

THE PARK CITY FOUNDATION  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011



# BEMENT & COMPANY

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## INDEPENDENT AUDITORS' REPORT

September 17, 2012

Board of Directors of  
The Park City Foundation  
Park City, Utah

We have audited the accompanying statements of financial position of The Park City Foundation as of December 31, 2011 and 2010 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparable information has been derived from the Park City Foundation's 2010 financial statements and, in our report dated August 22, 2011, we expressed an unqualified opinion on those financial statements, but we have not performed any auditing procedures for the year ended December 31, 2010 since that date.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Park City Foundation as of December 31, 2011 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Bement & Company*

THE PARK CITY FOUNDATION  
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

(With Comparative Totals for December 31, 2010)

	2011	2010
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 575,260	\$ 384,942
Promises to give, current portion (Note 4)	125,114	370,650
Miscellaneous receivables	2,016	-
Total Current Assets	702,390	755,592
Fixed assets, net (Note 5)	11,158	17,276
Investments (Note 6)	2,249,905	1,984,212
Promises to give, less current portion (Note 4)	201,192	191,072
Total Assets	\$ 3,164,645	\$ 2,948,152
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 4,530	\$ 5,643
Grants payable	16,000	2,561
Total Current Liabilities	20,530	8,204
Agency endowment funds (Note 2)	199,516	97,947
Total Liabilities	220,046	106,151
Commitments and Contingencies (Note 8)	-	-
Net Assets		
Unrestricted net assets:		
Unrestricted net assets - undesignated	2,306,055	2,009,597
Board-designated quasi-endowments (Note 12)	306,715	265,122
Donor-restricted endowment funds (Note 10)	(202)	(165)
Total unrestricted net assets	2,612,568	2,274,554
Temporarily restricted net assets (Note 9)	326,306	561,722
Permanently restricted net assets (Note 10)	5,725	5,725
Total Net Assets	2,944,599	2,842,001
Total Liabilities and Net Assets	\$ 3,164,645	\$ 2,948,152

See accompanying notes and auditors' report

THE PARK CITY FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

(With Comparative Totals for December 31, 2010)

	2011			Total Net Assets	2010
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Revenues, Gains, and Other Support					
Contributions	\$ 789,427	\$ 140,000	\$ -	\$ 929,427	\$ 2,167,403
Net investment income	57,442	-	-	57,442	19,998
Realized gain on sale of investments	1,349	-	-	1,349	16,463
Unrealized (losses) gains on investments	(92,273)	-	-	(92,273)	40,809
Fee revenue	4,939	-	-	4,939	-
Net assets released from restrictions (Note 11)	375,416	(375,416)	-	-	-
Total Revenues, Gains, and Other Support	<u>1,136,300</u>	<u>(235,416)</u>	<u>-</u>	<u>900,884</u>	<u>2,244,673</u>
Expenses (Note 2)					
Program	539,300	-	-	539,300	425,150
Management and general	111,548	-	-	111,548	104,798
Fund raising	147,438	-	-	147,438	169,666
Total Expenses	<u>798,286</u>	<u>-</u>	<u>-</u>	<u>798,286</u>	<u>699,614</u>
Change in unrestricted net assets	338,014	(235,416)	-	102,598	1,545,059
Net assets, beginning of year	2,274,554	561,722	5,725	2,842,001	1,296,942
Net assets, end of year	<u>\$ 2,612,568</u>	<u>\$ 326,306</u>	<u>\$ 5,725</u>	<u>\$ 2,944,599</u>	<u>\$ 2,842,001</u>

See accompanying notes and auditors' report

THE PARK CITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

(With Comparative Totals for December 31, 2010)

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Reconciliation of change in net assets to net cash provided operating activities:		
Total change in net assets	\$ 102,598	\$ 1,545,059
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized gain on investments	(1,349)	(16,463)
Net unrealized loss (gain) on investments	92,272	(40,809)
Endowment contributions	-	(5,625)
Depreciation	7,994	15,220
Change in other assets and liabilities:		
Decrease in promises to give	235,416	91,787
Increase in miscellaneous receivables	(2,016)	-
Decrease in accounts payable	(1,113)	(6,936)
Increase (decrease) in grants payable	13,439	(23,939)
Increase in agency endowment funds	101,569	97,947
Net cash provided by operating activities	<u>548,810</u>	<u>1,656,241</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(1,876)	(10,332)
Purchase of investments	(353,651)	(1,926,840)
Net cash used in investing activities	<u>(355,527)</u>	<u>(1,937,172)</u>
<b>Cash flows from financing activities:</b>		
Endowment contributions	-	5,625
Net cash provided by financing activities	<u>-</u>	<u>5,625</u>
Net increase (decrease) in cash and cash equivalents	193,283	(275,306)
Cash and cash equivalents, beginning of period	384,942	660,248
Cash and cash equivalents, end of period	<u>\$ 578,225</u>	<u>\$ 384,942</u>

