$ 2,237,834	\$ 2,322,167
Between 1 to 9 years	<u>2,864,000</u>	<u>2,865,500</u>
Subtotal	5,101,834	5,187,667
Less: Unamortized discount	(355,808)	(407,712)
Less: Allowance for uncollectible pledges	<u>(102,037)</u>	<u>(103,753)</u>
Total pledges and grants receivable, net	<u>\$ 4,643,989</u>	<u>\$ 4,676,201</u>

Discount rates used in the determination of the net present value were based upon a risk free rate of return as of the date the promise was made based upon the term of the promised future payments and adjusted for risk factors and the probability of future cash flows of such receivables.

4. Note Receivable

On October 20, 2015, the Foundation issued a secured note receivable in the amount of \$200,000 to Telluride Adaptive Sports Program, an unrelated third party. The outstanding balance was due on October 20, 2020. On October 23, 2020, the Foundation issued a new secured note receivable in the amount of \$160,617. The note bears interest at a rate of 3% per annum with monthly payments of \$1,109. The note is due in full October 20, 2025. The note receivable balance was \$150,548 and \$159,200 for the years ended December 31, 2021 and 2020, respectively.

On November 30, 2019, the Foundation issued an unsecured note receivable in the amount of \$12,500 to The West End Economic Development Corporation, an unrelated third party. The note is non-interest bearing and due in full by final closeout of the Telluride Foundation's "Advance West End" Economic Development Assistance Grant or no later than April 30, 2022 due to a six month extension of the grant. The note receivable balance was \$12,500 and \$12,500 for the years ended December 31, 2021 and 2020, respectively.

On March 28, 2019, the Foundation issued an unsecured note receivable in the amount of \$1,000,000 to First Southwest Community Fund, an unrelated third party. The note bears interest at 2% and is due in full by or no later than June 30, 2026. Payments of interest are due semiannually and beginning December 31, 2020. The note balance was \$1,000,000 and \$1,000,000 for the years ended December 31, 2021 and 2020, respectively.

THE TELLURIDE FOUNDATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

5. Property and Equipment

Property and equipment held by the Foundation consisted of the following as of December 31:

	2021	2020
Building and improvements	\$ 1,106,892	\$ 1,106,892
Computer and software	21,278	21,278
Furniture, fixtures and equipment	99,312	85,382
Total property and equipment	1,227,482	1,213,553
Less: Accumulated depreciation and amortization	(284,162)	(249,167)
Property and equipment, net	\$ 943,320	\$ 964,385

On January 1, 2020, Telluride Foundation purchased an adjacent commercial unit in the amount of \$496,000 for the purpose of expanding office space.

Depreciation and amortization expense was \$34,995 and \$39,728 for the years ended, December 31, 2021 and 2020, respectively.

6. Grants Payable

The Foundation distributes grants to various charitable organizations. As of December 31, 2021 and 2020, the Foundation had unconditionally promised to give \$1,066,540 and \$925,457, respectively, in grants. As of December 31, 2021, all grants payable are due to be paid within one year.

7. Note Payable

The Foundation entered into a delayed draw term loan with a foundation on March 22, 2019 that allows for up to \$2,000,000 to be drawn. The note payable balance was \$1,000,000 and \$1,000,000 for the years ending December 31, 2021 and 2020, respectively. The note payable carries interest at 2%. Payments of interest are due semiannually and beginning December 31, 2020.

On April 15, 2020, Telluride Foundation received a Federal Payroll Protection Program Loan in the amount of \$162,718. The loan was forgiven in entirety and recorded as grant income in 2020.

On May 2, 2020, TCHN received a Federal Payroll Protection Program Loan in the amount of \$258,216. The loan was forgiven in entirety and recorded as grant income in 2020.

On April 27, 2021, TCHN received a Federal Payroll Protection Program Loan in the amount of \$246,816. The loan was forgiven in entirety and recorded as grant income in 2021.

On June 15, 2020, the Foundation entered into a secured loan agreement with Alpine Bank for the amount of \$401,250. The loan is secured by a Deed of Trust for real property located at 220 E Colorado Avenue, Ste 104, Telluride, CO 81435. The loan bears interest at a rate of 4.25% per annum with monthly payments of \$2,187. The loan balance and accrued interest is due in entirety on June 15, 2030. There is no penalty for prepayment. The note payable balance was \$387,415 and \$396,753 for the years ended December 31, 2021 and 2020, respectively.

THE TELLURIDE FOUNDATION AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

8. Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents with certain commercial financial institutions in which aggregate balances may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2021 and 2020, the Foundation had no demand deposits (excluding noninterest-bearing transaction accounts, which were fully insured regardless of their balance as of December 31, 2021 and 2020) which exceeded the maximum limit insured by the FDIC.

