


Celebrating and Enriching Our Community



O U R M I S S I O N



The Telluride Foundation is committed to preserving and enriching the quality of life of the residents, visitors and workforce of the Telluride region.

The Foundation does this by providing leadership in philanthropy, strengthening community groups, serving as a responsible steward for entrusted funds, and supporting activities that celebrate our unique community.



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Dear Board of Directors, community members and friends,

2002 was a pivotal year for the Telluride Foundation, as our work this year rooted us firmly as an important, effective, long-term asset for sustaining and improving the overall health and spirit of our community.

It is with pride and gratitude that we announce that in 2002 we increased our grantmaking by 20% and assets by 9%. In 2002 we granted over \$840,000 to regional nonprofits; raised over \$350,000 for the Hanley Rink, a project of the Andy Hanley Recreational Fund; granted \$30,000 for regional child care support through our Bright Futures Fund; and granted over \$8,000 in emergency family and individual assistance through the Good Neighbor Fund. All of this and the other work described in this report is due entirely to the generosity of our donors, support of the community and the guidance of the Board of Directors. For this incredible support, we are deeply appreciative.

As our country as a whole experiences uncertainty in our economy, our security and our future, the beauty and vivacity of Telluride continues to strengthen and refresh all who live, work and vacation here. The fact that the Foundation continues to grow, despite tough economic times and a decline in national philanthropic giving, is testament to the tenacity of our donors and their love of this incredible place.

As we look ahead, we invite any and all to participate with us in this extraordinary endeavor to celebrate and enrich our special community. We'll continue to work with our donors to achieve their philanthropic goals and create a positive, lasting impact for this region to thrive for years to come.

Sincerely,

General H. Norman Schwarzkopf
Co-Chair



Ron Allred
Co-Chair



Paul Major
President & CEO



DONOR LIST

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Mike & Anne Armstrong
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HIGHLIGHTS FROM THE TELLURIDE FOUNDATION'S SECOND YEAR – PLANNING, MATURING AND FOCUSING

Two years into its role as the Telluride region's philanthropic resource, the Telluride Foundation is more engaged, active and involved in the community than ever. Despite a national trend toward reduced charitable contributions and cut-backs in funding at the state level, Telluride continues to give and give generously. As a result, the Telluride Foundation, through the generosity of its donors, funded more programs and organizations—over 60—and at a higher level—the Foundation saw a 20% increase in grants awarded—than ever before.

The Foundation's success stems from the commitment of its board members and staff, and its commitment to proactively identify and address the emerging needs of grant recipients and donors in the Telluride community.

In July the Foundation's Board of Directors adopted a Strategic Plan developed by a committee led by Board member Anne Herrick that provides the framework to guide the Foundation toward achieving its mission. The plan identifies areas of strategic emphasis on which the Telluride Foundation will focus over the next two to four years, and will assist the board and staff in all aspects of their decision making. Highlights include a revised mission statement focused on preserving and enriching the local quality of life; clear guiding values; a vision statement committing the Foundation to sustaining and improving the overall health of the Telluride community; and an overall recognition that the donor is the Foundation's primary customer and that the Foundation must have an intense focus on serving their interests and needs.

Toward these ends, the Telluride Foundation took several concrete steps through grants and initiatives in 2002. In the winter the Telluride Foundation awarded \$362,015 in community grants to area nonprofits (see p. 10). These, combined with grant distributions from field of interest funds, donor advised funds and restricted contributions, brought the total amount granted to local groups by the Foundation in 2002 to over \$840,000.

The Foundation also established three new

field of interest funds—the Good Neighbor Fund (p. 13), the Bright Futures Fund (p. 12) and the San Miguel Kids Endowment (p. 13). The mission of the Good Neighbor Fund is to create stability in the community by helping individuals and families with limited financial resources with critical short-term needs. The Bright Futures Fund is dedicated to supporting early childhood care and education programs in the Telluride region, and the San Miguel Kids Endowment was created to fund organizations that benefit youth (ages 0–19) in the Telluride, Norwood and West End School Districts.

