

THE PARK CITY FOUNDATION

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013



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INDEPENDENT AUDITORS' REPORT

July 23, 2015

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

We have audited the accompanying financial statements of The Park City Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Park City Foundation as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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THE PARK CITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 490,639	\$ 777,145
Miscellaneous receivables	32,778	11,587
Promises to give, current portion (Note 4)	184,738	193,395
Total Current Assets	708,155	982,127
Promises to give, less current portion (Note 4)	115,572	162,691
Fixed assets, net (Note 5)	6,462	8,274
Investments (Note 6)	3,813,530	3,636,238
Investments - donor restricted (Note 6 and 12)	1,231,861	701,231
Performance account cash asset (Note 8)	1,262,500	1,175,000
Total Assets	\$ 7,138,080	\$ 6,665,561
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 8,003	\$ 144
Total Current Liabilities	8,003	144
Agency endowment funds (Note 2)	1,158,972	610,424
Performance account liability (Note 8)	1,262,500	1,175,000
Total Liabilities	2,429,475	1,785,568
Net Assets		
Unrestricted net assets:		
Unrestricted net assets - undesignated	746,554	697,664
Board-designated quasi-endowments (Note 13)	2,468,345	3,182,844
Total unrestricted net assets	3,214,899	3,880,508
Temporarily restricted net assets (Note 9)	261,845	298,254
Permanently restricted net assets (Note 12)	1,231,861	701,231
Total Net Assets	4,708,605	4,879,993
Total Liabilities and Net Assets	\$ 7,138,080	\$ 6,665,561

See accompanying notes and auditors' report

THE PARK CITY FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, Gains, and Other Support				
Contributions	\$ 1,041,234	\$ -	\$ 530,630	\$ 1,571,864
Net investment income	108,671	(2,124)	-	106,547
Net realized/unrealized gains on investments	31,960	2,062	-	34,022
Fee revenue	47,354	-	-	47,354
Net assets released from restrictions (Note 10)	36,347	(36,347)	-	-
Total Revenues, Gains, and Other Support	<u>1,265,566</u>	<u>(36,409)</u>	<u>530,630</u>	<u>1,759,787</u>
Expenses (Note 2)				
Program	1,653,097	-	-	1,653,097
Management and general	104,454	-	-	104,454
Fund raising	173,624	-	-	173,624
Total Expenses	<u>1,931,175</u>	<u>-</u>	<u>-</u>	<u>1,931,175</u>
Change in net assets	(665,609)	(36,409)	530,630	(171,388)
Net assets, beginning of year	3,880,508	298,254	701,231	4,879,993
Net assets, end of year	<u>\$ 3,214,899</u>	<u>\$ 261,845</u>	<u>\$ 1,231,861</u>	<u>\$ 4,708,605</u>

	2013			Total Net Assets
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, Gains, and Other Support				
Contributions	\$ 1,661,592	\$ 228,500	\$ 695,631	\$ 2,585,723
Net investment income	54,686	-	-	54,686
Net realized/unrealized gains on investments	259,442	20,252	-	279,694
Fee revenue	10,460	-	-	10,460
Net assets released from restrictions (Note 10)	113,494	(113,494)	-	-
Total Revenues, Gains, and Other Support	<u>2,099,674</u>	<u>135,258</u>	<u>695,631</u>	<u>2,930,563</u>
Expenses (Note 2)				
Program	797,446	-	-	797,446
Management and general	116,125	-	-	116,125
Fund raising	152,913	-	-	152,913
Total Expenses	<u>1,066,484</u>	<u>-</u>	<u>-</u>	<u>1,066,484</u>
Change in net assets	1,033,190	135,258	695,631	1,864,079
Net assets, beginning of year	2,847,318	162,996	5,600	3,015,914
Net assets, end of year	<u>\$ 3,880,508</u>	<u>\$ 298,254</u>	<u>\$ 701,231</u>	<u>\$ 4,879,993</u>