See accompanying notes and auditors' report

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - ORGANIZATION

The Park City Foundation (the Foundation) is a Utah non-profit organization created in 2004. The Foundation seeks to connect private philanthropy with the local community by optimizing the impact of each charitable gift. As a community foundation, the Foundation supports local non-profit organizations and offers sophisticated strategies and services for donors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Foundation presents its financial statements in accordance with U.S. generally accepted accounting principles and the related standards whereby net assets and changes therein are classified according to the existence or absence of time or donor-imposed restrictions. The Foundation complies with the Not-For-Profit requirements of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC).

In accordance with the standards in FASB ASC, funds that are created by organizations for their own benefit (agency funds) are classified as liabilities, even though the fundholders have explicitly granted the Foundation variance power. Grants disbursed from donor directed and agency funds reduce these liabilities.

The financial information presented for December 31, 2010 is for comparative purposes only and is not intended to be a complete financial statement presentation.

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

Revenue Recognition

The Foundation is required to report contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor imposed-restrictions. All of the Foundation's gift instruments explicitly grant the Foundation variance power to redirect the use of assets. As a result, most contributions are recorded as unrestricted. Net assets are internally designated by type of fund and managed according to the Foundation's respective administrative and investment policies.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the current period are recorded as unrestricted contributions. The Foundation's temporarily restricted net assets are discussed in Note 9. The Foundation's permanently restricted net assets are discussed in Note 10.

Contributions, which may include non-cash assets, unconditional promises to give and beneficial interests in irrevocable trusts or other legally-binding agreements, are recognized as revenue at fair value in the period pledged or received. Contributions receivable are reviewed for collectability and reserves for uncollectible amounts are established when needed. Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Use of Estimates

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

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

Cash and Cash Equivalents

The Foundation considers financial instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents held as a portion of the Foundation's endowment portfolio are classified as investments and are not considered to be cash equivalents.

Investments

In accordance with the standards in FASB ASC, investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Promises to Give

Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current receivables. Promises to give due in subsequent years are reflected as long-term receivables and are classified as temporarily restricted net assets. The Foundation uses the allowance method to determine uncollectible unconditional promises to give based on management's analysis of specific promises made. At December 31, 2011, no allowance was deemed necessary.

Furniture, Equipment and Depreciation

Purchased furniture, equipment, and improvements are carried at cost. Donated equipment is recorded at its estimated fair market value on the date of contribution. Gifts of long-term assets are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation of property and equipment is provided over the estimated useful lives of 3 to 7 years for the respective assets on a straight-line basis. The Foundation's capitalization policy is to capitalize any fixed asset expenditures costing more than \$500.



THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

There are no restrictions or limitations on the use of the Foundation's capitalized furniture and equipment.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. The advertising and promotion costs for the year ended December 31, 2011 were \$2,644.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a)(1) of the Code.

Subsequent Events

Management has evaluated subsequent events through September 17, 2012, the date when the financial statements were available to be issued

NOTE 3 - FINANCIAL INSTRUMENTS

The Foundation maintains its cash balances at a financial institution. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2011, the Foundation's cash balances were \$305,172 in excess of the insured limits.

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - PROMISES TO GIVE

Unconditional promises to give at December 31, 2011 are as follows:

Receivable in less than one year	\$ 125,114
Receivable in one to five years	185,500
Receivable in more than five years	30,000
Total unconditional pledges receivable	<u>340,614</u>
Less discounts to net present value	(14,308)
Less allowance for uncollectible pledges receivable	-
Net unconditional promises to give	<u>\$ 326,306</u>

Pledges receivable in more than one year are discounted at 3%. Three donors represented in excess of 10% of promises to give at December 31, 2011 at 23%, 13% and 13%

NOTE 5 - PROPERTY, EQUIPMENT AND DEPRECIATION

A summary of property and equipment and accumulated depreciation follows:

Web creation	\$ 27,665
Database software	22,365
Furniture and fixtures	3,065
Equipment	12,076
Total property and equipment	<u>65,171</u>
Accumulated depreciation	(54,013)
Fixed assets, net	<u>\$ 11,158</u>

Depreciation expense for the year ended December 31, 2011, totaled \$7,994.

