

# AndersonRanch arts center

## Financial Statements

*For the Year Ended December 31, 2024*

*(With Summarized Financial Information for the Year Ended December 31, 2023)*



**and  
Report Thereon**



**ANDERSON RANCH ARTS CENTER**

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**For the Year Ended December 31, 2024**

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## **Independent Auditors' Report**

The Board of Directors of  
**Anderson Ranch Arts Center**

### ***Opinion***

We have audited the financial statements of Anderson Ranch Arts Center (d/b/a Anderson Ranch Arts Center) (the "Ranch"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ranch as of December 31, 2024, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ranch 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 Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Ranch'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ranch'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.

### **Other Matter**

#### ***Report on Summarized Comparative Information***

The financial statements of the Ranch as of and for the year ended December 31, 2023, were audited by Marcum LLP, whose report dated July 25, 2024, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***CBIZ CPAs P.C.***

Washington, DC  
September 12, 2025

**ANDERSON RANCH ARTS CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2024**  
**(With Summarized Financial Information as of December 31, 2023)**

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 761,898	\$ 999,213
Pledges receivable, net	2,119,070	1,563,166
Other receivables	7,349	38,460
Inventory and other assets	316,820	304,692
Investments	13,009,992	11,470,860
Beneficial interest in charitable trust	1,137,549	846,201
Fixed assets, net	4,121,057	4,416,791
Collections	-	-
	<u>\$ 21,473,735</u>	<u>\$ 19,639,383</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 330,317	\$ 282,036
Contract liabilities	318,920	308,973
Note payable	455,800	468,985
	<u>1,105,037</u>	<u>1,059,994</u>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	3,765,732	4,129,784
Designated by the board for operating reserve	1,772,748	1,525,362
	<u>5,538,480</u>	<u>5,655,146</u>
With donor restrictions	14,830,218	12,924,243
	<u>20,368,698</u>	<u>18,579,389</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 21,473,735</u>	<u>\$ 19,639,383</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 21,473,735</u>	<u>\$ 19,639,383</u>

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

**ANDERSON RANCH ARTS CENTER**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2024**

**(With Summarized Financial Information for the Year Ended December 31, 2023)**

	2024			2023 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUE AND SUPPORT</b>				
Grants and contributions:				
Individuals and foundations	\$ 1,782,526	\$ 1,469,000	\$ 3,251,526	\$ 4,053,272
In-kind contributions	36,875	-	36,875	49,993
Program service revenue	2,610,884	-	2,610,884	2,317,739
Special events	1,672,493	-	1,672,493	1,440,336
Appropriations for expenditure		445,801	445,801	432,708
Change in value of beneficial interest	-	291,348	291,348	-
Miscellaneous income	140,999	-	140,999	-
Net assets released from restrictions:				
Satisfaction of time restrictions	267,362	(267,362)	-	-
Satisfaction of program restrictions	1,330,530	(1,330,530)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>7,841,669</b>	<b>608,257</b>	<b>8,449,926</b>	<b>8,294,048</b>
<b>OPERATING EXPENSES</b>				
Program Services:				
Workshops	3,042,494	-	3,042,494	2,776,372
Services	1,730,976	-	1,730,976	1,596,945
Residency	224,998	-	224,998	216,101
<b>Total Program Services</b>	<b>4,998,468</b>	<b>-</b>	<b>4,998,468</b>	<b>4,589,418</b>
Supporting Services:				
Management and general	2,042,845	-	2,042,845	1,814,355
Fundraising	1,166,321	-	1,166,321	949,675
<b>Total Supporting Services</b>	<b>3,209,166</b>	<b>-</b>	<b>3,209,166</b>	<b>2,764,030</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>8,207,634</b>	<b>-</b>	<b>8,207,634</b>	<b>7,353,448</b>
Change in net assets before nonoperating activities	(365,965)	608,257	242,292	940,600
<b>NONOPERATING ACTIVITIES</b>				
Investment income:				
Net realized and unrealized gains	223,111	1,551,604	1,774,715	911,169
Interest and dividends, net of fees	26,188	191,915	218,103	263,335
Appropriations for expenditure	-	(445,801)	(445,801)	(432,708)
Change in net assets from nonoperating activities	249,299	1,297,718	1,547,017	741,796
<b>CHANGE IN NET ASSETS</b>	<b>(116,666)</b>	<b>1,905,975</b>	<b>1,789,309</b>	<b>1,682,396</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>5,655,146</b>	<b>12,924,243</b>	<b>18,579,389</b>	<b>16,896,993</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 5,538,480</b>	<b>\$ 14,830,218</b>	<b>\$ 20,368,698</b>	<b>\$ 18,579,389</b>