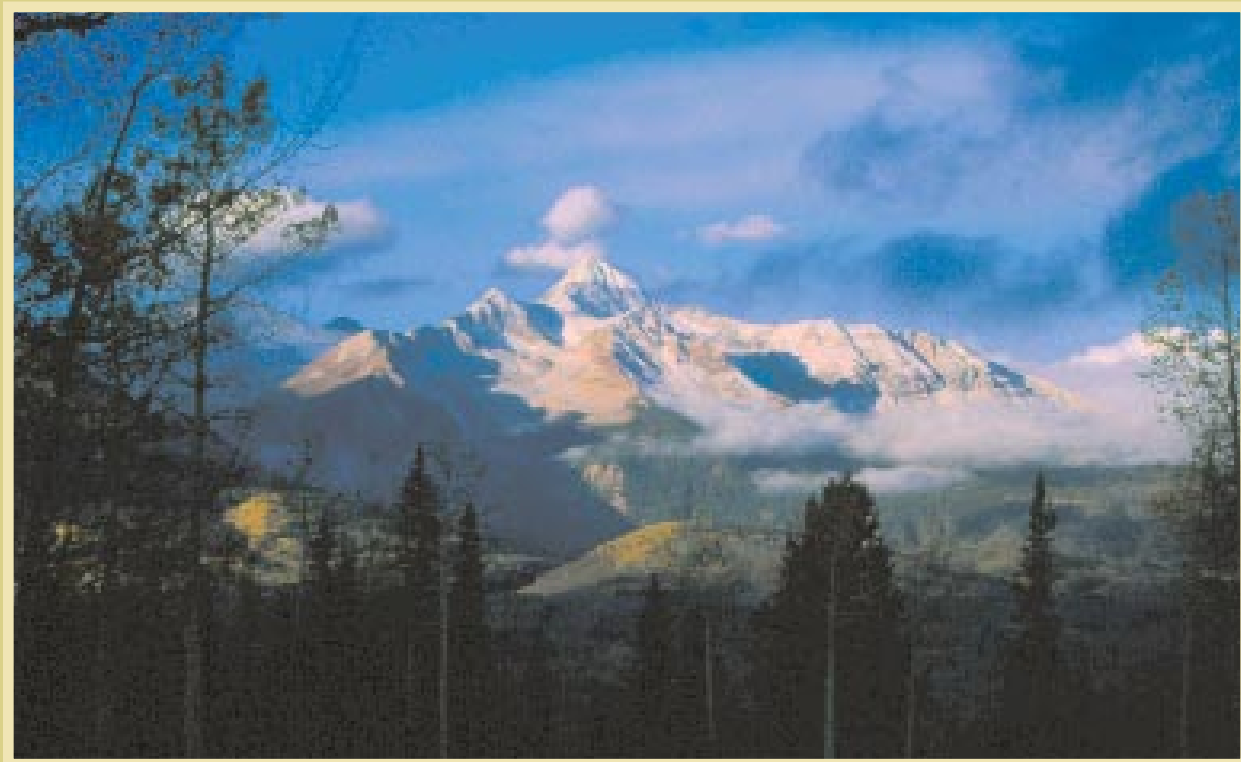
Additionally, the Foundation continued to aid all the region's various nonprofits in becoming better businesses by providing training in all phases of nonprofit operations through seminars, workshops and the Technical Assistance Grants (p. 9) it introduced in December.

To better serve its donors, the Telluride Foundation introduced the new Nonprofit Directory, a guide to the over 70 nonprofits in the region. A service designed to help potential donors research and reach local nonprofits, the Nonprofit Directory provides key information such as assets, revenues and expenses, program descriptions, and contact information for each group. The entire directory is available online at www.telluridefoundation.com and paper versions are available through the Foundation office.

Finally, the Telluride Foundation and the Town of Mountain Village introduced the region's first Telluride 360° Adventure festival last July. The one-of-a-kind outdoor celebration combined mountain biking, rock climbing, trail running, adventure racing and fly fishing in a sporting event for professional athletes, amateurs and families. Over 10,000 people participated in the 360, over 100 journalists attended and 4.5 hours of programming was aired on national TV.

The Foundation staff and board will continue to build on the initiatives introduced in 2002 while seeking wider community involvement and outside funding support to underwrite administrative costs and enlarge the available pool of grant funds. Through the continued support of our donors and the community, the Foundation is poised to make substantial progress on its many critical philanthropic efforts.

2002 Grant Overview



| | Page | Totals |
|--|------|------------------|
| Community Grants | 10 | \$362,015 |
| Bright Futures Fund (Child Care) | 12 | \$30,000 |
| Good Neighbor Fund (Family Emergency Assistance) | 13 | \$8,000 |
| Town of Mountain Village/Metro Services Grants | 17 | \$199,500 |
| Donor Advised and Designated Funds | 16 | \$178,080 |
| Donor Restricted Grants | | \$64,854 |
| Grand Total | | \$842,449 |

Telluride Foundation Community Grants

The Telluride Foundation awards grants once annually to qualified outstanding regional non-profit organizations.

The Grants Committee is charged by the Board of Directors to review and provide recommendations to the full Board for consideration. The Grants Committee is composed of members selected from the Board of Directors. The Foundation Board of Directors is comprised of up to 40 community leaders who meet twice a year, once in July and once in December to review and take action on recommendations made by the Grants Committee.

GRANT GUIDELINES

Current Types of Support

General/operating support; existing and new programs; annual campaigns; conferences and seminars; consulting services; matching funds; technical assistance; seed money or start-up funds.