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 6 - INVESTMENTS

Investments are carried at market or appraised value, and realized and unrealized gains and losses are reflected in the statement of activities and changes in net assets. Investment earnings available for distribution are recorded in unrestricted net assets. All long-term investments have readily determinable fair values. Investments as of December 31, 2011 are summarized as follows:

Money market funds	\$ 118,691
Fixed income	779,922
Equities	1,351,292
	<hr/>
Investments at fair value	<u>\$ 2,249,905</u>

NOTE 7 - FAIR VALUE MEASUREMENTS

The fair value of assets reported in the financial statements are measured as follows:

Assets measured at fair value on a recurring basis -

Fair value measurements at reporting date using

<u>Description</u>	<u>Carrying Amount at 12/31/2011</u>	<u>Quoted Prices in Active Markets for Identical Assets</u>	<u>Significant Other Observable Inputs</u>	<u>Significant Other Unobservable Inputs</u>
Available-for-sale securities	2,249,905	2,249,905	-	-
Promises to give	<u>326,306</u>	-	<u>326,306</u>	-
Total	<u>\$ 2,576,211</u>	<u>\$ 2,249,905</u>	<u>\$ 326,306</u>	<u>\$ -</u>

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Contributions and bequests may include donor-imposed restrictions or require the fulfillment of certain conditions as set forth in the gift instrument. Failure to fulfill these conditions could require the return of funds to donors. As the Foundation only accepts those gifts for which it agrees to the terms and conditions contained in the gift instrument, the Foundation believes this contingency is remote.

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2011, consist of time-restricted unconditional promises to give as shown in Note 4. There are no purpose-restricted temporarily restricted net assets as of December 31, 2011.

NOTE 10 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2011, are restricted to investment in perpetuity, the income from which is expendable as specified below.

The Foundation's endowment policy is to preserve the historical dollar value of the operating endowment and to appropriate an amount of net appreciation as is prudent. The Foundation will appropriate up to 7% annually of the fair market value of the endowment to operations, calculated on the basis of quarterly market values averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made. In the event the endowment fund has been in existence fewer than three years, the fair market value of the endowment fund shall be calculated for the period of time the endowment fund has been in existence. Any return in excess of these appropriations is reinvested in the endowment and is shown on the statement of financial position as temporarily restricted net assets. In years were a deficiency occurs, such deficiencies are offset against unrestricted net assets.

Appropriation decisions within the above policy parameters will be recommended by the Investment and Finance Committee with final approval by the Board of Directors. For the year ended December 31, 2011, the Board appropriated 5% for expenditure.

As of December 31, 2011, permanently restricted net assets are as follows:

Leadership Park City	\$ 5,100
Park City Performing Arts	500
Park City Foundation Operations	125
Total permanently restricted net assets	<u>\$ 5,725</u>

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions of \$375,416 represent amounts received during the year from unconditional promises to give which are no longer subject to time restrictions.

NOTE 12 - BOARD-DESIGNATED QUASI-ENDOWMENTS

As of December 31, 2011, Board-designated quasi-endowments are as follows:

Operating	\$ 261,053
Candy Erickson Fund for the Betterment of Park City	44,745
Women's Ski Jumping	917
Total permanently restricted net assets	<u><u>\$ 306,715</u></u>

NOTE 13 - LEASES

The Foundation leased its office on a month-to-month basis at \$750 per month in 2011 and total rent expense was \$9,000 for the year. Effective May 1, 2012 the Foundation entered into a lease agreement to continue rent at \$750 per month through July 31, 2015. The following schedule of future rental commitments also includes \$750 per month in 2012 up to the date of the new lease.

The Foundation also leases a vehicle with a monthly lease payment of \$598 through May 31, 2014, with future lease payments as shown in the following schedule.

Future lease commitments for the years ended December 31:

	<u>Rent</u>	<u>Vehicle</u>
2012	\$ 9,000	\$ 7,176
2013	9,000	7,176
2014	9,000	2,990
2015	5,250	-
	<u><u>\$ 32,250</u></u>	<u><u>\$ 17,342</u></u>