

**Jazz at Aspen - Snowmass**  
**(A Colorado Non-Profit Corporation)**

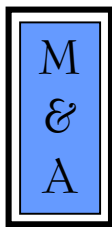
**September 30, 2022**



**Jazz at Aspen - Snowmass  
(Colorado Non-Profit Corporations)  
September 30, 2022**

**Table of Contents**

	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT	1 – 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 16



# McMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: [WWW.MCMAHANCPA.COM](http://WWW.MCMAHANCPA.COM)  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: [MCMAHAN@MCMAHANCPA.COM](mailto:MCMAHAN@MCMAHANCPA.COM)

## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Jazz at Aspen - Snowmass  
Aspen, Colorado**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Jazz at Aspen - Snowmass (the "Organization"), a Colorado non-profit corporation, which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022, 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 ("U.S. GAAP").

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization 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 U.S. GAAP, 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
MATTHEW D. MILLER, CPA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Jazz at Aspen - Snowmass**  
**Aspen, Colorado**

***Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. 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 U.S. 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 Organization'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 Organization'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.



**McMahan and Associates, L.L.C.**  
**Avon, Colorado**  
**August 3, 2023**

**Jazz at Aspen - Snowmass**  
**(Colorado Non-Profit Corporations)**  
**Consolidated Statement of Financial Position**  
**September 30, 2022**

**Assets:**

**Current Assets**

Cash and cash equivalents	4,454,308
Restricted cash	1,642,977
Accounts receivable, net	412,241
Promises to give, net	1,370,000
Prepaid expenses	97,016
Inventory	12,368
Deposits	254,578
<b>Total Current Assets</b>	<u>8,243,488</u>

**Non-Current Assets**

Promises to give, net	587,840
Leasehold improvements	95,911
Furniture, fixtures and equipment	436,124
Less: accumulated depreciation	(404,198)
Net Fixed Assets	<u>127,837</u>
<b>Total Non-Current Assets</b>	<u>715,677</u>

<b>Total Assets</b>	<u><u>8,959,165</u></u>
---------------------	-------------------------

**Liabilities and Net Assets:**

**Current Liabilities**

Accounts payable	782,170
Accrued expenses	144,999
Deferred revenue	125,875
<b>Total Current Liabilities</b>	<u>1,053,044</u>

<b>Total Liabilities</b>	<u>1,053,044</u>
--------------------------	------------------

**Net Assets**

Without donor restrictions	4,305,304
With donor restrictions	3,600,817
<b>Total Net Assets</b>	<u>7,906,121</u>

<b>Total Liabilities and Net Assets</b>	<u><u>8,959,165</u></u>
---	-------------------------

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

**Jazz at Aspen - Snowmass**  
**(Colorado Non-Profit Corporations)**  
**Statement of Activities**  
**For the Year Ended September 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Contributions	6,623,247	2,933,806	9,557,053
Contributed nonfinancial assets	418,395	-	418,395
Sponsorships	776,300	-	776,300
Grants	58,943	-	58,943
Ticketing	2,854,145	-	2,854,145
Special events	7,550	-	7,550
Concessions, Merchandise & Other	892,450	-	892,450
Investment income (loss)	(656)	-	(656)
Net assets released from restrictions	1,006,826	(1,006,826)	-
<b>Total Revenues, Gains and Other Support</b>	<b>12,637,200</b>	<b>1,926,980</b>	<b>14,564,180</b>
<b>Expenses</b>			
Educational programs expenses	968,727	-	968,727
June festival expenses	796,730	-	796,730
Labor day festival expenses	7,521,348	-	7,521,348
JAS café expenses	478,676	-	478,676
Management and general expenses	756,974	-	756,974
Fundraising expenses	415,896	-	415,896
<b>Total Expenses</b>	<b>10,938,351</b>	<b>-</b>	<b>10,938,351</b>
<b>Change in Net Assets</b>	<b>1,698,849</b>	<b>1,926,980</b>	<b>3,625,829</b>
<b>Net Assets - Beginning of Year</b>	<b>2,606,455</b>	<b>1,673,837</b>	<b>4,280,292</b>
<b>Net Assets - End of Year</b>	<b>4,305,304</b>	<b>3,600,817</b>	<b>7,906,121</b>