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

**ANDERSON RANCH ARTS CENTER**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2024**

**(With Summarized Financial Information for the Year Ended December 31, 2023)**

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	2024 Total	2023 Total
	Workshops	Services	Residency		Management and General	Fundraising			
Personnel costs	\$ 1,311,528	\$ 612,765	\$ 209,767	\$ 2,134,060	\$ 1,208,804	\$ 542,145	\$ 1,750,949	\$ 3,885,009	\$ 3,598,333
Facility costs	356,322	273,837	1,921	632,080	361,799	65,058	426,857	1,058,937	842,662
Cost of goods sold	80,640	433,220	-	513,860	-	-	-	513,860	440,567
Honorarium	437,006	5,000	8,842	450,848	-	13,000	13,000	463,848	411,050
Depreciation and amortization	241,957	129,867	-	371,824	86,558	-	86,558	458,382	438,020
Professional fees	98,099	42,114	300	140,513	199,955	43,521	243,476	383,989	259,301
Food, beverage and housing	105,812	22,158	-	127,970	-	194,171	194,171	322,141	362,424
Artwork and commissions	-	124,657	-	124,657	-	131,493	131,493	256,150	246,292
Supplies and small capital purchases	71,140	47,224	27	118,391	72,981	62,053	135,034	253,425	198,255
Travel and entertainment	174,818	2,080	655	177,553	42,389	14,801	57,190	234,743	223,088
Fees and other taxes	57,113	13,821	1,158	72,092	4,722	21,008	25,730	97,822	105,968
Other expenses	28,491	3,660	513	32,664	49,780	6,822	56,602	89,266	70,927
Advertising and publications	66,421	4,879	-	71,300	8,020	7,527	15,547	86,847	73,174
Mailing and printing	13,147	15,694	1,815	30,656	7,837	27,847	35,684	66,340	39,466
Donated goods and services	-	-	-	-	-	36,875	36,875	36,875	43,921
<b>TOTAL EXPENSES</b>	<b>\$ 3,042,494</b>	<b>\$ 1,730,976</b>	<b>\$ 224,998</b>	<b>\$ 4,998,468</b>	<b>\$ 2,042,845</b>	<b>\$ 1,166,321</b>	<b>\$ 3,209,166</b>	<b>\$ 8,207,634</b>	<b>\$ 7,353,448</b>

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

**ANDERSON RANCH ARTS CENTER**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2024**

**(With Summarized Financial Information for the Year Ended December 31, 2023)**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,789,309	\$ 1,682,396
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	458,382	438,020
Loss on disposal of property and equipment	-	1,376
Discount on pledges receivable	(12,482)	13,745
Net realized and unrealized investment gains	(1,774,715)	(911,169)
Cash contributions for permanent endowments	(44,425)	(82,942)
Changes in assets and liabilities:		
Pledges receivable	(543,422)	210,193
Other receivables	31,111	(487)
ERTC receivable	-	238,171
Inventory and other assets	(12,128)	(74,671)
Beneficial interest in charitable trust	(291,348)	(846,201)
Accounts payable and accrued expenses	48,281	88,225
Contract liabilities	9,947	68,199
	<u>(341,490)</u>	<u>824,855</u>
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(4,959,216)	(7,972,661)
Sales of investments	4,412,919	6,898,807
Purchases of fixed assets	(162,648)	(188,636)
	<u>(708,945)</u>	<u>(1,262,490)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayments of notes payable	(13,185)	(17,006)
Cash contributions for permanent endowments	44,425	82,942
	<u>31,240</u>	<u>65,936</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(1,019,195)</u>	<u>(371,699)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,541,056</u>	<u>2,912,755</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,521,861</u>	<u>\$ 2,541,056</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
Cash and cash equivalents	\$ 761,898	\$ 999,213
Cash and cash equivalents held within investments	759,963	1,541,843
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 1,521,861</u>	<u>\$ 2,541,056</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	\$ 12,856	\$ 13,529

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



**ANDERSON RANCH ARTS CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2024**

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1. Organization and Summary of Significant Accounting Policies

**Organization**

The Anderson Ranch Arts Foundation, d/b/a Anderson Ranch Arts Center (the Ranch), was organized as a nonprofit organization under the Colorado Nonprofit Corporation Act on March 7, 1973. The Ranch's purpose is to promote, sponsor and teach artistic courses and programs. The Ranch is located in the ski resort town of Snowmass Village, Colorado. Primary support is provided through donor contributions and program service income.