See accompanying notes and auditors' report

THE PARK CITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Reconciliation of change in net assets to net cash (used in) provided by operating activities:		
Total change in net assets	\$ (171,388)	\$ 1,864,079
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net unrealized gain on investments	(34,022)	(279,694)
Endowment contributions	(530,630)	(695,631)
Endowment investment loss (income), net	62	(20,252)
Depreciation	4,834	3,761
Change in other assets and liabilities:		
Decrease (increase) in promises to give	55,777	(194,784)
Increase in performance account asset - long term cash	(87,500)	(1,175,000)
Increase in miscellaneous receivables	(21,191)	(10,237)
Increase (decrease) in accounts payable	7,858	(531)
Increase in agency endowment funds	548,548	197,538
Increase in performance account liability	87,500	1,175,000
Net cash (used in) provided by operating activities	<u>(140,152)</u>	<u>864,249</u>
Cash flows from investing activities:		
Purchase of property and equipment	(3,022)	(5,385)
Purchase of investments	(673,900)	(1,627,328)
Net cash used in investing activities	<u>(676,922)</u>	<u>(1,632,713)</u>
Cash flows from financing activities:		
Endowment investment (loss) income, net	(62)	20,252
Endowment contributions	530,630	695,631
Net cash provided by financing activities	<u>530,568</u>	<u>715,883</u>
Net decrease in cash and cash equivalents	(286,506)	(52,581)
Cash and cash equivalents, beginning of period	777,145	829,726
Cash and cash equivalents, end of period	<u>\$ 490,639</u>	<u>\$ 777,145</u>

See accompanying notes and auditors' report

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 - ORGANIZATION

The Park City Foundation, also known as the Park City Community Foundation (PCCF or the Foundation) is Summit County, Utah's community foundation, serving donors (families and businesses), nonprofits and citizens of Summit County, Utah. PCCF is a 501(c)(3) public charity that exists to strengthen and unite Summit County by identifying needs, and giving, supporting and connecting our community. From inception in 2004 through 2014, PCCF has invested over \$6.8 million in our community. PCCF meets the highest standard for giving. PCCF has been confirmed in compliance with the National Standards for U.S. Community Foundations, which establishes legal, ethical, effective practices for community foundations nationwide.

The Foundation has three strategic goals.

1. Endow Summit County's Future – create an endowment to sustain and enhance PCCF's ability to serve the community.
2. Support Nonprofits - promote the Park City nonprofit community by providing grant, education, and networking opportunities.
3. Achieve Long-term Community Gains – collaborate with partners and align resources to accomplish shared goals.

PCCF's primary programs include:

Live PC Give PC – PCCF leads an annual giving day event, livepcgivepc.org. The goals are to connect nonprofits to a new revenue stream and new donors and to raise awareness of local organizations. In 2014, Live PC Give PC had over 2,500 donors in a single 24-hour period and raised over \$1,008,000 for area organizations. There was over 2,600 donors and almost \$830,000 raised in 2013 for the same event.

Park City Women's Giving Fund – In 2014, PCCF concluded a campaign to raise a \$1 million endowment by engaging more than 1,000 people to make a \$1,000 contribution. The endowment is for nonprofit organizations that serve women and children of Summit County, Utah. The fund's 1,200+ members consist of those donors contributing to the fund. Annually, each member is given the opportunity to vote for a single grant recipient. The finalists are selected by a committee of members and approved by PCCF's Board of Directors. The first grant was made in July of 2015. Additionally, Women's Giving Fund members gather together and commit their time and resources to local causes. Specifically, the group formed a mentoring program for local girls which was implemented in 2015.

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Community Fund – Annually, PCCF grants to local nonprofit organizations in the areas of children & families, arts & culture, conservation & environment, health & human services, sports & recreation and more. The organizations are well governed, with excellent programs that meet Park City’s pressing needs. Since inception, the program has granted almost \$800,000 to Park City’s nonprofit organizations.

Nonprofit Education – Annually, PCCF provides affordable, accessible, high quality continuing education to area nonprofit professionals. The result is more effective and efficient nonprofits. Quarterly, PCCF facilitates Executive Director Roundtables to help foster collaboration and share best practices. PCCF also hosts topical seminars; past topics include: fiscal sustainability, boards and governance, major gift fundraising and more.

Other Programming – PCCF also offers individualized philanthropic services to business and families, including donor-advised and other funds. PCCF has implemented a climate change initiative that resulted in the website, parkcitygreen.org.

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 fund holders have explicitly granted the Foundation variance power. Grants disbursed from donor directed and agency funds reduce these liabilities.

