The Park City Foundation
d/b/a Park City Community Foundation
Financial Statements
As of and for the Year Ended December 31, 2018
(Together with Independent Auditors’ Report)
INDEPENDENT AUDITORS’ REPORT

To the Board of Directors of
The Park City Foundation d/b/a Park City Community Foundation

We have audited the accompanying financial statements of The Park City Foundation d/b/a Park City Community Foundation (the Community Foundation), which comprise the statement of financial position as of December 31, 2018, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to 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 error or fraud.

Auditors’ Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditors consider 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 d/b/a Park City Community Foundation as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.
Adoption of New Accounting Standard

As further described in Note 1 to the financial statements, during the year ended December 31, 2018, the Community Foundation adopted Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

Tanner LLC

April 30, 2020
### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,691,352</td>
</tr>
<tr>
<td>Investments</td>
<td>9,945,331</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>52,197</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>2,131,386</td>
</tr>
<tr>
<td>Other receivables</td>
<td>2,579</td>
</tr>
<tr>
<td>Security deposit</td>
<td>4,768</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>23,094</td>
</tr>
<tr>
<td>Cash and investments held for other organizations</td>
<td>891,492</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$14,742,199</strong></td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$36,336</td>
</tr>
<tr>
<td>Agency transaction obligations</td>
<td>891,492</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>927,828</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets:</td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td>7,039,641</td>
</tr>
<tr>
<td>With donor restrictions:</td>
<td></td>
</tr>
<tr>
<td>Purpose and time restrictions</td>
<td>1,587,204</td>
</tr>
<tr>
<td>Perpetual in nature</td>
<td>5,187,526</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>13,814,371</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$14,742,199</strong></td>
</tr>
</tbody>
</table>
### Change in net assets without donor restrictions:

**Revenue and support:**
- Contributions: $2,034,886
- Other revenue: 131,562
- Loss on investments, net: (260,030)
- Net assets released from purpose restrictions: 1,196,902
- Net assets released from time restrictions: 136,336

**Total revenue, support, and reclassifications:** 3,239,656

**Expenses:**
- Program services: 2,778,077
- Supporting services:
  - Management and general: 114,278
  - Fundraising: 272,058

**Total expenses:** 3,164,413

**Increase in net assets without donor restrictions:** 75,243

### Change in net assets with donor restrictions:

- Contributions: 2,643,531
- Loss on investments, net: (221,381)
- Net assets released from purpose restrictions: (1,196,902)
- Net assets released from time restrictions: (136,336)

**Increase in net assets with donor restrictions:** 1,088,912

**Increase in net assets:** 1,164,155

**Net assets, beginning of year:** 12,650,216

**Net assets, end of year:** $13,814,371

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See accompanying notes to financial statements.
## Statement of Functional Expenses

Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and contributions</td>
<td>$1,958,360</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>412,322</td>
<td>74,615</td>
<td>101,401</td>
</tr>
<tr>
<td>Collateral and program materials</td>
<td>38,215</td>
<td>-</td>
<td>89,168</td>
</tr>
<tr>
<td>Program staff expense</td>
<td>84,224</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Campaign expense</td>
<td>40,091</td>
<td>7,289</td>
<td>25,513</td>
</tr>
<tr>
<td>Community Initiatives</td>
<td>55,664</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Occupancy</td>
<td>29,839</td>
<td>5,070</td>
<td>5,474</td>
</tr>
<tr>
<td>Information technology</td>
<td>23,438</td>
<td>7,813</td>
<td>7,813</td>
</tr>
<tr>
<td>Professional services</td>
<td>24,040</td>
<td>7,027</td>
<td>5,918</td>
</tr>
<tr>
<td>Nonprofit education</td>
<td>16,955</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>12,301</td>
<td>-</td>
<td>4,100</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>3,506</td>
<td>596</td>
<td>643</td>
</tr>
<tr>
<td>Office supplies</td>
<td>2,664</td>
<td>444</td>
<td>1,332</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,595</td>
<td>865</td>
<td>865</td>
</tr>
<tr>
<td>Travel</td>
<td>1,784</td>
<td>-</td>
<td>764</td>
</tr>
<tr>
<td>Other</td>
<td>72,079</td>
<td>10,559</td>
<td>29,067</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,778,077</strong></td>
<td><strong>$114,278</strong></td>
<td><strong>$272,058</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
Cash flows from operating activities:
  Increase in net assets $ 1,164,155
Adjustments to reconcile increase in net assets to net cash provided by operating activities:
  Contributions restricted for long-term purposes (719,345)
  Depreciation and amortization 4,745
  Loss on investments, net 481,411
  Security deposit (4,768)
Changes in operating assets and liabilities:
  Contributions receivable (456,985)
  Other receivables 26,703
  Accounts payable and accrued expenses 36,336
  Net cash provided by operating activities 532,252

Cash flows from investing activities:
  Net purchases of investments (1,551,357)
  Purchases of property and equipment (2,899)
  Net cash used in investing activities (1,554,256)

Cash flows from financing activities:
  Contributions restricted for long-term purposes 719,345
  Net decrease in cash and cash equivalents (302,659)
  Cash and cash equivalents, beginning of the year 1,994,011
  Cash and cash equivalents, end of the year $ 1,691,352

Supplemental Cash Flow Information
No amounts were paid for interest or income taxes during the year ended December 31, 2018.