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

**Jazz at Aspen - Snowmass**  
**(Colorado Non-Profit Corporations)**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2022**

	<b>Program Services</b>				<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
	<b>Educational Programs</b>	<b>June Festival</b>	<b>Labor Day Festival</b>	<b>JAS Café</b>	<b>Total Program Services</b>		
Productions & Operations	4,045	369,456	3,302,699	192,089	3,868,289	-	3,868,289
Programming Costs	786,229	285,568	3,455,368	156,857	4,684,022	-	4,684,022
Ticketing Fees	2,050	6,375	99,415	7,448	115,288	3,191	134,782
Marketing & Development	68,403	35,988	436,676	22,023	563,090	3,836	778,989
Professional Services & Licenses	-	-	-	-	-	79,746	80,057
Insurance	-	381	3,011	-	3,392	142,261	145,653
Office Expenses	-	110	-	-	110	107,911	108,021
Payroll Expenses	98,000	98,852	148,027	100,239	445,118	406,873	1,039,210
Other Expenses	10,000	-	181	20	10,201	7,016	17,217
Depreciation	-	-	75,971	-	75,971	6,140	82,111
<b>Total</b>	<b>968,727</b>	<b>796,730</b>	<b>7,521,348</b>	<b>478,676</b>	<b>9,765,481</b>	<b>756,974</b>	<b>10,938,351</b>

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

**Jazz at Aspen - Snowmass**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2022**

<b>Cash Flows from Operating Activities</b>	
Cash received for concert tickets	2,720,566
Cash received for donor and sponsorship support	9,455,513
Cash received from special events	7,550
Cash received from grants	58,943
Interest and dividends received	1,095
Cash received from other sources	890,699
Cash (paid) for salaries, payroll taxes, and benefits	(1,360,365)
Cash (paid) for other goods and services	(9,065,036)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>2,708,965</u>
<b>Cash Flows From Financing Activities</b>	
Cash paid for interest on note	(1,413)
Cash paid for principal on note	(150,000)
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>(151,413)</u>
<b>Net Increase in Cash, Cash Equivalents, and Restricted Cash</b>	<u>2,557,552</u>
<b>Cash, Cash Equivalents and Restricted Cash - Beginning of Year</b>	<u>3,539,733</u>
<b>Cash, Cash Equivalents and Restricted Cash - End of Year</b>	<u><u>6,097,285</u></u>
<b>Reconciliation of Change in Net Assets to Net Cash</b>	
<b>Provided (Used) by Operating Activities</b>	
Change in net assets	<u>3,625,829</u>
<b>Adjustments to reconcile:</b>	
Depreciation	82,111
Interest expense	1,413
(Increase) decrease in accounts receivable	(233,254)
(Increase) decrease in promises to give, net	(877,840)
(Increase) decrease in prepaid expenses	(57,577)
(Increase) decrease in inventory	10,366
(Increase) decrease in beneficial interests	18
Increase (decrease) in accounts payable	70,152
Increase (decrease) in accrued items	(11,928)
Increase (decrease) in deferred revenue	99,675
	<u>(916,864)</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>2,708,965</u></u>
<b>Schedule of Non-Cash Activities</b>	
Contributed nonfinancial assets	418,395
	<u><u>418,395</u></u>

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



**Jazz at Aspen - Snowmass**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**September 30, 2022**

**1. Organization**

Jazz at Aspen - Snowmass ("JAS") was incorporated October 26, 1992, as a Colorado nonprofit corporation. It is dedicated to the preservation and presentation of jazz, American and popular music through world class festivals, performances and educational programs. JAS fulfills its mission by focusing efforts in the following program areas:

*Educational Programs* – Educational programs provide direct financial support to local public schools in the Roaring Fork Valley by complementing existing public school music programs. The goal is to ensure that these schools maintain band and music programs in their curriculum. JAS supports these programs through providing the following: instrument donations; in-schools faculty assistance; scholarships; pay to play private lesson support; tickets for teachers; beat lab; summer jazz camps; alliance with Berklee College of Music and summer scholarships, and sponsorship of the JAS Honor Jazz Program.

*JAS Academy* – The JAS Academy brings young musicians from around the world, at various points in their early music careers to Aspen, Colorado to provide a real-life musician education from various current day performers such as multi-Grammy award winning, and JAS Academy Artistic Director, Christian McBride. A partnership has been created with The University of Miami's Frost School of Music to provide this Program. This Program has been underwritten by Ed Bass.

*June and Labor Day Festivals* – The festivals expose and educate audiences through world class artist performances of a wide variety of genres including jazz, pop, soul, r'n b, funk and world music. The June JAS Experience is presented at several intimate venues in downtown Aspen, Colorado; the JAS Labor Day Experience, presented at Snowmass Town Park with its daily capacity of 10,000 since 1996.

*JAS Café* – The JAS Café program includes world-renowned artists who perform jazz in a wide variety of instrumental and vocal settings across three different intimate venues in downtown Aspen. This Mission program of JAS helps ensure we build a future audience for jazz and related forms of music, ensuring the survival of this American music form. Through the support of the JAS National Council, JAS can provide extremely affordable tickets, often as inexpensive as \$35, to assure a diverse audience is able to attend. The world class Artists, a combination of Grammy winning veterans and up and coming stars, routinely perform to sold out houses. The intimate setting and high quality of the JAS Café performances has helped develop a new group of JAS National Council members, whose support is critical to the ongoing JAS Café series.

**2. Summary of Significant Accounting Policies**

**A. Basis of Accounting**

These financial statements have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

**B. Cash and Cash Equivalents**

JAS considers all checking, savings, and money market accounts, as well as all liquid investments with a maturity of three months or less when purchased, to be cash equivalents for purposes of the Statement of Cash Flows.

**Jazz at Aspen - Snowmass**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**September 30, 2022**  
**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**C. Investments**

JAS maintains one brokerage account to accept noncash investment donations. The policy of JAS is to liquidate the investments within one month of receipt and transfer the proceeds to operating accounts.

**D. Promises to Give**

Written and documented promises to give, less an allowance for uncollectible amounts, are recognized when a donor makes an unconditional promise to give to JAS.

Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. For pledges received, the discount rate used is commensurate with the risks involved in accordance with the accounting standard for fair value measurements. Amortization of the discounts is included in contribution revenue.

As of September 30, 2022, JAS held the following pledges:

Less than one year, net	\$ 1,370,000
Between one and five years	\$ 620,000
Total long-term pledges	<u>620,000</u>
Less: Discount & allowances	<u>(32,160)</u>
Total long-term pledges, net	<u>\$ 587,840</u>

**E. Allowance for Doubtful Accounts**

JAS uses the allowance method for recognition of uncollectible receivables, whereby an allowance is established when collectability becomes doubtful. No allowance for doubtful accounts was required at September 30, 2022.

**F. Inventory**

Inventories, which consist primarily of left-over festival concessions, are valued at the lower of cost or market. Cost is determined on the first-in, first-out method. Donated items are recorded at estimated fair value at the date of donation.

**G. Fixed Assets and Depreciation**

Fixed assets are defined by JAS as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. As previously described, donated fixed assets are recorded at fair market value when received. Purchased fixed assets are recorded at historical cost.