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-

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

restrictions. With the exception of permanently restricted endowments and pledges to be received in future years, 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 12.

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.

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.

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.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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, 2014 and 2013, 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.

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

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. The advertising and promotion costs for the years ended December 31, 2014 and 2013 were \$3,319 and \$0, respectively.

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. Tax years that remain open to examination by the Internal Revenue Service are years 2011 through 2014.

Subsequent Events

Management has evaluated subsequent events through July 23, 2015, the date when the financial statements were available to be issued.

NOTE 3 - FINANCIAL INSTRUMENTS

The Foundation maintains its cash balances at two financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At December 31, 2014 and 2013, the Foundation's cash balances were \$1,932,641 and \$2,149,417 in excess of the insured limits, respectively. The calculation of the amounts in excess of the insured limits include the cash in the performance account as seen on the statement of financial position and further detailed in Note 8.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 4 - PROMISES TO GIVE

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

	<u>2014</u>	<u>2013</u>
Receivable in less than one year	\$ 184,738	\$ 193,395
Receivable in one to five years	122,500	174,500
Total unconditional pledges receivable	<u>307,238</u>	<u>367,895</u>
Less discounts to net present value	(6,928)	(11,809)
Net unconditional promises to give	<u><u>\$ 300,310</u></u>	<u><u>\$ 356,086</u></u>

Pledges receivable in more than one year are discounted at 3%. One donor represented approximately 65% of promises to give and one donor represented approximately 10% of promises to give at December 31, 2014; no other donor represented more than 10% of promises to give at December 31, 2014. One donor represented approximately 54% of promises to give at December 31, 2013; no other donor represented more than 10% of promises to give at December 31, 2013.

NOTE 5 - PROPERTY, EQUIPMENT AND DEPRECIATION

A summary of property and equipment and accumulated depreciation at December 31 follows:

	<u>2014</u>	<u>2013</u>
Web creation	\$ 27,665	\$ 27,665
Database software	15,639	15,639
Furniture and fixtures	4,065	4,065
Equipment	26,208	23,187
Total property and equipment	<u>73,577</u>	<u>70,556</u>
Accumulated depreciation	(67,115)	(62,282)
Fixed assets, net	<u><u>\$ 6,462</u></u>	<u><u>\$ 8,274</u></u>

Depreciation expense for the years ended December 31, 2014 and 2013, totaled \$4,834 and \$3,761, respectively.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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, are summarized as follows:

	2014	2013
Money market funds	\$ 576,337	\$ 748,786
Fixed income	1,790,476	1,400,766
Equities	2,678,578	2,187,917
Investments at fair value	\$5,045,391	\$4,337,469

The Foundation holds all of its investments in the custody of one financial institution. The financial institution carries out investment and securities transactions through its broker affiliate. At December 31, 2014 and 2013, the Foundation's uninsured non-cash investments were \$4,469,054 and \$3,588,683, respectively.

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</u> <u>at 12/31/2014</u>	<u>Quoted Prices in</u> <u>Active Markets for</u> <u>Identical Assets</u>	<u>Significant Other</u> <u>Observable Inputs</u>	<u>Significant Other</u> <u>Unobservable Inputs</u>
Available-for-sale securities	<u>\$ 5,045,391</u>	<u>\$ 5,045,391</u>	<u>\$ -</u>	<u>\$ -</u>

Fair value measurements at reporting date using

<u>Description</u>	<u>Carrying Amount</u> <u>at 12/31/2013</u>	<u>Quoted Prices in</u> <u>Active Markets for</u> <u>Identical Assets</u>	<u>Significant Other</u> <u>Observable Inputs</u>	<u>Significant Other</u> <u>Unobservable Inputs</u>
Available-for-sale securities	<u>\$ 4,337,469</u>	<u>\$ 4,337,469</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 8 - PERFORMANCE ACCOUNT FUND

The Foundation entered into an agreement during the year ended December 31, 2013 in which the Foundation will hold cash funds on behalf of, and received from, another non-profit organization. The cash funds are in a bank account separate from all other Foundation cash funds as required by the agreement. As the other non-profit organization meets certain criteria in regards to its projects the Foundation will distribute the cash funds to a third party. The agreement is long term and may last up to twelve years. Although the funds are in the Foundation's name, the Foundation is holding the funds as a nominee and is reliant upon third parties to indicate when a disbursement is to be made and to whom it shall be made. The Foundation receives annually a nominal fee for managing the fund. Any remaining funds when the agreement is terminated are to be returned to the other non-profit organization. Funds received and relating to the agreement are classified in the statement of financial position as both an asset and liability titled "Performance account."