Outline of the Review and Eligibility Criteria:

The Telluride Foundation considers grant applications from organizations meeting the following criteria and uses the following review criteria:

1. Conduct activities and programs consistent with the Foundation's mission statement.
2. Qualified as a 501(c) 3 tax-exempt organization under the Internal Revenue Code, or operating as a local government or one of their subsidiaries.
3. Serve people living or working in San Miguel County.
4. Priority is given to well-run, financially sound organizations whose missions address a current and proven public need in the county.
5. Applicants that show strong community support for their organizations and its projects, as well as a collaboration of community resources, will be given priority.
6. The Foundation will support new organizations only when it is clear they are capable of being self-sufficient and will not become a financial burden on others.
7. Organizations less than three years old must show a sound plan for establishing self-sufficiency.

TECHNICAL ASSISTANCE GRANTS

In 2002, The Telluride Foundation created a new type of local grant, the Technical Assistance Grant. These grants provide an easy, effective way for nonprofit organizations to improve their operational efficiency through a proven, turnkey program for assessing and addressing individual organization's needs.

Technical Assistance Grants are offered to local nonprofits as part of the Foundation's annual Community Granting cycle. The Technical Assistance Grants allows the Foundation to focus on, and provide tools for, increasing the capacity of the region's nonprofit community. This is the most cost-effective and responsible way for the Foundation to support nonprofits they might not otherwise have been able to.

Recipients are invited to undergo a two-part process that includes a free organizational assessment by a third-party consultant and, working with a nonprofit consultant that they select, to develop and implement a specific action plan for their organization.

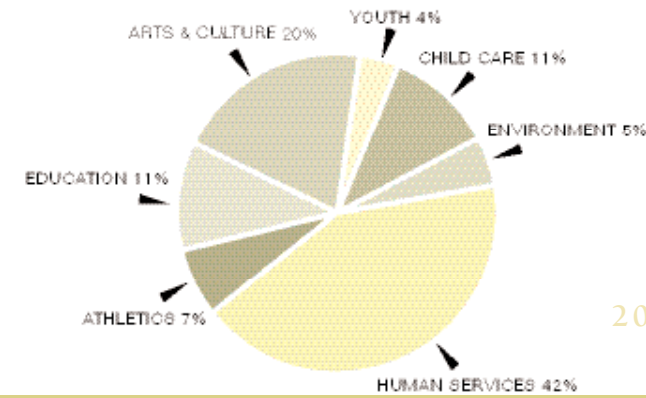
It is the sincere hope of the Foundation that Technical Assistance Grants will help to build the capacity of individual nonprofits, allowing them to thrive and increase the overall level of our community's philanthropic efforts.



Telluride Foundation Community Grants - December 2002



COMMUNITY GRANTS



2002 COMMUNITY GRANT DISTRIBUTION

ARTS & CULTURE

| | | |
|--|----------|---|
| Ah Haa School for the Arts | \$16,000 | Local scholarships and teacher compensation |
| MountainFilm | \$10,000 | General support, Middle/High School Rendez-Vous and Reconnaissance programs |
| Outloud Lecture Series | \$2,000 | General support |
| Pinhead Institute, a Smithsonian Affiliate | \$7,500 | Student Biodeversity Workshop, Student Biodeversity Exposition and Smithsonian scholar lectures. |
| Sheridan Arts Foundation | \$10,000 | Young People's Theater scholarships and rental subsidy program for nonprofits using the Opera house |
| Telluride Choral Society | \$5,000 | General support for 2003 performances |
| Telluride Film Festival | \$7,000 | Underwriting for High School programs |
| Telluride Historical Museum | \$10,000 | General support |
| Telluride Repertory Theatre | \$10,000 | For the Free Classics in the Park production for summer 2003 |
| Telluride Society for Jazz | \$6,000 | General support |
| Telluride Writers Guild | \$2,085 | General support |

ATHLETICS

| | | |
|------------------------------------|----------|---|
| San Juan Field School | \$4,000 | Avalanche Education and the San Juan and Uncompahgre Educator Courses |
| Telluride Adaptive Sports Program | \$5,000 | General support and scholarships for the therapeutic horseback riding program |
| Telluride Lizard Heads Hockey Club | \$3,000 | Financial aid, equipment and uniforms |
| Telluride Ski and Snowboard Club | \$12,500 | For family financial aid |
| Telluride Youth Soccer Club | \$4,500 | For expansion of the summer programming |

CHILD CARE

| | | |
|--|----------|--------------------------------------|
| Earthsong Initiative (Waldorf Preschool) | \$1,500 | Scholarships for low income families |
| Rainbow Preschool | \$2,080 | Enrichment programs for kids |
| Rascals Toddler Program | \$2,500 | Enrichment programs for kids |
| Rockies After School Program | \$2,000 | Enrichment programs for kids |
| Wright Stuff Community Foundation | \$25,000 | General support |