On December 31, 2021 and 2020, cash balances exceeded the maximum limit insured by the FDIC by \$5,700,505 and \$7,174,329, respectively. The Foundation monitors the credit worthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

9. Net Assets with Donor Restrictions

As of December 31, 2021 and 2020, net assets with donor restrictions were restricted for the following time periods and purposes:

	2021	2020
General operations for 2021	\$ -	\$ 1,827,000
General operations for 2022	1,551,500	1,146,500
General operations for 2023	1,226,500	779,000
General operations for 2024	837,500	460,000
General operations for 2025	330,000	180,000
General operations for 2026	110,000	50,000
General operations for 2027	50,000	50,000
General operations for 2028	50,000	50,000
General operations for 2029	50,000	50,000
General operations for 2030	50,000	50,000
General operations for 2031	50,000	50,000
Tri-County Health Network Programs	2,381,132	2,857,420
Scholarship Funds	1,039,799	1,395,664
Telluride Venture Network	244,082	-
Educational programs	44,407	91,599
Housing	-	749,950
Human Services	285,217	544,775
Community Development	465,189	648,232
Subtotal	8,765,326	10,980,140
Less: Unamortized discount	(355,808)	(407,712)
Less: Allowance for uncollectible receivables	(102,037)	(103,753)
Total Net Assets with Donor Restrictions	\$ 8,307,481	\$ 10,468,675

THE TELLURIDE FOUNDATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

10. Pension Plan

In May 2012 the Foundation converted the 401(k) plan to a SIMPLE IRA plan for employees who have received at least \$5,000 in compensation during any two calendar years. Under the plan eligible employees may make pre-tax contributions 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 plans was \$56,005 and \$51,155 for the years ended December 31, 2021 and 2020, respectively.

11. Income Taxes

Telluride and TCHN are both exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

The Foundation reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertain tax positions. For the years ended December 31, 2021 and 2020, management did not identify any uncertain tax positions requiring recognition or disclosure in these consolidated financial statements.

There was no provision for income tax related to Telluride or TCHN for the years ended December 31, 2021 and 2020, as neither organization had any net unrelated business income.

12. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date comprise of the following:

Cash and cash equivalents	\$ 2,217,713
Accounts receivable	282,742
Pledges and grants receivable	2,237,834
Note receivable	8,916
	<u>\$ 4,747,205</u>

The pledges and grants receivable are subject to implied time restrictions but are expected to be collected within one year. The Foundation has an investment policy that keeps investments in liquid assets. The investment assets on the balance sheet are easily transferred to cash for a nominal penalty if the funds are needed.

13. Contingencies

The Foundation receives a significant amount of Federal grants. There is a possibility claims may arise for disallowed costs or expenditures related to these grants. The Foundation does not believe it has incurred any disallowed costs or expenditures.

**REPORTS REQUIRED IN ACCORDANCE WITH
THE UNIFORM GUIDANCE**



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Telluride Foundation and Affiliate
Telluride, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Telluride Foundation and Affiliate (separate nonprofit organizations collectively referred to as the Foundation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 2, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reese Henry & Company, Inc.

Certified Public Accountants
Aspen, Colorado
August 2, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Telluride Foundation and Affiliate
Telluride, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Telluride Foundation and Affiliate's (separate nonprofit organizations collectively referred to as the Foundation) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2021. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Reese Henry & Company, Inc.

Certified Public Accountants
Aspen, Colorado
August 2, 2022

THE TELLURIDE FOUNDATION AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

Federal Grantor Grantor/Program or Cluster Title	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services:			
Direct Programs: Health Care Cluster:			
Connecting Kids to Coverage Healthy Kids Program	93.767	\$ -	\$ 282,927
Rural Health Care Services Outreach	93.912	-	166,269
Rural Health Network Development Program	93.912	-	3,243
Achieving New Heights Youth Substance Use	93.276	-	131,500
Small Health Care Provider Quality Improvement	93.912	-	201,130
Rural Health Network Development Program	93.912	-	286,042
Accountable Health Communities Model	93.650	-	79,099
Total U.S. Department of Health and Human Services		-	1,150,210
U.S. Economic Development Administration:			
Direct Programs: Rural Development Cluster:			
Advance West End	11.307	-	199,880
Total U.S Economic Development Administration		-	199,880
U.S Department of Housing and Urban Development:			
Capacity Building for Community Development and Affordable Housing Cluster:			
Enterprise Rose Architectural Fellowship	14.252	-	63,875
Total U.S Department of Housing and Urban Development		-	63,875
Total Expenditures of Federal Awards		\$ -	\$ 1,413,965

THE TELLURIDE FOUNDATION AND AFFILIATE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Telluride Foundation and Affiliate (separate nonprofit organizations collectively referred to as the Foundation) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

2. Summary of Significant Accounting Policies

Expenditures: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entities: Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The Foundation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Passed Through to Subrecipients

No grants were passed through to subrecipients.

THE TELLURIDE FOUNDATION AND AFFILIATE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior year audit findings.

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified.

Internal control over financial reporting:

Material weaknesses identified? None reported.

Significant deficiencies identified? None reported.

Noncompliance material to the financial statements noted? NO.

Federal Awards

Internal control over major programs:

Material weaknesses identified? None reported.

Significant deficiencies identified? None reported.

Noncompliance material to the financial statements noted? NO.

Type of auditor's report issued on compliance for major programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? NO.

Major Programs:

Dept. of Health and Human Services	CFDA 93.912
	Rural Health Care Services Outreach
	Rural Health Network Development Program
	Small Health Care Provider Quality Improvement
	Rural Health Network Development Program

Dollar threshold used to distinguish between Type A and
Type B programs: \$750,000

Auditee qualified as a low-risk auditee? YES.