Leasehold improvements (i.e., corporate office) are depreciated using the straight-line method over the estimated useful life of 39 years as opposed to the short-term lease term as it is reasonably expected that JAS will remain the current office space as that space is owned by the City of Aspen and dedicated for use by local not for profit organizations.

**Jazz at Aspen - Snowmass**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**September 30, 2022**  
**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**G. Fixed Assets and Depreciation (continued)**

Fixed assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	39 years
Furniture and equipment	3 - 15 years

**H. Deferred Revenue**

Deferred revenue consists of sponsorships, tickets and other earned revenues received in advance.

**I. Support and Revenue Recognition**

Contributions of cash and other assets are reported as with donor or grantor restriction if they are received with donor or grantor stipulations that limit or specify the use of the donated assets, whether by time, period, or purpose. When a donor or grantor restriction expires – that is, when a stipulated time restriction ends or the stated purpose restriction is accomplished – donor/grantor restricted net assets are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions. Contributions with donor restriction received and released from restrictions within the same fiscal year are reported as contributions without donor restriction.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Unconditional promises to give expected to be collected within one year are reflected as current contributions and are recorded at their net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Non-monetary contributions of goods and services are recorded at their fair values in the period received. JAS primarily receives contributed nonfinancial asset that consist of donated services, contributed beverages, travel and lodging, and equipment leases. Donated services are recorded at their fair values in the period received, provided that such services either create or enhance non-financial assets or the services are considered “professional” services which would otherwise be required to purchase. Donated fixed assets are recorded at fair value when received and reflected in these financial statements as contribution revenue and an addition to fixed assets. Nonmonetary donations are recognized as revenue and offsetting expense or asset, depending on the nature of such support received.

**Jazz at Aspen - Snowmass**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**September 30, 2022**  
**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**I. Support and Revenue Recognition (continued)**

JAS receives marketing services, lodging, food and beverage, and other volunteer services in exchange for program tickets. JAS uses the face value of tickets exchanged for determining the fair value of these transactions to be recorded in the financial statements.

JAS also derives revenues from sponsorships, event tickets, and tuition within the fiscal year in which the related events or educational services are provided. JAS may receive program funding from various governmental or corporate sources in exchange for an equivalent benefit in return. Revenues from such exchange transactions are recognized as related costs to the program. Event concession and merchandise sales are recognized at a point in time when goods are transferred to the customer.

**J. Income Taxes**

JAS is a non-profit public organization as described in Section 501(c)(3) of the Internal Revenue Code and is thus exempt from federal and state income taxes on income which is directly related to its organizational purpose. Unrelated business income is income derived from a trade or business by the exempt organization that is not substantially related to the performance of the organization's exempt purpose or function. For the year ended September 30, 2022, JAS had no unrelated business income. JAS' Federal information returns are no longer subject to examination for tax years prior to fiscal year 2019.

**K. Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of JAS. These expenses include depreciation, certain personnel salaries and benefits, information technology, and utilities. Depreciation is allocated based on use of assets and location of assets. Salaries and benefits are allocated based on position or time spent on each function. Information technology is allocated based on time spent and specific technology utilized.

**L. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**M. Advertising and Marketing Costs**

JAS expenses all marketing and advertising costs as incurred. Total marketing and advertising costs for the year ended September 30, 2022, was \$461,502.

**Jazz at Aspen - Snowmass**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**September 30, 2022**  
**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**N. Method used for Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited based on time spent.

**O. Basis of Presentation and Net Assets**

JAS reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*With Donor Restrictions* – Net assets subject to restrictions imposed by donors or grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has lapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

**P. Subsequent Events**

Management has evaluated potential subsequent events prior to August 3, 2023, any such events have been included in these financial statements.

**3. Investment Income**

Investments are reported on the financial statements at fair market value. At September 30, 2022, JAS did not hold any investments. Net investment gain/(loss) reported in the Statement of Activities consists of interest and dividend income received, as well as both realized and unrealized gains and losses. Investment income is considered to be without restrictions unless the earnings are restricted, either as to purpose or time period, by the donor of the original contribution.