EDUCATION

| | | |
|--------------------------------------|----------|--|
| Telluride Education Foundation (TEF) | \$10,000 | For small grants within the school district and the teacher magnet programs |
| Telluride Mountain School | \$2,500 | Scholarships for low income families with children in grades K-8 |
| Telluride Youth Foundation | \$1,000 | General support to help students who need financial assistance with fees or equipment required for school programs |

ENVIRONMENT

| | | |
|---|---------|---|
| Rocky Mountain Ark Wildlife Center | \$5,000 | To fund a summer intern |
| San Miguel County Open Space Commission | \$1,500 | Organizing a conference on the Gunnison Sage Grouse and supplementing any fees or costs for NGO's and private landowner's participation |
| San Miguel County Regional Recycling Task Force | \$1,650 | New recycling bins and Spanish translations |
| Sheep Mountain Alliance | \$4,000 | For the coordination of county-wide recycling effort and to inventory of all local environmental groups |
| Telluride Institute (Project Greenbucks) | \$2,500 | Greenbuck projects in San Miguel County |
| Telluride Institute (SM Watershed Education Program: Burn Canyon Video) | \$2,000 | For production of the Burn Canyon Fire video by Norwood school district students |

HUMAN SERVICES

| | | |
|--|----------|--|
| Angel Baskets | \$2,500 | General operating support |
| Canyon Chapel | \$15,000 | To pay the utilities for the facility |
| Juvenile Diversion | \$4,000 | Half-time salary of female case worker |
| Midwest Colorado Mental Health Center | \$4,000 | Operation, promotion and coordination of your 24-hour crisis counseling service |
| Montrose Community Dental Clinic | \$5,000 | For service of patients from San Miguel County |
| Montrose County Health and Human Services | \$8,000 | Homemaker program for Norwood and to assist families living at 150% of poverty level to obtain licensed childcare so they can continue to be employed in San Miguel County |
| One-to-One | \$20,000 | General support |
| Rocky Mountain Holistic Health Center | \$4,000 | Care and treatment of San Miguel residents or workers |
| San Miguel Regional Housing Authority | \$5,000 | Operating costs associated with the San Miguel County Down Payment and Closing Cost Assistance Program |
| San Miguel Resource Center (General Ops.) | \$25,000 | General operating support, staff salaries, volunteer advocate training and cultural outreach and integration |
| San Miguel Resource Center (Latino Resource Guide) | \$3,800 | For the production and completion of the Latino Resource Guide |
| Telluride AIDS Benefit | \$400 | AIDS education in the local schools |
| Telluride Medical Center | \$20,000 | Purchase of new computers; underwriting for the costs of indigent care |
| Uncompahgre Medical Center | \$25,000 | Purchase of SonoSite unit |

YOUTH

| | | |
|--------------------------------|----------|---------------------------------------|
| Girl Scouts of Chipeta Council | \$2,000 | General support and camping equipment |
| Horizon Program | \$12,500 | General support |
| Telluride Montessori School | \$3,000 | Scholarships for low income families |

TECHNICAL ASSISTANCE GRANTS - DECEMBER 2002

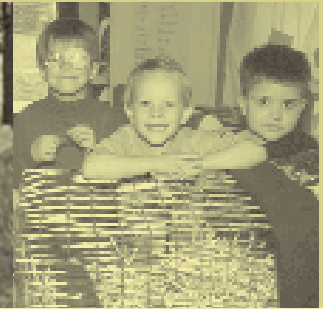
Dance in Telluride
SK81435: Telluride Youth Skateboard Society
Telluride Academy
Telluride Community Television
Telluride Council for the Arts & Humanities



Initiatives



this is only a black and white... okay if it does NOT go on back cover?



BRIGHT FUTURES CHILD CARE FUND

In 2002, the Telluride Foundation launched a new field of interest fund, the Bright Futures Fund, dedicated to supporting early childhood care and education programs that serve the working parents of the Telluride region. The fund establishes a permanent financial resource to increase the availability, affordability and quality of regional child care programs and provides extraordinary Colorado tax credits for businesses and individuals that support it.

To maximize the Bright Futures Fund's impact for the Telluride region and the donors who contribute to it, the fund takes advantage of the Colorado Child Care Contribution Credit. The State of Colorado offers a 50% state tax credit to businesses and individuals who make a monetary donation in support of child care through 2004. Cash contributions to the Bright Futures Fund provide a tax credit equal to 50% of the donation on businesses and individual's state tax bills. Combined with the federal tax deduction for charitable contributions, this can substantially reduce donors' tax liabilities. The Foundation will then leverage local giving to the Bright Futures

Fund with grants from federal and state agencies and private foundations. Our hope is that local individuals and businesses, regardless of whether their own children are in child care, will take advantage of the Colorado State Tax Credit coupled with the federal tax deduction, to create a pool of money available for granting. Even if you don't have young children, chances are you or your business depend on someone who does.

