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**STEAMBOAT SPRINGS**  
**EDUCATION FUND**  
**FINANCIAL STATEMENTS**  
*JUNE 30, 2013*

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## Independent Auditors' Report

Board of Directors  
Steamboat Springs Education Fund  
Steamboat Springs, Colorado

### Report On The Financial Statements

We have audited the accompanying financial statements of the Steamboat Springs Education Fund (a Colorado not-for-profit corporation) (the Education Fund), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Education Fund as of June 30, 2013 and 2012 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*RubinBrown LLP*

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December 2, 2013

# STEAMBOAT SPRINGS EDUCATION FUND

## STATEMENT OF FINANCIAL POSITION

June 30, 2013 And 2012

	Assets	
	2013	2012
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,321,198	\$ 1,493,842
Sales tax receivable	329,101	325,953
Accrued interest receivable	—	41
<b>Total Assets</b>	<b>\$ 1,650,299</b>	<b>\$ 1,819,836</b>
	Liabilities And Net Assets	
<b>Current Liabilities</b>		
Accounts payable	\$ 6,769	\$ 5,473
Grants payable	930,924	1,030,752
<b>Total Liabilities</b>	<b>937,693</b>	<b>1,036,225</b>
<b>Net Assets</b>		
Unrestricted	712,606	783,611
<b>Total Net Assets</b>	<b>712,606</b>	<b>783,611</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 1,650,299</b>	<b>\$ 1,819,836</b>

# STEAMBOAT SPRINGS EDUCATION FUND

## STATEMENT OF ACTIVITIES For The Years Ended June 30, 2013 And 2012

	2013	2012
<b>Revenues</b>		
Sales tax revenue, net of collection fee of \$24,457 and \$23,358, respectively	\$ 2,421,243	\$ 2,312,323
Interest income	2,985	3,138
<b>Total Revenues</b>	<b>2,424,228</b>	<b>2,315,461</b>
<b>Expenses</b>		
Program services		
Grant awards	2,470,706	2,431,554
Supporting services		
Professional fees	5,525	6,386
Accounting	10,849	10,849
Secretarial	3,481	4,008
Other	4,672	8,757
<b>Total Supporting Services</b>	<b>24,527</b>	<b>30,000</b>
<b>Total Expenses</b>	<b>2,495,233</b>	<b>2,461,554</b>
<b>Change In Net Assets</b>	<b>(71,005)</b>	<b>(146,093)</b>
<b>Net Assets - Beginning Of Year</b>	<b>783,611</b>	<b>929,704</b>
<b>Net Assets - End Of Year</b>	<b>\$ 712,606</b>	<b>\$ 783,611</b>

# STEAMBOAT SPRINGS EDUCATION FUND

## STATEMENT OF CASH FLOWS For The Years Ended June 30, 2013 And 2012

	<u>2013</u>	<u>2012</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from sales tax	\$ 2,418,095	\$ 2,306,633
Cash received from interest	3,026	4,073
Cash paid for awards	(2,570,534)	(2,317,430)
Cash paid for supporting services	(23,231)	(25,907)
<b>Net Cash Used In Operating Activities</b>	<b>(172,644)</b>	<b>(32,631)</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>1,493,842</b>	<b>1,526,473</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 1,321,198</b>	<b>\$ 1,493,842</b>
<b>Net Cash Used In Operating Activities</b>		
Change in net assets	\$ (71,005)	\$ (146,093)
<b>Adjustments To Reconcile Changes In Net Assets</b>		
<b>To Net Cash Used In Operating Activities</b>		
Changes in operating assets and liabilities		
Increase in sales tax receivable	(3,148)	(5,690)
Decrease in accrued interest receivable	41	935
Increase in accounts payable	1,296	4,093
Increase (decrease) in grants payable	(99,828)	114,124
<b>Net Cash Used In Operating Activities</b>	<b>\$ (172,644)</b>	<b>\$ (32,631)</b>



# STEAMBOAT SPRINGS EDUCATION FUND

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2013 And 2012

### 1. Summary Of Significant Accounting Policies

The Steamboat Springs Education Fund (the Education Fund) was organized to utilize a half-cent sales tax levied by the City of Steamboat Springs (the City) to be used for educational purposes. Voters approved the sales tax through December 31, 2019. Sales tax revenues accounted for approximately 99% of the Education Fund's revenues for the years ended June 30, 2013 and 2012.