JAS' investment income for the year ended September 30, 2022, is summarized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 1,095	-	1,095
Realized gains (losses)	(1,751)	-	(1,751)
Net investment income (loss)	<u>\$ (656)</u>	<u>-</u>	<u>(656)</u>

**Jazz at Aspen - Snowmass**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**September 30, 2022**  
**(Continued)**

**4. Fixed Assets**

Detail of JAS' fixed assets for the year ended September 30, 2022, are as follows:

<b>Asset Class</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at Year End</b>
Leasehold Improvements	\$ 95,911	-	-	95,911
Furniture, fixtures and equipment	444,239	-	(8,115)	436,124
Less: accumulated depreciation	(330,202)	(82,111)	8,115	(404,198)
<b>Net Fixed Assets</b>	<b>\$ 209,948</b>	<b>(82,111)</b>	<b>-</b>	<b>127,837</b>

**5. Loans Payable**

*SBA Loan* – In June 2020, JAS executed a secured disaster loan with the United States Small Business Administration in the amount of \$150,000 (the "SBA Loan"). The SBA Loan, which is secured by all of JAS' tangible and intangible personal property and bears interest at 2.75% per annum, matures in June 2050. The SBA Loan proceeds are to be used solely as working capital to alleviate economic injury caused by disaster occurring in January 2020 and continuing thereafter. Under the loan terms, all of JAS' tangible and intangible personal property are collateral, and JAS is required to obtain and itemize receipts and contracts for all loan funds spent to submit to SBA whenever requested. No payments were due for the first twelve months. In 2021, the SBA extended the deferral period, so no payments were due for the first 24 months. In February 2022, JAS paid off the full balance of the SBA Loan.

**6. Classification of Net Assets and Net Assets Released from Restriction**

During the year ended September 30, 2022, the following net assets were released from restriction:

<b>Purpose restrictions accomplished:</b>	
JAS Center	\$ 125,626
JAS Academy	18,000
Scholarship program	9,800
Education programs	294,000
2022 Operations	19,400
<b>Time restrictions expired:</b>	
Passage of specified time	540,000
<b>Total restrictions released</b>	<b>\$ 1,006,826</b>

**Jazz at Aspen - Snowmass**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**September 30, 2022**  
**(Continued)**

**6. Classification of Net Assets and Net Assets Released from Restriction (continued)**

At September 30, 2022, JAS had the following net assets both without donor restrictions and with donor restrictions:

**Without donor restrictions:**

Undesignated	\$ 4,177,467
Invested in property and equipment, net of debt	127,837
<b>Total net assets without donor restrictions</b>	<b>4,305,304</b>

**With donor restrictions:**

Purpose restrictions:

JAS Center	1,390,891
JAS Academy	170,768
Education programs	81,318

Time-restricted for future periods:

General future pledges	1,957,840
<b>Total net assets with donor restrictions</b>	<b>3,600,817</b>

<b>Total Net Assets</b>	<b>\$ 7,906,121</b>
-------------------------	---------------------

**7. Liquidity and Availability of Resources**

JAS' net assets consist of donor-restricted amounts and amounts without donor restrictions. JAS' investment policy and liquidity management is structured around short-term investments to ensure financial assets are available as general expenditures and other obligations become due. In the event of an unanticipated liquidity need, JAS could access credit.

