NATIONAL SPORTS CENTER FOR THE DISABLED

Financial Statements
and
Independent Auditors' Report
October 31, 2017
(With Summarized Totals for October 31, 2016)

EKS&H

NATIONAL SPORTS CENTER FOR THE DISABLED

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
National Sports Center for the Disabled
Denver, Colorado

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of National Sports Center for the Disabled (the "Organization"), which are comprised of the statement of financial position as of October 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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.

AUDITORS' RESPONSIBILITY

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 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 auditors' 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 auditors consider 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.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Sports Center for the Disabled as of October 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

REPORT ON SUMMARIZED COMPARATIVE INFORMATION

We have previously audited the Organization's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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January 22, 2018
Denver, Colorado

NATIONAL SPORTS CENTER FOR THE DISABLED

Statement of Financial Position

	October 31, 2017	Summarized Financial Information as of October 31, 2016
Assets		
Current assets		
Cash and cash equivalents	$ 277,421	$ 514,929
Restricted cash	63,144	-
Investments	204,689	192,300
Accounts receivable	14,437	57,952
Contributions receivable	300,003	162,447
Prepaid expenses	40,892	51,467
Inventory	7,341	15,395
Total current assets	907,927	994,490
Property and equipment, net	273,427	283,321
Investments - permanently restricted	204,689	192,300
Contributions receivable - non-current	60,000	-
Total assets	$ 1,446,043	$ 1,470,111
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 11,023	$ 58,046
Accrued liabilities	147,389	113,976
Restricted liability	63,144	-
Deferred revenue	123,218	137,739
Current portion of capital lease obligation	12,263	-
Total current liabilities	357,037	309,761
Long-term liabilities		
Capital lease obligation, net of current portion	36,959	-
Total long-term liabilities	36,959	-
Total liabilities	393,996	309,761
Commitments and contingencies		
Net assets		
Unrestricted	226,446	417,124
Temporarily restricted	541,708	479,831
Permanently restricted	283,893	263,395
Total net assets	1,052,047	1,160,350
Total liabilities and net assets	$ 1,446,043	$ 1,470,111

See notes to financial statements.

NATIONAL SPORTS CENTER FOR THE DISABLED

Statement of Activities

	For the Year Ended October 31, 2017				Summarized Financial Information for the Year Ended
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	October 31, 2016
Revenues, gains, and other support					
Contributions	$ 709,542	$ 819,889	$ 20,498	$ 1,549,929	$ 1,693,019
Contributions in-kind	1,467,030	-	-	1,467,030	1,263,030
Competition program fees	105,591	-	-	105,591	38,612
Recreation program fees	588,607	-	-	588,607	587,034
Special events	769,766	-	-	769,766	482,839
Investment income	-	24,778	-	24,778	12,274
Other income	142	-	-	142	12,320
Total revenues, gains, and other support	3,640,678	844,667	20,498	4,505,843	4,089,128
Net assets released from restrictions	782,790	(782,790)	-	-	-
Total revenues, gains, and other support	4,423,468	61,877	20,498	4,505,843	4,089,128
Expenses and losses					
Program services					
Recreational programs	2,749,716	-	-	2,749,716	2,670,153
Competition programs	391,758	-	-	391,758	366,874
Special events	939,903	-	-	939,903	835,300
Supporting services					
Administration and general	316,872	-	-	316,872	268,827
Fundraising	215,897	-	-	215,897	204,730
Total expenses and losses	4,614,146	-	-	4,614,146	4,345,884
Change in net assets	(190,678)	61,877	20,498	(108,303)	(256,756)
Net assets at beginning of year	417,124	479,831	263,395	1,160,350	1,417,106
Net assets at end of year	$ 226,446	$ 541,708	$ 283,893	$ 1,052,047	$ 1,160,350

See notes to financial statements.

NATIONAL SPORTS CENTER FOR THE DISABLED

Statement of Functional Expenses

	For the Year Ended October 31, 2017						Summarized Financial Information for the Year Ended October 31, 2016
	Program Services			Supporting Services			
	Recreational Programs	Competition Programs	Special Events	Administration and General	Fundraising	Total	
Salaries, payroll taxes, and benefits	$ 1,374,789	$ 178,841	$ 210,715	$ 30,998	$ 167,996	$ 1,963,339	$ 1,942,749
Contract labor	16,103	25,500	19,488	12,081	-	73,172	101,726
Advertising	-	-	23,312	-	-	23,312	8,425
Supplies, professional fees, and other	200,837	102,690	365,496	266,113	23,973	959,109	868,875
Rent and utilities	23,564	-	653	-	-	24,217	39,702
Depreciation	91,850	12,117	-	-	-	103,967	91,602
Contributed rent, property, and services	1,042,573	72,610	320,239	7,680	23,928	1,467,030	1,292,805
Total	$ 2,749,716	$ 391,758	$ 939,903	$ 316,872	$ 215,897	$ 4,614,146	$ 4,345,884

See notes to financial statements.