Although perceived as wealthy and amenity rich, the Telluride region must address a wide range of socio-economic impacts generated by our resort development, including housing, transportation and child care issues. Working parents facing high costs of living, low paying service level jobs and lengthy commutes from remote, outlying communities cannot be reliable workers without having easy access to affordable child care of the highest quality. The focus of the Bright Futures Fund is on three areas of critical need—affordability, quality, and capacity—and it will benefit licensed child care providers and educators in the area.

In 2002, the Telluride Foundation granted \$30,000 from the Bright Futures Fund.

GOOD NEIGHBOR FUND

Designed to be a place for people to turn after they've exhausted all other options, including state and local governmental agencies, the Good Neighbor Fund was created to provide one-time emergency assistance for San Miguel County residents with limited resources with critical short-term financial needs. Its goal is to quickly, effectively and confidentially provide financial assistance for certain qualified needs including housing, transportation or medical treatment. To this end, the Fund pays vendors directly and as such, it's the perfect mechanism for donors who want to impact the lives of San Miguel County residents in need by helping them remain a part of our community. The Fund has no overhead—all donations made to it are passed on to San Miguel County residents in need—and is administered year-round through the expertise and counseling services of San Miguel Resource Center in Telluride and the Wright Stuff Community Foundation in Norwood.

To date, the Telluride Foundation assisted regional employees and families with \$8,000 in emergency grants through the Good Neighbor Fund.

SAN MIGUEL KIDS ENDOWMENT

The San Miguel Kids Endowment was created to fund organizations that benefit youth (ages 0–19) in the Telluride, Norwood and West End school districts. It was created by noted philanthropists Debbie & Bill Carstens.

Revenues from the endowment will be distributed annually and will initially fund the Just For Kids Fund, a designated fund at the Telluride Foundation. The Just For Kids Fund was founded by the Carstens in 2001 and established specifically to support the Just For Kids Foundation. The Just For Kids Foundation serves children and children's organizations in San Miguel County by making grant awards several times a year.

A percentage of the proceeds from the pending sale of the Carstens' 1,724-acre Sound of Music Ranch on Wilson Mesa was earmarked to be gifted to the Telluride Foundation and will be used to establish the San Miguel Kids Endowment. By creating the endowment, the Carstens and the Telluride Foundation agree to maintain the principal gift intact and invest it to create a source of income for funding in perpetuity for local organizations that benefit kids.

GIFT IDEAS

As you review your tax planning, especially at year-end, we hope you will consider making good use of the income tax charitable deduction. Here is an overview of some of the best gift ideas. All of these ideas can be used for an unrestricted gift or to start a fund at the Foundation.

Cash

Gifts of cash to the Foundation can be made by check or credit card. If you itemize, such outright cash gifts are generally deductible up to 50% of your adjusted gross income. If your total gifts should exceed this limitation, the excess may be carried forward for tax purposes for up to five additional years.

Gifts of Stock

Giving long-term appreciated stock offers you a two-fold tax savings. First, you avoid paying any capital gains tax on the increase in value of your stock. In addition, you receive a tax deduction for the full fair market value of the stock on the date of the gift. For income tax purposes the value of such gifts may be deducted up to 30% of adjusted gross income, with an additional five-year carry forward. The Telluride Foundation reserves the right to review stock gifts.

Gifts of Real Estate

Real estate in the form of a residence, vacation home, ranch or land may have significantly appreciated in value through the years so that its sale would mean a sizeable capital gains tax. By making a gift of this property you would avoid the capital gains tax and receive a charitable deduction for the full fair market value of the property.

Retirement Plans

You can name the Foundation as a beneficiary of your Individual Retirement Plan (IRA), Keogh plan, 401(k), 403(b) or other qualified pension plan. You may name the Foundation as beneficiary for part or all of what remains in your retirement account. The proceeds of these plans are distributed outside of the probate and are entirely free from federal estate tax.

Gifts of Life Insurance

If you own a life insurance policy that is no longer needed, you can name the Foundation as both the owner and beneficiary of that policy. If the policy has a cash value, you can take a charitable deduction approximately equal to the cash value at the time of the gift. In addition, if annual premiums are still to be made and you continue to pay them, those premiums will become tax deductible each year.

Bequest

One of the simplest ways to make a gift to the Foundation is through your will. You can designate a gift or portion of your estate to your community foundation and, in some cases, receive a substantial reduction in federal gift and estate taxes. Please see our brochure entitled "Create a Legacy" for more information.

Charitable Remainder Trusts

A life income gift, commonly in the form of a Charitable Remainder Trust (CRT), allows you to transfer assets over to us now, and yet receive annual income from the asset for your lifetime (or the lifetime of another named beneficiary). A life income gift can allow you to: (1) increase your income for life; (2) receive a generous charitable contribution deduction now; (3) if you contribute stock, avoid any capital gains tax on the appreciation.