JAS' financial assets available within one year of September 30, 2022, for general expenditures are as follows:

Cash, cash equivalents and restricted cash	\$ 6,097,285
Accounts and interest receivable	412,241
Promises to give, net	1,370,000
<b>Total</b>	<b>\$ 7,879,526</b>

**Jazz at Aspen - Snowmass**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**September 30, 2022**  
**(Continued)**

**8. Contributed Nonfinancial Assets**

During the year ended September 30, 2022, JAS recognized the following contributed nonfinancial assets:

<b>Nonfinancial Asset</b>	<b>Revenue Recognized</b>	<b>How Utilized</b>	<b>Donor Restrictions</b>	<b>Valuation Technique</b>
Marketing services	\$ 207,780	Marketing	No associated restrictions	Vendor rates
Facility and lot rentals	10,000	Productions	No associated restrictions	Vendor rates
Event décor	23,873	Productions	No associated restrictions	Vendor rates
Liquor and beverage	93,903	Bar sales	No associated restrictions	Vendor rates
Lodging	27,500	Artist travel	No associated restrictions	Vendor rates
Other donations	55,339	Various	No associated restrictions	Vendor rates
<b>Total</b>	<b>\$ 418,395</b>			

**9. Revenue from Contracts with Customers**

For the year ended September 30, 2022, revenue recognized for goods transferred or performance obligations met at a point in time were \$4,419,306. There were no revenues recognized for goods transferred or performance obligations met over time during 2022. Revenues may be affected by general economic conditions and inflationary pressures. Revenues are primarily collections from donors and local program participants.

**10. Short-term Leases**

*Red Brick Center Lease* – Effective January 1, 2022, JAS renewed a one-year term lease agreement for administrative offices with the City of Aspen. The lease calls for monthly rent payments of \$2,376, and additional amounts are due for prorated utility, and parking spaces. JAS entered into another one-year lease for the 2023 calendar year calling for monthly rent payments of \$2,447.

*Circle E Storage* – Effective October 1, 2021, JAS renewed a one-year term lease agreement for office and warehouse storage with Circle E Property Management Company. The lease calls for monthly rent payments of \$2,315, and additional amounts are due for cam charges. JAS entered into another one-year lease effective October 1, 2022 calling for monthly rent payments of \$2,593.

**11. Other Agreements**

*Real Estate Purchase Agreement* – In July 2018, JAS entered into an agreement to purchase a commercial unit in Aspen Colorado for \$12.5 million, which would be used for a new building for JAS Café events. The contract had been extended and in February 2022 was replaced by the execution of a multi-year lease with Purchase Option. In 2018, a \$250,000 deposit was held in escrow by the Land Title Company in relation to the building purchase agreement and is included in deposits in the accompanying statement of financial position.

*Event Facility Agreements* – JAS enters into several short-term agreements with venues to host their programs and festivals during the year. The agreement terms do not extend beyond one year, and rates are based on the events held per each venue.



**Jazz at Aspen - Snowmass**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**September 30, 2022**  
**(Continued)**

**11. Other Agreements (continued)**

*Town of Snowmass Village* – On April 8, 2018, JAS entered into an agreement with the Town of Snowmass Village (“TOSV”) to produce the 2018 - 2020 three-day concert festival and club concerts over the Labor Day weekend. Pursuant to the agreement, TOSV will contribute \$150,000 per year to JAS. The agreement has been extended annually. In 2022, TOSV contributed \$150,000. In 2023, TOSV will contribute \$162,000. Unless extended, the agreement will terminate on September 15, 2023

*Consulting and Production Services Agreement* – On December 1, 2016, JAS renewed a consulting agreement with a production and promotion company (the “Promoter”) to provide consulting and other related services for the Labor Day festival that JAS produces. The terms of the agreement shall continue for six years through December 1, 2022. Due to the COVID-19 pandemic, the agreement was automatically extended through December 1, 2023. The Promoter may extend the initial term for one additional five-year option at its sole discretion

Services to be provided by the Promoter include assisting in the procurement of headlining talent and sponsorships, review and advising on the annual budgets, obtaining the best pricing for production elements, marketing, food and beverage consulting, and providing ticketing and production services. In consideration for the services, JAS is required to pay the Promoter each year an amount equal to \$250,000 increasing by 3.5% starting with the 2018 festival (fixed fee), as well as the Promoter’s profit share. The profit share consists of 50% of the first \$100,000 of net profits and 33% of the net profits over \$325,000.