**Basis of Accounting**

The Ranch's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Cash and Cash Equivalents**

The Ranch considers all highly liquid investments not held for long-term investment purposes with purchased maturities of three months or less to be cash equivalents.

**Pledges Receivable**

Promises to give are recognized as revenue in the period in which they are pledged and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Promises to give are recorded at their net realizable value if expected to be collected in one year or at their present value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Ranch provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. Changes in the valuation allowance have not been significant to the financial statements.

**Inventory**

Inventory consists of store merchandise, café items and art supplies, which are recorded at the lower of cost or net realizable value using the first-in, first-out method of inventory.

**Investments and Fair Value Hierarchy**

Investments consist of cash held for investment purposes, fixed income and equity securities, and private equity funds and are recorded in the financial statements at fair value, with gains and losses included in the statement of activities. Fair value is the price that would be received to sell an asset or liability through an orderly transaction between market participants at the measurement date. Net asset value (NAV) is used as a practical expedient for private equity funds for which a readily determinable fair value is not available.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by a comparison of fair value at the beginning and end of the year.

## ANDERSON RANCH ARTS CENTER

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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

##### **Investments and Fair Value Hierarchy (continued)**

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, the Ranch has measured its applicable financial instruments at fair value on a recurring basis based on the required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument. The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

*Level 3* – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

The Ranch follows the accounting guidance that permits, as a practical expedient, the fair value of investments within its scope to be estimated using NAV or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in capital, as provided by the partnership or fund, whose consolidated financial statements are prepared in a manner consistent with the measurement principles of an investment company or that has the attributes of an investment company. In accordance with the standard, investment funds measured at NAV are excluded from the fair value hierarchy.

##### **Fixed Assets and Related Depreciation and Amortization**

Fixed assets are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives of three to 40 years. When property and equipment are disposed of or otherwise retired, the cost and related accumulated depreciation are removed, with any resulting gain or loss reflected in the accompanying statement of activities. Expenditures for maintenance and minor repairs are expensed in the year in which they are incurred. Expenditures for major repairs and improvements are capitalized. The capitalization policy is that all equipment and other fixed assets costing in excess of \$5,000 and with an economic life in excess of one year will be recorded as an asset. For a repair or improvement to be capitalized, the expenditure must extend the useful life of the asset repaired or improved.

##### **Impairment of Long-Lived Assets**

The Ranch reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There has been no impairment loss recognized as of December 31, 2024.

## ANDERSON RANCH ARTS CENTER

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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

##### **Collections**

The Ranch acquires its collections, which include various works of art, primarily by donation or loan, and occasionally by purchases. Collections are held for public exhibition, education or research. Each of the items is catalogued, preserved and cared for, and activities verifying their existence and assessing their condition are continuously performed. The collections are not recognized as assets in the accompanying statement of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired. Contributed collection items are not reflected in the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes, and are only used for the care of the collection or purchases of the collection.

##### **Classification of Net Assets**

The Ranch's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of the Ranch's operations. Net assets without donor restrictions also include generous donor contributions that have not been restricted by the donor, but have been placed into a reserve fund to be prudently expended at the designation of the Ranch's Board of Trustees.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various purposes or for use in future time periods, as well as endowment gifts requiring that the principal be invested in perpetuity and that only the investment income be expended for purposes designated by the donor.

##### **Revenue Recognition**

The Ranch primarily generates program revenue by providing art classes and supporting food and housing services to patrons of the Ranch. All program service revenue included in the accompanying statement of activities is recognized at the point in time when services are provided to patrons. Patrons typically register and pay tuition in advance of scheduled classes, and have the option to prepay for food and housing services as well. Accordingly, amounts collected in advance of the services provided or event are recorded as contract liabilities in the accompanying statement of financial position.