DONOR PROGRAMS & PLANNED GIVING OPTIONS

Because every donor has different needs and values, the Telluride Foundation works with each interested donor individually to create a giving opportunity that is right for that person, family or company. Your gift to the Foundation can be made in one of four ways: (1) unrestricted gift which goes toward our community grantmaking, (2) Donor Advised Fund, (3) Field of Interest Fund or (4) Designated Fund. Your gift can be funded with cash, approved security, real estate, retirement plan, bequest, life insurance policy or charitable remainder trust. Interested donors are encouraged to contact the Foundation to discuss these and other giving options.

Unrestricted Gifts

By giving an unrestricted gift, donors can be assured their charitable gift will always serve a vital purpose, even as the community changes and evolves. Unrestricted gifts support the Foundation's annual community grantmaking. Donors contributing through the Foundation's multi-tiered donor program enjoy a variety of exclusive benefits. This program consists of four levels:

- Friends of Telluride donors give \$25,000 for each of four consecutive years
- Gold Hill donors give \$10,000 (or up to \$24,999) for four consecutive years.
- Bridal Veil donors give \$2,500 (or up to \$9,999) for four consecutive years
- First Tracks donors give \$1,500 (or up to \$2,499) for four consecutive years.

Restricted Gifts

To date the Telluride Foundation has created three types of restricted funds (1) Field of Interest Funds, (2) Donor Advised Funds and (3) Designated Funds. For each of these funds, the Foundation provides donors with regular accurate fund statements, access to the expertise of Foundation grant staff, professional management, and investment of fund monies and increased knowledge of the Telluride community's needs.

Field of Interest Funds

To date, the Board has established four field of interest funds:

- Bright Futures Fund: supporting for childcare in the region
- Telluride Medical Capital Fund: supporting improvement of regional medical capabilities.
- San Miguel Kids Endowment: endowed fund for kids and youth programs (ages 0–19).
- Land Conservation: supporting open space preservation and watershed protection.

Donors may contribute a minimum of \$1,000 to a field of interest fund. Each fund is held in a separate account and invested according to Foundation guidelines. Other field of interest funds may be established based on the initiative of the donor(s).

Donor Advised Funds

A donor advised fund is like your own private foundation. See page 16 for detailed info.

Designated Funds

Donors can create a fund to benefit a specific nonprofit organization. This fund can be established as an endowed fund (to remain in perpetuity), as an expendable fund (to be spent down over a specified number of years) or as a one-time pass through. For a permanent endowed fund, 5% of the fund net asset value is granted to the organization each year.



Donor Advised Funds



In 2002, The Telluride Foundation managed seven donor advised funds and one designated fund. All together, these Funds distributed \$377,580 in grants in 2002, \$199,500 of which was distributed by Mountain Village.

The Andy Hanley Recreation Fund
 The Grace & Paul Engbring Fund
 The Fansler Family Fund
 The Fortenberry Family Fund
 The Diane & Ned Powell Fund
 Town of Mountain Village
 Mountain Village Metro Services
 and
 Just For Kids Designated Fund

What is a donor advised fund?

Establishing a donor advised fund at the Telluride Foundation is like creating your own private foundation. You have the power and flexibility to make recommendations for grants to specific nonprofit organizations from your fund, without the time, paperwork and expense of running your own foundation. A donor advised fund allows you and your family to focus on the charitable giving, while we handle all the administration. Additionally, with a donor advised fund, you are able to take an immediate tax deduction for full market value of appreciated assets and avoid capital gains tax.

A donor advised fund is an irrevocable gift to the Foundation while you retain the explicit ability to advise the Foundation on distributions of grants for charitable purposes.

Donor advised funds can be started by individuals or corporations. They can be established as temporary (expendable) or permanent (endowed) funds. They may be named to recognize the donor(s), a family, a friend you would like to honor or an organization. Or, you can name the fund to ensure your anonymity.

Many donors know exactly which nonprofits they plan to help through their funds. However, if you should need assistance, our professional staff and grants committee are available to help you to achieve the maximum impact with your charitable dollars. We are on hand to answer questions, provide information on local organizations, research areas of interest to you and any other support you may need for your grantmaking.

TOWN OF MOUNTAIN VILLAGE & MOUNTAIN VILLAGE METRO SERVICES

DONOR ADVISED FUND DISTRIBUTIONS—DECEMBER 2002

ARTS & CULTURE

| | | |
|--|----------|--|
| Mountain Film | \$30,000 | Expanding the 2003 festival to Mountain Village—the conference center, Heritage Plaza |
| Pinhead Institute/Smithsonian in the Rockies | \$3,000 | Expand and manage academic conference services to enrich the regional economy and bring more life to the Mountain Village core; academic public lecture series |
| Telluride Choral Society | \$2,000 | General operating support |
| Telluride Film Festival | \$40,000 | General operating support |
| Telluride Society for Jazz | \$15,000 | Presenting Sponsorship of Festival |
| Telluride Tickets/TCAH | \$5,000 | Telluride Ticket project |
| Telluride Wine Festival | \$3,000 | General support for event at Conference Center |

