

THE PARK CITY FOUNDATION

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011



**BEMENT & COMPANY**  
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INDEPENDENT AUDITORS' REPORT

November 1, 2013

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, 2012 and 2011 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.

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 audits 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 audits provide 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, 2012 and 2011 and the changes in its net assets and cash flows for the years 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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 829,726	\$ 575,260
Promises to give, current portion (Note 4)	91,393	125,114
Miscellaneous receivables	1,350	2,016
Total Current Assets	<u>922,469</u>	<u>702,390</u>
Fixed assets, net (Note 5)	6,649	11,158
Investments (Note 6)	2,430,447	2,249,905
Promises to give, less current portion (Note 4)	69,910	201,192
Total Assets	<u>\$ 3,429,475</u>	<u>\$ 3,164,645</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 675	\$ 4,530
Grants payable	-	16,000
Total Current Liabilities	<u>675</u>	<u>20,530</u>
Agency endowment funds (Note 2)	412,886	200,433
Total Liabilities	<u>413,561</u>	<u>220,963</u>
Commitments and Contingencies (Note 8)	-	-
Net Assets		
Unrestricted net assets:		
Unrestricted net assets - undesignated	2,498,031	2,306,180
Board-designated quasi-endowments (Note 12)	349,287	305,798
Donor-restricted endowment funds (Note 10)	-	(202)
Total unrestricted net assets	<u>2,847,318</u>	<u>2,611,776</u>
Temporarily restricted net assets (Note 9)	162,996	326,306
Permanently restricted net assets (Note 10)	5,600	5,600
Total Net Assets	<u>3,015,914</u>	<u>2,943,682</u>
Total Liabilities and Net Assets	<u>\$ 3,429,475</u>	<u>\$ 3,164,645</u>

See accompanying notes and auditors' report

THE PARK CITY FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Revenues, Gains, and Other Support				
Contributions	\$ 727,674	\$ 102,250	\$ -	\$ 829,924
Net investment income	57,490	1,693	-	59,183
Realized gain on sale of investments	-	-	-	-
Unrealized gains on investments	176,669	-	-	176,669
Fee revenue	6,593	-	-	6,593
Net assets released from restrictions (Note 11)	267,253	(267,253)	-	-
Total Revenues, Gains, and Other Support	<u>1,235,679</u>	<u>(163,310)</u>	<u>-</u>	<u>1,072,369</u>
Expenses (Note 2)				
Program	677,533	-	-	677,533
Management and general	189,452	-	-	189,452
Fund raising	133,152	-	-	133,152
Total Expenses	<u>1,000,137</u>	<u>-</u>	<u>-</u>	<u>1,000,137</u>
Change in unrestricted net assets	235,542	(163,310)	-	72,232
Net assets, beginning of year	2,611,776	326,306	5,600	2,943,682
Net assets, end of year	<u>\$ 2,847,318</u>	<u>\$ 162,996</u>	<u>\$ 5,600</u>	<u>\$ 3,015,914</u>

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Revenues, Gains, and Other Support				
Contributions	\$ 788,510	\$ 140,000	\$ -	\$ 928,510
Net investment income	57,442	-	-	57,442
Realized gain on sale of investments	1,349	-	-	1,349
Unrealized losses on investments	(92,273)	-	-	(92,273)
Fee revenue	4,939	-	-	4,939
Net assets released from restrictions (Note 11)	375,416	(375,416)	-	-
Total Revenues, Gains, and Other Support	<u>1,135,383</u>	<u>(235,416)</u>	<u>-</u>	<u>899,967</u>
Expenses (Note 2)				
Program	539,300	-	-	539,300
Management and general	111,548	-	-	111,548
Fund raising	147,438	-	-	147,438
Total Expenses	<u>798,286</u>	<u>-</u>	<u>-</u>	<u>798,286</u>
Change in unrestricted net assets	337,097	(235,416)	-	101,681
Net assets, beginning of year	2,274,679	561,722	5,600	2,842,001
Net assets, end of year	<u>\$ 2,611,776</u>	<u>\$ 326,306</u>	<u>\$ 5,600</u>	<u>\$ 2,943,682</u>

See accompanying notes and auditors' report

THE PARK CITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</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	\$ 72,232	\$ 102,598
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized gain on investments	-	(1,349)
Net unrealized (gain) loss on investments	(176,669)	92,272
Endowment contributions	-	-
Depreciation	4,509	7,994
Change in other assets and liabilities:		
Decrease in promises to give	165,003	235,416
(Decrease) increase in miscellaneous receivables	666	(2,016)
Decrease in accounts payable	(3,855)	(1,113)
(Decrease) increase in grants payable	(16,000)	13,439
Increase in agency endowment funds	212,453	101,569
Net cash provided by operating activities	<u>258,339</u>	<u>548,810</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	-	(1,876)
Purchase of investments	(3,873)	(353,651)
Net cash used in investing activities	<u>(3,873)</u>	<u>(355,527)</u>
<b>Cash flows from financing activities:</b>		
Endowment contributions	<u>-</u>	<u>-</u>
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	254,466	193,283
Cash and cash equivalents, beginning of period	575,260	381,977
Cash and cash equivalents, end of period	<u>\$ 829,726</u>	<u>\$ 575,260</u>

See accompanying notes and auditors' report

# THE PARK CITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

#### NOTE 1 - ORGANIZATION

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, giving, supporting and connecting our community. From inception in 2004 through 2012, PCCF has invested \$4.1 million in our community.