Grants and contributions are reported as increases in net assets without donor restrictions in the year in which payments are received and/or unconditional promises to give are made. Grants and contributions are considered without donor restriction and available for general operations unless specifically restricted by the donor. The Ranch reports grants of cash and other assets as increases to net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets to a particular purpose or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. If the restriction

## ANDERSON RANCH ARTS CENTER

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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

##### **Revenue Recognition (continued)**

ends or is met in the same period in which the restricted contribution was promised, the contribution is reported as an increase to net assets without donor restrictions. Unconditional grants and contributions that have been awarded to the Ranch, but not yet received, are reflected as pledges receivable in the accompanying statement of financial position. The Ranch holds special events in which revenue from tickets and sponsorships are considered to be unconditional support.

A contribution is considered conditional if the agreement includes a measurable of performance or barrier and a right of return. Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are met. Any conditional promises to give for which payments have been received but barrier(s) have not been met are recorded as a grant advance in the accompanying statement of financial position.

##### **In-Kind Contributions**

In-kind contributions are recorded at fair value as revenue and expense in the accompanying statements of activities. In-kind contributions consist of donated airline tickets, which are recorded at fair value as of the date of donation.

##### **Cost of Goods Sold**

Cost of goods sold primarily consists of art supplies and food items used in providing program service patrons of the Ranch.

##### **Advertising**

Marketing and advertising costs are expensed as incurred.

##### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Expenses that are identified as contributing to a specific activity, such as food, beverage and housing expenses, supplies, and cost of goods sold, are charged directly to that activity. Personnel costs of certain employees are allocated proportionately among the programs and supporting services based on estimates of time and effort. Facilities cost and depreciation expense is charged directly to programs based on the assigned use of each Ranch building. Advertising and publications costs have been allocated to programs based on tuition revenue, while credit card fees, which are included in fees and other taxes, are allocated to programs based on revenue generated by credit card sales transactions.

##### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**ANDERSON RANCH ARTS CENTER**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2024**

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

**Measurement of Operations**

Operating revenue and expenses generally reflect those revenues and expenses that arise from the Ranch's activities and exclude investment income, which the Ranch defines as all interest, dividends, realized and unrealized gains and losses, and investment fees from investments.

2. Pledges Receivable

For the year ended December 31, 2024, pledges receivable included unconditional promises to give from foundations and individuals. All amounts were deemed fully collectible and were expected to be paid as follows:

Due in less than one year	\$ 880,500
Due in one to five years	1,255,000
Thereafter	<u>100,000</u>
Total Pledges Receivable	2,235,500
Less: Discount to Present Value (3.4% – 5.08%)	<u>(116,430)</u>
Pledges Receivable, Net	<u><u>\$ 2,119,070</u></u>

3. Investments and Fair Value Measurement

The following table summarizes the Ranch's assets measured at fair value on a recurring basis as of December 31, 2024:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Equity securities:				
Equity income	\$ 1,489,275	\$ 1,489,275	\$ -	\$ -
Equity income growth	6,653,126	6,653,126	-	-
Equity international	752,261	752,261	-	-
Fixed income securities:				
Corporate bonds	<u>2,609,848</u>	<u>-</u>	<u>2,609,848</u>	<u>-</u>
Total Investments Measured in Fair Value Hierarchy	11,504,510	<u>\$ 8,894,662</u>	<u>\$ 2,609,848</u>	<u>\$ -</u>
Investments measured at NAV	745,519			
Cash and cash equivalents	<u>759,963</u>			
Total Investments	<u><u>\$ 13,009,992</u></u>			

**ANDERSON RANCH ARTS CENTER**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024**

3. Investments and Fair Value Measurement(continued)

Equity securities are valued at the closing price reported in the active market in which the equities are traded. Fixed income securities are valued based on current yields, the securities' terms and conditions, and market activity. Inputs used include market sources, credit information, observed market movement and sector news.

The following table discloses information concerning the fair value measurement of investments calculated using NAV per share as of December 31, 2024:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Private equity funds <sup>(a)</sup>	\$ 745,519	\$ -	30-90 days	30-90 days
Total	\$ 745,519	\$ -		

<sup>(a)</sup> *Private equity funds* – Private equity funds are defined-life funds that invest in illiquid securities for longer terms. The fair values of the investments in this category have been estimated using the NAV per share of the investments. The fund values are reduced through distributions that are received from liquidation of the underlying assets.