ATHLETICS

| | | |
|------------------------------------|----------|---|
| Telluride Adaptive Sports Programs | \$5,000 | General operating support |
| Telluride Ski & Snowboard Club | \$20,000 | General operating costs of freestyle and snowboard events on the mountain |

EDUCATION

| | | |
|--------------|---------|---|
| Wright Stuff | \$5,000 | Free adult education (ESL and GED classes); affordable, accessible child care for commuting parents |
|--------------|---------|---|

ENVIRONMENT

| | | |
|--|---------|---------------------------|
| San Miguel Watershed Coalition/ San Miguel River Ranger | \$3,000 | General operating support |
|--|---------|---------------------------|

HUMAN SERVICES

| | | |
|---|----------|------------------------------------|
| One To One | \$5,000 | General operating support |
| San Miguel Resource Center | \$5,000 | General operating support |
| Telluride AIDS Benefit | \$2,000 | Partial venue rental and marketing |
| Telluride Medical Center Capital Fund Benefit | \$15,280 | CAT Scan fundraiser |

GENERAL

| | | |
|---------------------------------|----------|---------------------------|
| Inkind Services for Non-profits | \$41,220 | General operating support |
|---------------------------------|----------|---------------------------|

TOTAL **\$199,500**



Grant Recipient Profile – One to One



Study after study shows that mentoring improves children's academic, communication and self-expression skills, as well as overall self-confidence.

As the Telluride region's unique, locally created and operated adaptation of the nationally recognized Big Brothers/Big Sisters program, One to One is committed to providing mentorship experience for children ages five to 17 in Telluride, Norwood, Naturita and Nucla. One to One mentors give guidance, companionship and understanding to local children, building their self-esteem and life-skills.

According to Deborah J. Daniels, Assistant Attorney General for the Office of Justice Programs: "Experts tell us that the single greatest factor in helping a child avoid delinquent behavior is a strong, caring relationship with an adult." The longer the relationship, the more pronounced the impact.

One to One offers five different programs to meet the needs of the Telluride region's children: the Core Mentorship, the After-School Program, the Study Buddy Program, the Art Mentoring Program and the Youth Services Program. Volunteers commit to one to six hours a week for the school year, for one year or longer. Currently 27 percent of the One to One relationships are in two- to seven-year terms.

Since the Telluride Foundation's inception, One to One has consistently been one of the Foundation's top grant recipients. This is a reflection of the critical, top-notch work the group performs in the region, its ability to use grants effectively, and the dedication of its staff and board members.

In 2002, One to One increased the number of children served by nine percent, and they anticipate serving an additional nine percent in 2003. In 2001 the program served 84 children, in 2002 One to One volunteers worked with 93 local children and the organization projects it will serve over 100 kids in 2003.

Thanks to the time and effort donated by its volunteers, One to One's cost per child is well below the national average, and the organization continues to bring that number down. Big Brothers/Big Sisters' cost per child national average is \$1,000. One to One's Cost per child was \$625 in 2001, \$542 in 2002 and is projected to be around \$530 for 2003.

"Most of the mentors feel they are sharing lifetime relationships," comments Karine Webb, director of One to One. "The mentors come from all age groups, from their 20s to their 60s, and represent all lifestyle interests. Three of the most important components to make the relationship work are commitment, consistency and communication."

Donor Profile – Stephen and Sheila Wald

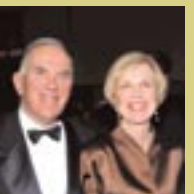
When Stephen and Sheila Wald moved to Telluride in 1994, the region gained a pair of active and engaged citizens who have worked diligently to help make the Telluride community a better place. In nine years the pair has served on over 10 local boards and committees, and they remain as committed to the Telluride community today as the day they arrived.

Both Stephen and Sheila have always had a strong charitable ethic and take great satisfaction in donating their time and money to worthy causes. It is not surprising that Stephen has been extensively involved in the Telluride Foundation since its inception in August of 2000. He is a founding donor, founding member of the Board of Directors and executive committee, and serves as the Foundation's treasurer and grants committee chairperson.

As one of the earliest Telluride Foundation Board members, Stephen is understandably proud of what it has accomplished in its first few years.

"I've had the privilege of being involved with a number of large organizations over the years, but I find I get more satisfaction from local groups where it's easier to make a real impact," said Stephen. "After all, a \$5,000 gift to the Telluride Foundation is like a \$500,000 gift to Harvard."

Stephen is particularly pleased with the way the Telluride Foundation has been able to engage part-time residents by providing a reputable and accountable vehicle for gifts to the community as a whole.