NATIONAL SPORTS CENTER FOR THE DISABLED

Statement of Cash Flows

	For the Year Ended October 31, 2017	Summarized Financial Information For the Year Ended October 31, 2016
Cash flows from operating activities		
Decrease in net assets	$ (108,303)	$ (256,756)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation expense	103,967	91,602
Net unrealized/realized gains on investments	(24,778)	(12,274)
Permanently restricted contributions	(20,498)	(20,626)
Changes in assets and liabilities		
Accounts receivable and contributions receivable	(154,041)	158,307
Prepaid expenses	10,575	(26,357)
Inventory	8,054	19,030
Accounts payable	(47,023)	45,289
Accrued liabilities	33,413	431
Deferred revenues	(14,521)	(9,071)
	(104,852)	246,331
Net cash used in operating activities	(213,155)	(10,425)
Cash flows from investing activities		
Purchases of fixed assets	(33,638)	(171,981)
Net cash used in investing activities	(33,638)	(171,981)
Cash flows from financing activities		
Repayments on capital lease obligation	(11,213)	-
Permanently restricted contributions	20,498	20,626
Net cash provided by financing activities	9,285	20,626
Net decrease in cash and cash equivalents	(237,508)	(161,780)
Cash and cash equivalents at beginning of year	514,929	676,709
Cash and cash equivalents at end of year	$ 277,421	$ 514,929

Supplemental disclosure of non-cash activity:

During 2017, the Organization financed the purchase of a vehicle through a capital lease in the amount of $60,435.

See notes to financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The National Sports Center for the Disabled (the "Organization"), a non-profit corporation, was incorporated in the state of Colorado on July 5, 1977 and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Organization provides therapeutic, adaptive sports, and recreational programs for people with disabilities of any age and any ability. The Organization has grown to be one of the largest premier therapeutic recreation agencies in the world. Each year, the Organization serves approximately 3,500 children and adults with disabilities who partake in more than 25 sports and recreational programs, from snow skiing and kayaking to rafting and rock climbing.

The Organization has office space and operating facilities in Winter Park and Denver, Colorado.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

> Unrestricted amounts are those currently available at the discretion of the Board of Trustees ("Board") for use in the Organization's operations and those resources invested in property and equipment.
>
> Temporarily restricted amounts are monies restricted by donors specifically for certain time periods, purposes, or programs.
>
> Permanently restricted amounts are assets that must be maintained permanently by the Organization as required by the donor, but the Organization is permitted to use or expend part or all of any income derived from those assets.

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. The Organization continually monitors its positions with, and the credit quality of, the financial institutions with which it invests.

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

Restricted Cash and Liability

Restricted cash consists of funds received by the Organization on behalf of other organizations. A corresponding restricted liability is also recorded to reflect the amounts due to these other organizations.

Investments

Investments in equity securities with readily determinable fair values and investments in debt securities are stated at their fair values in the statement of financial position. Dividends, interest, and realized and unrealized gains and losses on investments are included in the statement of activities.

Accounts Receivable

Accounts receivable arise from customers in the normal course of business. The Organization uses the allowance method for recognition of uncollectible receivables, whereby an allowance for possible uncollectibility is established when collection becomes doubtful. The Organization has not recorded an allowance for uncollectible accounts receivable as management believes all accounts receivable recorded as of October 31, 2017 are collectible.

Prepaid Expenses

Prepaid expenses consist primarily of insurance, licenses, and other expenses paid in advance.

Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or market and consists of promotional materials and donated supplies to be used for certain programs. Inventory is expensed as items are used throughout the year.

Property and Equipment

Land, buildings and improvements, and equipment and vehicles purchased by the Organization are recorded at cost. Donated fixed assets are also capitalized at fair value at the date of donation. The Organization follows the practice of capitalizing all expenditures and donations for property and equipment over $1,500. Expenditures for maintenance, repairs, and minor replacements for lesser amounts are charged to operations. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets, which range from three to thirty years.

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

Long-Lived Assets

The Organization reviews the long-lived assets to be held and used by the Organization for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment, which is determined based upon the estimated fair value of the asset, is recorded when estimated undiscounted cash flows expected to be generated by the asset are insufficient to recover its net carrying value.

Deferred Revenue

Program deposits and prepayments are deferred and recognized as revenue in the applicable future period when the programs take place.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions and contributions receivable are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The allowance method is used to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific pledges or contributions. No allowance for uncollectible contributions receivable has been recorded as management believes all contributions receivable recorded as of October 31, 2017 are collectible.

Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Non-monetary donations of goods and services are accepted and recorded at their fair values when received. Donated services are recorded at their fair values in the period received, provided that such services either create or enhance non-financial assets or are considered to be professional services that the Organization would otherwise be required to purchase. Donated fixed assets are recorded at fair value when received and are reflected in these financial statements as contribution revenue and an addition to fixed assets.

Donated Services

The Organization receives a substantial amount of services donated by its volunteers in carrying out the Organization's mission. No amounts have been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition under current generally accepted accounting standards.

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

Functional Expenses

Expenses incurred directly for a program service are charged to such service. Fringe benefits are allocated to all services based on a pro rata basis of total direct salary expenses incurred. Certain overhead costs are also allocated to program services based on total time incurred by each service.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Code. The Organization is not a private foundation within the meaning of Section 509(a) of the Code. The Organization is subject to federal income tax on any unrelated business taxable income; however, no such income was recognized during the fiscal year ended October 31, 2017.

The Organization applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of October 31, 2017.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed as administrative and general expenses. No interest or penalties were assessed during the fiscal year ended October 31, 2017.

Summarized Financial Information for 2016

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended October 31, 2016, from which the summarized information was derived.

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

Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment applies to all not-for-profit entities. The amendment reduces the classes of net assets to net assets with donor restrictions and net assets without donor restrictions; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on cash or other asset donations; and requires disclosure of expenses by both their natural and functional classification on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with donor restrictions, discussion of liquidity for the year following year-end, discussion of liquidity of financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds. The amendment is effective for all fiscal years beginning after December 15, 2017 (fiscal year 2019 for the Organization), with early adoption allowed. Entities should apply the amendment in this update retrospectively to all periods presented.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU No. 2014-09 is effective for annual reporting in fiscal years beginning after December 15, 2018 (fiscal year 2020 for the Organization).

In February 2016, the FASB issued ASU No. 2016-02, which amends the FASB Accounting Standards Codification and creates Topic 842, *Leases*. The new topic supersedes Topic 840, *Leases*, and increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and requires disclosures of key information about leasing arrangements. The guidance is effective for reporting periods beginning after December 15, 2019 (fiscal year 2021 for the Organization). ASU No. 2016-02 mandates a modified retrospective transition method.

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

Recently Issued Accounting Pronouncements (continued)

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The guidance is intended to reduce the diversity in practice as to how certain cash receipts and cash payments are presented and classified in the statement of cash flows by providing guidance for several specific cash flow issues. In addition, in November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* The amendment requires that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new standard is effective for fiscal years beginning after December 15, 2018 (fiscal year 2020 for the Organization). The Organization expects that the adoption of this standard will result in its restricted cash balances being included in cash and cash equivalents on the statement of cash flows and will no longer appear as a change in the cash flows from investing activities.

The Organization is currently evaluating the impacts of the pending adoption of the new standards on its financial statements.

Subsequent Events

The Organization has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available to be issued.

Note 2 - Promises to Give

Unconditional promises to give consist of the following as of October 31, 2017:

Due in fiscal year 2018	$ 300,003
Due in fiscal year 2019	30,000
Due in fiscal year 2020	30,000
Total	$ 360,003

Note 3 - Property and Equipment

The Organization's property and equipment are comprised of the following as of October 31, 2017:

Equipment	$ 420,307
Leasehold improvements	298,277
Vehicles	284,482
	1,003,066
Less accumulated depreciation and amortization	(729,639)
	$ 273,427

Note 4 - Line-of-Credit

The Organization has a $200,000 line-of-credit with a bank, which bears interest at the bank's index rate (3.75% at October 31, 2017) with a floor rate of 5.00% and is secured by substantially all of the Organization's assets. The line-of-credit matures May 31, 2018. As of October 31, 2017, no balance was outstanding on the line-of-credit.

Note 5 - Retirement Plan

The Organization has established a 401(k) plan (the "Plan"), in which all employees age 21 and above who work for 90 days are eligible to participate. Employer contributions to the Plan vest 100% after two years. The Organization can make discretionary matching contributions; however, the Organization elected not to make matching contributions for the year ended October 31, 2017.

Note 6 - Temporarily Restricted Net Assets

The temporarily restricted net assets as of October 31, 2017 represent the net proceeds of donations and earnings on endowments that have been restricted by the donors to be used only for the following purposes:

Recreation programs	$ 338,388
Facility	103,609
Vehicles and equipment	48,183
Competition center	20,712
Education	17,816
Special events	13,000
Total	$ 541,708

Note 7 - Endowments

The Organization has three endowment funds. The endowment funds currently distribute earnings in accordance with the donors' intent of the respective endowment fund. As of October 31, 2017, the permanently restricted endowment net assets amounted to $283,893.

The Organization follows *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. The state of Colorado adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective September 1, 2008.