4. Fixed Assets

Fixed assets were composed of the following as of December 31, 2024:

Buildings and improvements	\$ 9,449,710
Equipment, furniture and website	3,598,268
Land	248,045
Total Fixed Assets	13,296,023
Less: Accumulated Depreciation and Amortization	(9,174,966)
Fixed Assets, Net	\$ 4,121,057

Depreciation and amortization expense was \$458,382 for the year ended December 31, 2024.

5. Beneficial Interest in Charitable Trust

In 2023, the Ranch was notified of its status as a residual beneficiary in a life estate trust agreement from a donor. The trust assets, primarily real estate, are in the control of a trustee and management has no authority over these assets until they are liquidated and distributed.

## ANDERSON RANCH ARTS CENTER

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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#### 5. Beneficial Interest in Charitable Trust (continued)

In 2024, the trust's duration was shortened and its assets were revalued by the trustee which resulted in an increase in the estimated future value of the trust's assets. As of December 31, 2024, the present value of the expected future cash flows were discounted at an interest rate of 5.49%, and totaled \$1,137,549. For the year ended December 31, 2024, the Ranch recorded an increase in the value of its beneficial interest in charitable trust of \$291,348. This gift has an implicit donor restriction for time as it will only be received in the future. The Ranch received no distributions from the trust during the year ended December 31, 2024, but distributions of the trust's assets are expected to commence within one year of December 31, 2024.

#### 6. Note Payable

On January 31, 2022, the Ranch entered into an amended Small Business Administration loan with its financial institution under the EIDL in the amount of \$500,000. The note will mature on June 24, 2050, with a fixed interest rate of 2.75% per annum, and is secured by collateral primarily consisting of the Ranch's demand deposit accounts, inventory and equipment. Monthly installment payments of principal and interest of \$2,152 will continue through the maturity date. For the year ended December 31, 2024, interest expense associated with the EIDL note totaled \$12,856, and as of December 31, 2024, the EIDL note had an outstanding principal balance of \$455,800.

As of December 31, 2024, the future maturities of the note were as follows:

<u>For the Year Ending December 31,</u>	
2025	\$ 13,329
2026	13,700
2027	14,082
2028	14,474
2029	14,877
Thereafter	<u>385,338</u>
Total	<u>\$ 455,800</u>

#### 7. Concentrations, Risks and Contingency

##### **Financial Instruments**

Financial instruments that potentially subject the Ranch to concentration of credit risk consist principally of cash balances maintained at various creditworthy financial institutions. While the amount at a given bank, at times, exceeds the amount guaranteed by federal agencies and, therefore, bears some risk, the Ranch has not experienced, nor does it anticipate, any losses on its funds. At December 31, 2024, the Ranch had approximately \$389,000 in excess of federally insured limits.

## ANDERSON RANCH ARTS CENTER

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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#### 7. Concentrations, Risks and Contingency (continued)

##### **Line of Credit**

The Ranch entered into a margin line of credit agreement on August 8, 2018, that is secured by the Ranch's investments held by the same financial institution. The amount available to borrow is a calculated percent of the operating reserve investment balance that fluctuates depending on the types of investments held in the account. As of December 31, 2024, \$91,821 was available to be drawn on the margin line of credit. The interest rate is variable using the financial institution's commercial rate index plus a spread, which, as of December 31, 2024, was 6.63%. The line of credit is due upon demand. As of and for the year ended December 31, 2024, no balance was outstanding and no draws or repayments were made on the line of credit, respectively.

##### **Letter of Credit**

In August 2021, the Ranch entered into an irrevocable letter of credit with a financial institution in the amount of \$74,975 for the benefit of Colorado Department of Labor and Employment Unemployment Insurance Operations in regards to the Ranch's unemployment compensation arrangement. This letter of credit renews annually in August and requires the Ranch to pay an annual fee of approximately 1% of the balance.

##### **Employment Agreement**

The Ranch signed an employment agreement with its President and CEO effective February 23, 2021. Under the terms of the agreement, if the Ranch terminates the agreement for reasons other than cause, the President and CEO is entitled to receive severance pay of three months' annual salary at the rate at which the President and CEO is being compensated at the time of termination, any earned but unused vacation owed to the President and CEO and any previously earned unpaid salary through the date of termination.