In addition to his work with the Telluride Foundation, Stephen is currently the president of the Telluride Medical Center Board. In the past he's served on the board of the Telluride Adaptive Ski Program, MountainFilm, the Telluride Repertory Theatre and the Telluride Jewish Community.

Sheila is secretary of the Telluride Historical Museum board and chairperson of its capital campaign. She's also the fundraising chair for the San Miguel Resource Center, and has in the past lent her time to co-chairing the Chocolate Lover's Fling, as well as raising money for the Telluride Chamber Music Festival and the Telluride Society for the Performing Arts' Joffrey Ballet productions (now Dance in Telluride).

"Of all the work I've done, I am particularly proud of my involvement with the Telluride Foundation," commented Stephen. "I believe it is the single most important initiative for the long-term prosperity and health of our community."

An investment professional, Stephen first visited Telluride in 1979. He returned with his family several times a year after that, and he and Sheila moved to Telluride permanently in 1994 when they returned from a three-year stint in Prague, Czech Republic.

What makes them continue to volunteer year after year? It's simple. It's a privilege and responsibility that they enjoy.

"It's important for other people, including part-time residents, to become more a part of our community," insists Stephen. "This is their home and they need to be involved, whether as donors, Board members or volunteers."

STATEMENTS OF FINACIAL POSITION

for the year ending December 31, 2002

| ASSETS | 2002 | 2001 |
|---|--------------------|--------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 1,002,496 | \$ 824,293 |
| Accounts receivable | 51,976 | 19,800 |
| Contribution receivables, net of discount | 1,831,540 | 1,715,780 |
| Total current assets | 2,892,012 | 2,559,873 |
| INVESTMENTS | 324,761 | 243,441 |
| PROPERTY AND EQUIPMENT | 23,123 | 27,460 |
| OTHER ASSETS | 2,301 | 142,679 |
| Total assets | 3,236,197 | 2,973,443 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | 427,682 | 383,145 |
| Accrued liabilities | 32,592 | 23,575 |
| Deferred revenue | 148,780 | 171,891 |
| Total current liabilities | 609,054 | 578,611 |
| COMMITMENT | | |
| NET ASSETS: | | |
| Unrestricted | 470,842 | 382,487 |
| Temporarily restricted | 2,156,301 | 2,012,345 |
| Total net assets | 2,627,143 | 2,394,832 |
| Total liabilities and net assets | \$3,236,197 | \$2,973,443 |

The following financial highlights should be read in conjunction with the financial statements as audited in 2002 and 2001.

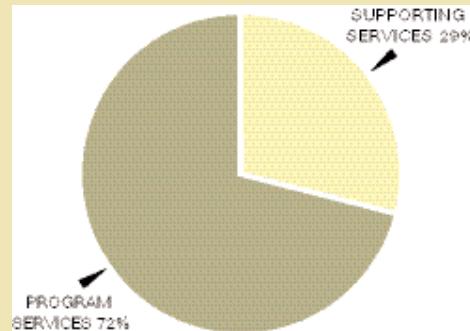
STATEMENT OF ACTIVITIES

for the year ending December 31, 2002

| | UNRESTRICTED | TEMPORARILY RESTRICTED | TOTAL |
|---|-------------------|------------------------|---------------------|
| REVENUE: | | | |
| Contributions- | | | |
| Individuals | \$ 319,454 | \$ 1,539,329 | \$1,858,783 |
| In-kind contributed services | 93,600 | - | 93,600 |
| Divided, interest and other income | 15,726 | 515 | 16,241 |
| Total revenue | 428,780 | 1,539,844 | 1,968,624 |
| NET ASSETS RELEASED FROM RESTRICTIONS | 1,382,167 | (1,382,167) | - |
| EXPENSES: | | | |
| Program services- | | | |
| Grant programs | 965,952 | - | 965,952 |
| Education and consulting | 263,998 | - | 263,998 |
| Total program services | 1,229,950 | - | 1,229,950 |
| Support services- | | | |
| Development | 381,550 | - | 381,550 |
| General and administrative | 102,927 | - | 102,927 |
| Total support services | 484,477 | - | 484,477 |
| Total expenses | 1,714,427 | - | 1,714,427 |
| Realized and unrealized investment gains (losses) | (8,165) | (13,721) | (21,886) |
| CHANGE IN NET ASSETS | 88,355 | 143,956 | 232,311 |
| NET ASSETS | | | |
| Beginning of year | 382,487 | 2,012,345 | 2,394,832 |
| NET ASSETS | | | |
| End of year | \$ 470,842 | \$ 2,156,301 | \$ 2,627,143 |

The following financial highlights should be read in conjunction with the financial statements as audited in 2002 and 2001.

2002 EXPENSE BREAKDOWN



The Telluride Foundation serves people living and/or working in San Miguel County.

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 This annual report is printed on recycled paper.

Thank you to the Verney Family and
Monadnock Paper Mills for their generous
donation of the paper used for this report.

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