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2014 and 2013, consist of the following:

	<u>2014</u>	<u>2013</u>
Time-restricted unconditional promises to give	\$ 240,358	\$ 276,309
Unappropriated net endowment earnings - See Note 11 and Note 13	21,487	21,945
Total temporarily restricted net assets	<u>\$ 261,845</u>	<u>\$ 298,254</u>
	<u>2014</u>	<u>2013</u>
Reconciliation to promises to give - See Note 4		
Time-restricted unconditional promises to give	\$ 240,358	\$ 276,309
Permanently restricted unconditional promises to give	59,952	79,777
Net unconditional promises to give	<u>\$ 300,310</u>	<u>\$ 356,086</u>

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions of \$36,347 in 2014 consists of a \$35,951 reduction during the year of unconditional promises to give that are no longer subject to time restrictions and a \$396 appropriation of endowment earnings. Net assets released from restrictions of \$113,494 in 2013 represent amounts received during the year from unconditional promises to give that are no longer subject to time restrictions.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 11 - ENDOWMENT POLICY OBJECTIVES

The long term financial objective of the funds is to provide the Foundation's ongoing programs with a relatively stable stream of spendable revenue that increases over time at least as fast as the general rate of inflation, as measured by the Consumer Price Index. If this objective is to be achieved over the long term, the value of the funds, net of withdrawals, must also increase at least as fast as the rate of inflation.

In order to achieve the aforementioned financial objective, the long term return objective for the funds is to attain an inflation-adjusted total returns (net of investment management fees) at least equal to the contemplated spending rate which is expected to average 5% over time, within the agreed Foundation risk parameters. As investment returns are cyclical, the funds will have to exceed this objective substantially during some periods in order to compensate for shortfalls during other periods; hence evaluation of progress toward this objective is made with a long term perspective. It is recognized that this objective implies an investment portfolio with a material component of equity securities and consequent market price volatility.

NOTE 12 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2014 and 2013, are restricted to investment in perpetuity, the income from which is expendable as specified below.

The Foundation has interpreted state law and the Uniform Management of Institutional Funds Act (UPMIFA) as requiring the Foundation to preserve the historical dollar value of permanently restricted endowments and to appropriate an amount of net appreciation as is prudent. As a result, the original value of initial contributions and the original value of subsequent contributions to the permanent endowments are classified as permanently restricted net assets. Absent any specific donor stipulations, investment earnings are classified as temporarily restricted net assets until appropriated.

The Foundation may appropriate up to 5% annually of the fair market value of permanently restricted endowments to fund operations for the respective endowment beneficiaries (Leadership Park City, Park City Performing Arts, and Park City Film) and to fund program grants from the Women's Giving Fund. The appropriations are 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 a permanently restricted 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. The Foundation may charge up to 2% of the fair market value of a permanently restricted endowment calculated on a pro-rata monthly basis for administrative oversight and program management costs.

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In such years when a deficiency occurs (resulting from an appropriation that is larger than the available endowment investment return and thus reducing the investments that comprise the permanently restricted portion of the endowment), such deficiencies are offset against unrestricted net assets on the statement of financial position. Endowment investment return in subsequent years should eliminate the deficiency. There was no such deficiency for the years ended December 31, 2014 and 2013.

Appropriation decisions within the above policy parameters are recommended by the Investment and Finance Committee with final approval by the Board of Directors. For the year ended December 31, 2014 and 2013, in accordance with the policy described in the preceding paragraph, the Board appropriated 5% of the fair market value of the permanently restricted endowments for use by the endowment beneficiaries. For the year ended December 31, 2014 and 2013 no amount was appropriated for the Women's Giving Fund. The Women's Giving Fund will follow the general appropriation policy for the year ended December 31, 2015 when granting is initiated.