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](http://livepcgivepc.org). The goals are to connect nonprofits to a new revenue stream and new donors and to raise awareness of local organizations. In 2012, Live PC Give PC had over 2,600 donors in a single 24-hour period and raised almost \$600,000 for area organizations.

*Park City Women's Giving Fund* – The goal is to build a \$1 million endowment that will support women's and children's causes in Summit County in perpetuity. Annually, the fund will make a high impact grant to a local nonprofit. Members of the fund will vote annually on the grants.

*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.

*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](http://parkcitygreen.org). PCCF also partnered with the Park Record to produce the Milepost, a community indicators report in 2010, 2011 and 2012.

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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.

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. 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.

# THE PARK CITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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.

#### 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.



THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012 and 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.

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 years ended December 31, 2012 and 2011 were \$4,092 and \$2,644, 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.

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 November 1, 2013, 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, 2012 and 2011, the Foundation's cash balances were \$570,554 and \$305,172 in excess of the insured limits, respectively.

NOTE 4 - PROMISES TO GIVE

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

	<u>2012</u>	<u>2011</u>
Receivable in less than one year	\$ 91,393	\$ 125,114
Receivable in one to five years	72,500	185,500
Receivable in more than five years	-	30,000
	<u>163,893</u>	<u>340,614</u>
Total unconditional pledges receivable	163,893	340,614
Less discounts to net present value	(2,590)	(14,308)
Less allowance for uncollectible pledges receivable	-	-
	<u>\$ 161,303</u>	<u>\$ 326,306</u>
Net unconditional promises to give		

Pledges receivable in more than one year are discounted at 3%. Four donors represented in excess of 10% of promises to give at December 31, 2012 at 22%, 15%, 14% and 11%. Three donors represented in excess of 10% of promises to give at December 31, 2011 at 23%, 13% and 13%.

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 5 - PROPERTY, EQUIPMENT AND DEPRECIATION

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

	<u>2012</u>	<u>2011</u>
Web creation	\$ 27,665	\$ 27,665
Database software	22,365	22,365
Furniture and fixtures	3,065	3,065
Equipment	12,076	12,076
Total property and equipment	<u>65,171</u>	<u>65,171</u>
Accumulated depreciation	(58,522)	(54,013)
Fixed assets, net	<u>\$ 6,649</u>	<u>\$ 11,158</u>

Depreciation expense for the years ended December 31, 2012 and 2011, totaled \$4,509 and \$7,994, respectively.

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:

	<u>2012</u>	<u>2011</u>
Money market funds	\$ 162,181	\$ 118,691
Fixed income	918,549	779,922
Equities	1,349,717	1,351,292
Investments at fair value	<u>\$2,430,447</u>	<u>\$ 2,249,905</u>

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

The Foundation maintains all of its money market funds with one brokerage firm. Investments held by brokerage firms are insured up to \$500,000 through the Securities Investor Protection Corporation (SIPC), which includes up to \$250,000 protection for cash. At December 31, 2012 and 2011, the Foundation's uninsured balances were \$1,930,447 and \$1,749,905, 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 at 12/31/2012</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	\$ 2,430,447	\$ 2,430,447	\$ -	\$ -
Promises to give	161,303	-	161,303	-
Total	<u>\$ 2,591,750</u>	<u>\$ 2,430,447</u>	<u>\$ 161,303</u>	<u>\$ -</u>

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	326,306	-	326,306	-
Total	<u>\$ 2,576,211</u>	<u>\$ 2,249,905</u>	<u>\$ 326,306</u>	<u>\$ -</u>

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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.

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2012 and 2011, consist of time-restricted unconditional promises to give as shown in Note 4 of \$161,303 and \$326,306, respectively. In addition, at December 31, 2012 and 2011, temporarily restricted net assets include \$1,693 and \$0, respectively, of unappropriated net endowment earnings as discussed in Note 10.

NOTE 10 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2012 and 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 where 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, 2012, the Board appropriated 5% for expenditure. For the year ended December 31, 2011, the Board appropriated 5% for expenditure.

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	<u>2012</u>	<u>2011</u>
Leadership Park City	\$ 5,100	\$ 5,100
Park City Performing Arts	500	500
Total permanently restricted net assets	<u>\$ 5,600</u>	<u>\$ 5,600</u>

Permanently restricted net assets at December 31, 2011 have been reduced by \$125 from the prior year due to a change in restriction from the donor of the funds.

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions of \$267,253 in 2012 and \$375,416 in 2011 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, Board-designated quasi-endowments are as follows:

	<u>2012</u>	<u>2011</u>
Operating	\$ 293,360	\$ 261,053
Candy Erickson Fund for the Betterment of Park City	55,927	44,745
Total Board-Designated net assets	<u>\$ 349,287</u>	<u>\$ 305,798</u>

Board-designated quasi-endowments at December 31, 2011 have been reduced by \$917 from the prior year.

THE PARK CITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 13 - LEASES

Effective May 1, 2012 the Foundation entered into a lease agreement for rent at \$750 per month through July 31, 2015.

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>
2013	\$ 9,000	\$ 7,176
2014	9,000	2,990
2015	5,250	-
	<u>\$ 23,250</u>	<u>\$ 10,166</u>