##### **Financial Risk**

The Ranch invests in a professionally managed investment portfolio that is exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

##### **Legal Proceedings**

The Ranch is a defendant in a legal action for which the plaintiff is seeking damages. The Ranch is fully insured for this matter, and any potential liability resulting from the proceeding is expected to be covered by existing insurance policies. Legal counsel has advised that while there is a possibility the plaintiff may prevail, management believes that the outcome, if adverse, will not have a material effect on the Ranch's financial position due to comprehensive insurance coverage. Accordingly, no accrual for loss contingency has been recorded in the accompanying financial statements. The Ranch will continue to monitor the legal proceeding and record a liability if and when it becomes probable that a loss in excess of insurance coverage has been incurred and can be reasonably estimated.



**ANDERSON RANCH ARTS CENTER**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2024**

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8. Net Assets

**Net Assets Without Donor Restrictions**

The Ranch's net assets without donor restrictions are composed of undesignated amounts and board-designated amounts for a working capital reserve. As of December 31, 2024, the Ranch's net assets without donor restrictions were as follows:

Undesignated	\$ 3,765,732
Board-designated	<u>1,772,748</u>
Total Net Assets Without Donor Restrictions	<u>\$ 5,538,480</u>

Board-designated net assets consist of assets restricted by the Board of Trustees to fund an operating reserve that is available to meet the Ranch's working capital requirements in a time of need, as well as to fund various strategic initiatives that are not included in the Ranch's normal operating budget.

**Net Assets With Donor Restrictions**

As of December 31, 2024, the Ranch's net assets with donor restrictions were available for the following programs or purposes:

Purpose restricted:	
Residency	\$ 1,309,159
Scholarships and internships	1,182,507
Other	1,097,271
Visiting artist	338,771
3D	105,481
Community outreach	96,026
Advanced mentored study program	69,715
Capital projects	57,280
Time restricted:	
Beneficial interest in charitable trust	1,137,549
Time-restricted contributions	650,000
Time-restricted pledges	226,111
Available for appropriation from endowment funds	154,466
Permanent endowments:	
Corpus value and endowment pledges receivable	<u>8,405,882</u>
Total Net Assets With Donor Restrictions	<u>\$ 14,830,218</u>

9. Endowment Funds

The Ranch's endowment is composed of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**ANDERSON RANCH ARTS CENTER**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024**

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9. Endowment Funds (continued)

**Interpretation of Relevant Law**

The Ranch has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Ranch classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as the original value of the permanent endowment is classified as net assets with donor restrictions as available for appropriation until those amounts are appropriated for expenditure by the Ranch in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Ranch 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 Ranch 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 of the Ranch.
7. The investment policies of the Ranch.

**Return Objectives and Risk Parameters**

To satisfy its long-term rate-of-return objectives, the Ranch relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

**Strategies Employed for Achieving Objectives and Spending Policy**

The Ranch has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Ranch must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in funds to achieve growth in principal value and income over time sufficient to preserve or increase the purchasing power of the funds, thus protecting the funds against inflation. Actual returns in any given year may vary. Income from the endowment fund is distributed based on a spending rate up to 5% of the average balance of the endowment-invested funds for the previous three years (drawn on an annual basis), as established by the Ranch's Board of Trustees. During the year ended December 31, 2024, the Ranch's Board of Trustees appropriated \$445,801 for operations.

**ANDERSON RANCH ARTS CENTER**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024**

9. Endowment Funds (continued)

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Ranch to retain as a fund for perpetual duration. As of December 31, 2024, there were no underwater endowment funds.

**Endowment Composition**

For the year ended December 31, 2024, the Ranch's endowment had the following activity:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 9,512,154	\$ 9,512,154
Investment return, net	-	1,715,791	1,715,791
Contributions	-	-	-
Appropriations for expenditure	<u>-</u>	<u>(445,801)</u>	<u>(445,801)</u>
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 10,782,144</u>	<u>\$ 10,782,144</u>

The following reflects the Ranch's endowment net asset composition by fund type as of December 31, 2024:

Original donor-restricted gift amounts required to be maintained in perpetuity:		
Scholarships		\$ 2,788,490
Residency		2,310,197
Ceramics programs and scholarships		742,695
General operating purposes		691,550
Photo digital programs		646,355
Woodworking scholarships		432,237
Painting		303,750
Visiting artist		200,000
Children's programs and scholarships		165,608
Sculpture programs		100,000
Library		<u>25,000</u>
Subtotal Original Gift Amounts		8,405,882
The portion of perpetual endowment funds subject to a time restriction under UPMIFA:		
With purpose restrictions		2,221,796
Without purpose restrictions		<u>154,466</u>
Total Endowment Funds Classified as Net Assets With Donor Restrictions		<u>\$ 10,782,144</u>

## ANDERSON RANCH ARTS CENTER

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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#### 10. Availability and Liquidity of Funds

The Ranch regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The following reflects the Ranch's financial assets as of December 31, 2024, reduced by amounts not available for general use:

Cash and cash equivalents	\$ 761,898
Pledges receivable	2,119,070
Other receivables	7,349
Investments	<u>13,009,992</u>
Total Financial Assets	15,898,309
Less:	
Amounts unavailable for general expenditures within one year:	
Due to donors' restriction for endowment funds	(10,782,144)
Due to donors' restriction for specified purpose or time	(4,048,074)
Amounts unavailable to management without Board approval:	
Board-designated for operating reserve	(1,772,748)
Plus:	
Appropriation of endowment funds for operations within one year	461,572
Time restricted amounts available within one year	<u>1,307,549</u>
Financial Assets Available to Meet	
General Expenditures Within One Year	<u>\$ 1,064,464</u>

The Ranch has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Ranch throughout the year. As a result, management is aware of the cyclical nature of the Ranch's cash flow related to the Ranch's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, the Ranch has a committed line of credit totaling \$91,821, which was unused and available to draw upon as of December 31, 2024 (see Note 7). As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including equity securities, or to support organizational initiatives. The Ranch can liquidate its investments at any time, and therefore the investments are available to meet current cash flow needs. Additionally, the Ranch spends income from the endowment fund based on a spending rate up to 5% of the beginning-of-the-year balance of the endowment-invested funds for the previous year (drawn on an annual basis), as established by the Ranch's Board of Trustees, and has board-designated net asset reserve funds that could be available for current operations with Board approval, if necessary.

**ANDERSON RANCH ARTS CENTER**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024**

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11. Related Party Transactions

During the year ended December 31, 2024, the Ranch received approximately \$400,000 in grants and contributions from 22 members of its Board of Trustees.

12. Pension Plan

The Ranch sponsors a defined-contribution retirement plan (the Plan). Employees are generally eligible to participate in the Plan and can defer a portion of their pay, in accordance with the limits established by the Internal Revenue Code (the IRC). The Ranch can make contributions to the Plan at the discretion of its Board of Trustees. For the year ended December 31, 2024, the Ranch made \$60,768 in contributions to the Plan, which is included in personnel costs in the accompanying statement of functional expenses.

13. Income Taxes

The Ranch qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. There is no accrual for income tax expense, as the Ranch had no unrelated business income for the year ended December 31, 2024.

The Ranch performed an evaluation of uncertainty in income taxes for the year ended December 31, 2024, and determined that there are no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. U.S. federal jurisdiction and/or the various states and local jurisdictions in which the Ranch files tax returns are open for examination; however, there are currently no examinations pending or in progress. It is the Ranch's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in interest expense and income tax expense, respectively. As of December 31, 2024, the Ranch had no accruals for interest and/or penalties.

14. In-Kind Contributions

The Ranch received the in-kind contributions related to flight credits during the years ended December 31, 2024, with a fair value of \$36,875. The fair value of flight credits is determined based on the published retail price of an equivalent ticket for the same route, class, and travel date. These values are recognized as both contribution revenue and an expense in the period the tickets are received and used for program or fundraising activities. Donated airline tickets are included in in-kind contributions on the accompanying statement of functional expenses.

**ANDERSON RANCH ARTS CENTER**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2024**

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15. Comparative Financial Statements

The accompanying statement of activities includes certain prior year summarized comparative information in total, but not by net asset class. Accordingly, such information should be read in conjunction with the Ranch's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

16. Subsequent Events

In preparing the financial statements, the Ranch has evaluated events and transactions for potential recognition or disclosure through September 12, 2025, the date the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure in the financial statements.