Funding recommendations are made by three citizens' advisory groups to the Education Fund's Board of Directors. The Board of Directors makes the final decision regarding spending by either approving or disapproving the advisory groups' recommendations.

#### **Basis Of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Classification of the Education Fund's assets and its revenues and expenses are based on the existence or absence of donor-imposed restrictions. All of the Education Fund's net assets are unrestricted at June 30, 2013 and 2012.

#### **Revenues And Expenses**

Sales tax revenues are recognized in the month the originating sales occur. Contributions are recorded at fair market value upon date of receipt as unrestricted revenue unless donor-imposed stipulations exist. Expenses are recognized when incurred.

#### **Cash And Cash Equivalents**

Cash equivalents include cash on hand, demand deposits, certificates of deposit and short-term money market investment pools, with an original maturity of three months or less.

#### **Sales Tax Receivable**

Receivables consist of net sales tax revenues due from the City. Management believes that all outstanding receivables are collectible, and no allowance is necessary at June 30, 2013 and 2012.

## **STEAMBOAT SPRINGS EDUCATION FUND**

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### Notes To Financial Statements *(Continued)*

#### **Income Taxes**

The Education Fund is a not-for-profit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Education Fund currently has no unrelated business income. Accordingly, no provision has been made for income tax. Tax years that remain subject to examination are years 2009 and forward for the United States Internal Revenue Service and 2008 and forward for the State of Colorado Department of Revenue.

#### **Use Of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## **2. Cash And Cash Equivalents**

The Education Fund maintains cash at a local financial institution. The Colorado Public Deposit Protection Act (PDPA) requires all public funds be deposited in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

The Education Fund's cash is insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. There were no uninsured deposit balances at June 30, 2013 and 2012.

## **STEAMBOAT SPRINGS EDUCATION FUND**

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### Notes To Financial Statements *(Continued)*

The Education Fund invests in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local governmental entities and public corporations in the State of Colorado, enabling them to pool surplus funds for investment purposes. An investment pool is similar to money market funds, with each share valued at \$1.00. The designated custodial bank provides safekeeping and depository services to the pool in connection with the direct investment and withdrawal functions of the pool. All securities owned by the investment pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the investment pool. The pool is regulated by the Colorado Securities Commissioner. Financial statements for COLOTRUST may be obtained at [www.colotruster.com](http://www.colotruster.com).

The Education Fund invests in the COLOTRUST PLUS+ fund, which can invest in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements, collateralized bank deposits and the highest rated commercial paper. The COLOTRUST PLUS+ fund holds an AAAM rating by Standard & Poor's, signifying an extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market and/or liquidity risks. At June 30, 2013 and 2012, the Education Fund had \$1,262,966 and \$1,367,785, respectively, invested with COLOTRUST PLUS+.

### **3. Grant Awards**

The Education Fund approved awards of \$2,470,706 and \$2,431,554 for the years ended June 30, 2013 and 2012, respectively. Of this amount, approximately 83% and 85%, respectively, was awarded and remitted to the Steamboat Springs School District RE-2 (the District).

### **4. Commitments**

The Education Fund's Board of Directors approved awards of \$930,924 that have not been expended by grantees as of June 30, 2013. The Education Fund's Board of Directors approved awards of \$1,030,752 that were not expended by grantees as of June 30, 2012. Sources of funding for these awards are the Education Fund's net assets and future expected net sales tax collections. These awards will either be expended by the District in future years or rescinded by the Education Fund if unspent.

## **STEAMBOAT SPRINGS EDUCATION FUND**

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### Notes To Financial Statements *(Continued)*

#### **5. Subsequent Events**

Management of the Education Fund has evaluated subsequent events for disclosure through December 2, 2013, which was the date the financial statements were available to be issued.

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