As of December 31, historical dollar value of permanently restricted net assets are as follows:

	<u>2014</u>	<u>2013</u>
Leadership Park City	\$ 5,630	\$ 5,530
Park City Performing Arts	500	500
Park City Film	500	-
Women's Giving Fund	1,225,231	695,201
Total	<u>\$ 1,231,861</u>	<u>\$ 701,231</u>

NOTE 13 - BOARD-DESIGNATED QUASI-ENDOWMENTS

Board designated quasi-endowments, included in unrestricted net assets, consist of the following at December 31, 2014 and 2013 as follows:

	<u>2014</u>	<u>2013</u>
Foundation Operating quasi-endowment	\$ 317,342	\$ 321,468
Candy Erickson Fund for the Betterment of Park City	70,264	67,343
Donor advised funds (DAF) managed as endowments	2,080,739	2,794,033
Total Board-Designated net assets	<u>\$ 2,468,345</u>	<u>\$ 3,182,844</u>

Similar to the Foundation's permanently restricted endowments, the Foundation appropriates up to 7% annually of the fair market value of its own Operating quasi-endowment to Foundation operations, calculated on the basis of quarterly market values averaged over a period of three years immediately

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preceding the year in which the appropriation for expenditure is made. The Foundation appropriated 5% of its Operating quasi-endowment for the years ended December 31, 2014 and 2013.

The Candy Erickson Fund for the Betterment of Park City and the Donor advised funds managed as endowments do not have appropriation policies, rather the Foundation approves the disbursement from such quasi-endowments for grants as advised.

NOTE 14 - ENDOWMENT RECONCILIATION

	2014		
	Donor Restricted	Board Designated	Total Endowments
Fair market value:			
Beginning balance	\$ 723,176	\$ 3,182,844	\$ 3,906,020
Contributions	530,630	178,319	708,949
Realized and unrealized gains (losses)	2,062	30,610	32,672
Investment income	28,057	74,651	102,708
Administrative fees	(20,922)	(25,709)	(46,631)
Other investment and fund expenses	(9,259)	(1,423)	(10,682)
Grants	-	(204,855)	(204,855)
DAF closing transfer to another foundation	-	(619,373)	(619,373)
Reclassification from DAF quasi endowed	-	(131,719)	(131,719)
Appropriated	(396)	(15,000)	(15,396)
Ending balance	<u>\$ 1,253,348</u>	<u>\$ 2,468,345</u>	<u>\$ 3,721,693</u>

	2014		
	Donor Restricted	Board Designated	Total Endowments
Unrestricted	\$ -	\$ 2,468,345	\$ 2,468,345
Temporarily restricted with purpose restrictions	21,487	-	21,487
Permanently restricted	1,231,861	-	1,231,861
Totals	<u>\$ 1,253,348</u>	<u>\$ 2,468,345</u>	<u>\$ 3,721,693</u>

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2013		
	Donor Restricted	Board Designated	Total Endowments
Fair market value:			
Beginning balance	\$ 7,546	\$ 2,221,801	\$ 2,229,347
Contributions	695,631	911,284	1,606,915
Realized and unrealized gains (losses)	27,706	250,012	277,718
Investment income	5,675	46,669	52,344
Administrative fees	(4,793)	(20,007)	(24,800)
Other investment and fund expenses	(8,256)	-	(8,256)
Grants	-	(211,915)	(211,915)
Appropriated	(333)	(15,000)	(15,333)
Ending balance	<u>\$ 723,176</u>	<u>\$ 3,182,844</u>	<u>\$ 3,906,020</u>

	2013		
	Donor Restricted	Board Designated	Total Endowments
Unrestricted	\$ -	\$ 3,182,844	\$ 3,182,844
Temporarily restricted with purpose restrictions	21,945	-	21,945
Permanently restricted	701,231	-	701,231
Totals	<u>\$ 723,176</u>	<u>\$ 3,182,844</u>	<u>\$ 3,906,020</u>

NOTE 15 - LEASES

Effective May 1, 2012 the Foundation entered into a lease agreement for rent at \$750 per month through July 31, 2015. The rent charged is discounted approximately \$30,000 on an annual basis resulting in the \$750 per month agreement. Consequently, both contribution revenue and rent expense have been increased by \$30,000.

The Foundation leased a vehicle with a monthly lease payment of \$598 through May 2014.