Note 7 - Endowments (continued)

The Organization has interpreted 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 Organization's permanently restricted endowment funds consist of (a) the original value of gifts donated to the permanent endowment and (b) accumulations to the permanent endowment made in accordance with the direction of the donor gift instrument at the time the accumulation is added to the fund.

Under accounting principles generally accepted in the United States of America, the portion of an endowment that is perpetual in nature shall be classified as permanently restricted net assets. The remaining portion of accumulations to donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as dictated by the donor or, in absence of donor stipulation, as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment assets are invested with a long-term time horizon with a modeled return of 3% average annualized real rate. The target asset allocation is as follows: (a) 5% in money markets, (b) 40% in fixed income, and (c) 55% in equities in accordance with a Board-approved investment policy.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources used by the Organization
7) The investment policies of the Organization

The Board approves distributions from the endowment funds. Expenditures from the donor-restricted endowment funds are controlled by the Board in concert with the donors' intent as defined in the specific endowment agreement.

Invested endowment net asset composition by type of fund as of October 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ -	$ 2,037	$ 283,893	$ 285,930

Note 7 - Endowments (continued)

Changes in invested endowment net assets for the fiscal year ended October 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 33,653	$ 263,395	$ 297,048
Contributions	-	-	20,498	20,498
Investment return				
Investment income, net of fees	-	17,202	-	17,202
Total investment return	-	17,202	-	17,202
Endowment distributions and releases	-	(48,818)	-	(48,818)
Endowment net assets, end of year	$ -	$ 2,037	$ 283,893	$ 285,930

Note 8 - Fair Value Measurements

The Organization values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, the following fair value hierarchy prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets but are corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk in its assessment of fair value. These classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

Note 8 - Fair Value Measurements (continued)

Following is a description of the valuation methodology used for assets measured at fair value:

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

There have been no changes to the valuation methodology during the fiscal year.

Financial assets carried at fair value as of October 31, 2017 are classified in the table below in one of the three categories described above:

Description	Level 1	Level 2	Level 3	Total
Mutual funds	$ 409,378	$ -	$ -	$ 409,378

Investment income consists of the following and is included in investment income in the statement of activities for the fiscal year ended October 31, 2017:

Net unrealized gain	$ 24,778

Note 9 - Capital Lease

During 2017, the Organization acquired an asset under the provision of a long-term lease. For financial reporting purposes, minimum lease payments relating to the asset have been capitalized. The lease expires in 2021. Amortization of the leased asset is included in depreciation expense.

The asset under a capital lease has cost and accumulated depreciation as follows:

	October 31, 2017
Property and equipment	$ 60,435
Less accumulated depreciation	(10,073)
	$ 50,362

Note 9 - Capital Lease (continued)

Maturities of the capital lease obligation are as follows:

Year Ending October 31,	Capital Lease
2018	$ 12,263
2019	12,263
2020	12,263
2021	12,263
2022	170
Total minimum lease payments	49,222
Less current portion	(12,263)
Long-term capital lease obligations	$ 36,959

Note 10 - Commitments and Contingencies

Commencing in April 2005, the Organization entered into a 10-year lease agreement with Stadium Management Company, LLC ("SMC") for office space located at Sports Authority Field at Mile High Stadium in Denver, Colorado. In April 2015, under the terms of the agreement, the lease was automatically renewed for another 10-year period. The agreement can be terminated with 180 days' written notice by either party. The lease calls for the Organization to pay an annual rent of $1. The in-kind support from SMC under this arrangement has been valued at $76,800 for the year ended October 31, 2017.

The Organization entered into a commercial lease and license agreement with Winter Park Recreational Association ("PRAM"), which was effective beginning in 2000 through September 2010. During December 2002, PRAM's operations, including the commercial lease and license agreement with the Organization, were assumed by Intrawest Corporation ("Intrawest"). In the agreement, Intrawest (as successor to PRAM) agreed to provide the Organization with office and equipment room space, utilities, janitorial service, vehicle maintenance and repair, cash contributions, ski passes, information technology support, and other administrative support. In December 2016, the agreement was amended to extend the term through September 2027. The amendment requires annual rent of $19,000 paid in equal monthly installments, increasing 3% each year beginning in calendar year 2018. Rent expense related to this lease was approximately $24,000 for the year ended October 31, 2017.

Note 10 - Commitments and Contingencies (continued)

Future minimum lease payments are as follows:

Year Ending October 31,	
2018	$ 19,475
2019	20,059
2020	20,661
2021	21,281
2022	21,919
Thereafter	117,736
Total minimum lease payments	$ 221,131

Note 11 - Assets Supporting Restricted Net Assets

The temporarily and permanently restricted net assets are supported by the following as of October 31, 2017:

	Temporarily Restricted Net Assets	Permanently Restricted Net Assets
Investments	$ 204,689	$ 204,689
Contributions receivable	337,019	-
Cash and cash equivalents	-	79,204
	$ 541,708	$ 283,893