The net profits between \$100,000 and \$325,000 are retained entirely by JAS. As defined in the agreement, the term net profit excludes most patron donations and other contributions to JAS. The Promoter is also entitled to 20% commission on the gross sponsorship fees secured through the Promoter’s efforts.

During the year ended September 30, 2022, JAS paid the Promoter \$353,708 related to this agreement.

**12. Life Insurance Policy**

JAS maintains \$500,000 of term life insurance on a key employee. As of December 31, 2022, there was no cash surrender value on this policy.

**13. Retirement Plan (SEP IRA)**

Employees are generally eligible to participate in a retirement and savings plan that qualifies under Section 408(k) of the Internal Revenue Code, a simplified employee pension individual retirement arrangement (SEP IRA). At the discretion of the Board of Directors, JAS contributes the equivalent of 2% of each employee’s earnings. JAS’ contribution is 100% vested at the time of contribution. The Board elected to not make contributions to the plan for the year ended September 30, 2022.

**Jazz at Aspen - Snowmass**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**September 30, 2022**  
**(Continued)**

**13. Retirement Plan (SEP IRA) (continued)**

In January 2022, JAS terminated the SEP IRA Plan and started a SIMPLE IRA Plan. Employees are generally eligible to participate in this plan that qualifies under Section 408(k) of the Internal Revenue Code, a savings incentive match plan for employees individual retirement arrangement (SIMPLE IRA). JAS contributes a matching contribution equal to each employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. All contributions are 100% vested at the time of contribution. During the year ended September 30, 2022, JAS made matching contributions to the plan totaling \$13,388.

**14. Related Party Transactions**

Throughout the year-long period, members of the Board of Directors of JAS have various transactions with JAS. These transactions represent pledges, contributions, Board member dues, ticket purchases and other transactions that are consistent with transactions with other donors/patrons of JAS. These transactions represent a concentration that may adversely affect JAS if events were to occur that caused a significant decline in Board member financial support.

**15. Concentrations of Credit Risk**

The Federal Deposit Insurance Corporation ("FDIC") insures up to \$250,000 per depositor at each separately chartered FDIC-member financial institution, without regard to the nature of the accounts. At September 30, 2022, \$6,014,298 of JAS' cash and cash equivalents were not covered by FDIC insurance. JAS has not experienced any losses on its cash balances and believes it is not exposed to any significant credit risk.

**16. Concentrations of Revenue Sources**

Over 66% of JAS total revenue (both contributed and earned) was related to its two main festivals: the June Festival and the Labor Day Festival. This signifies a concentration that may adversely affect JAS if events were to occur that affected the viability of any of these two festivals. As a local not-for-profit organization, JAS' primary purpose and source of revenues are concentrated in the Aspen-Snowmass area.

Approximately 19% of sponsorship revenue was received from one source. JAS relies on large sponsors to support future performances. Without this type of support, there would be limited resources to produce the shows.

**17. Subsequent Events**

*Building Purchase Update* – JAS and the Seller/Developer recently executed a new contract which includes a 10-year lease as well as a 5-year JAS Purchase Option. The Lease commences nine (9) months after the Seller delivers to JAS the property in its "white box" state, for JAS' buildout. Since and during the year ended September 30, 2022, JAS continued to refine its design plans for the JAS Center, which were submitted in final form to the Developer in December 2021 for inclusion in their construction permit for the JAS Center space to the City of Aspen. The Developer will begin the construction of the "white box" in the spring of 2023, including all walls, floors, rooms, doors and windows as designed by JAS, as well as utilities including electrical and plumbing. The rough construction schedule plans for the "white box" to be turned over to JAS in the spring of 2024 with JAS' interior buildout of the space taking a maximum of one year and anticipated opening in the spring of 2025.