Non-cash investing and financing transactions
During 2018, cash and investments held for other organizations and agency transaction obligations each decreased by $838,298 as a result of net outflows from those agency funds.
1. Organization and Summary of Significant Accounting Policies

**Organization**

The Park City Foundation d/b/a Park City Community Foundation (Community Foundation) is a 501(c)(3) public charity located in Park City, Utah. The Community Foundation plays a vital role in solving Park City’s most challenging problems. By identifying gaps and issues within Park City, the Community Foundation has a keen understanding of Park City’s most pressing needs. To address these issues and fund solutions, the Community Foundation brings together local nonprofits, caring donors and community leaders to contribute both financial resources and innovative ideas that effect lasting change. The Community Foundation’s activities are primarily funded through contributions from the general public.

In addition to building permanent philanthropic endowments for its region, the Community Foundation enables donors to establish their own charitable funds and contribute a variety of assets to them, so they can support the specific issues and organizations they care about. Because the Community Foundation is intimately knowledgeable about the nonprofit activities of Park City, the Community Foundation team is able to advise donors on the specific organizations that are doing the most meaningful, high-impact work. At the same time, the Community Foundation team is continuously serving as an advisor to and an advocate for the full range of local nonprofits, so that every organization can be strengthened for the greater good of the community.

**Adoption of New Accounting Standard**

During the year ended December 31, 2018, the Community Foundation adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The adoption of this ASU primarily resulted in presenting net assets according to the new classifications described in the “Classification of Net Assets” section below, adding disclosures about the liquidity and availability of the Community Foundation’s financial assets, and reporting investment income (loss) net of external and direct internal investment expenses.

**Cash Equivalents**

The Community Foundation classifies all highly liquid investments purchased with an original maturity of three months or less as cash equivalents, except that any such cash equivalents held by external investment managers are classified as investments.
1. Organization and Summary of Significant Accounting Policies

**Investments**
Investments consist of equity exchange traded funds, corporate bonds, international bonds, fixed income bond funds, and cash equivalents held within the investment portfolio. These investments are recorded in the accompanying financial statements at their fair value.

The change in unrealized appreciation or depreciation of investments is included in net investment income (loss) in the accompanying statement of activities. Realized gains and losses on sales of investments are computed on an average cost method and are recorded on the trade date of the transaction and included in net investment income (loss) in the accompanying statement of activities.

In general, these investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

**Contributions Receivable**
Unconditional promises to give that are expected to be received in future periods are initially recognized at fair value using fair value discount rates. The Community Foundation uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years’ experience and management’s analysis of specific receivables. As of December 31, 2018, no allowance for uncollectible receivables was considered necessary by management.

**Property and Equipment and Related Depreciation and Amortization**
Property and equipment are stated at cost and are depreciated on a straight-line basis over the estimated useful lives of the respective assets, which range from three to seven years. Expenditures for major repairs and improvements are capitalized; conversely, expenditures for minor repairs and maintenance costs are expensed when incurred. The Community Foundation’s policy is to capitalize purchases of furniture, equipment and major repairs and improvements of $1,000 or more. Upon the retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the respective accounts and the resulting gain or loss is included in revenue or expenses.
1. Organization and Summary of Significant Accounting Policies

**Fair Value of Financial Instruments**

In accordance with the fair value measurements and disclosures topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), the Community Foundation has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques, as follows:

- **Level 1** - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Community Foundation has the ability to access. This classification is applied to any investment of the Community Foundation that has a readily available quoted market price from an active market where there is significant transparency in the executed/quoted market price.

- **Level 2** - Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability, such as quoted prices for similarly structured securities in active markets.

- **Level 3** - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of and for the year ended December 31, 2018, only the Community Foundation’s investments, as described in Note 5 of these financial statements, were measured at fair value on a recurring basis.
1. Organization and Summary of Significant Accounting Policies

Cash and Investments Held for Other Organizations and Agency Transaction Obligations
Funds received and managed by the Community Foundation, which were provided by organizations that specified themselves or their affiliates as the beneficiaries, are reported as cash and investments held for other organizations and as agency transaction obligations of equal amounts in the accompanying statement of financial position. Except for the agreed upon fees received to administer these funds on behalf of the other organizations, the Community Foundation does not recognize any revenue or expense associated with inflows and outflows from these funds.

Classification of Net Assets
The net assets of the Community Foundation are reported as follows:

Net assets without donor restrictions: represent the portion of expendable funds that are available for support of the Community Foundation’s operations.

Net assets with donor restrictions: represent amounts that are specifically restricted by donors for various programs or future periods. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that the resources be maintained in perpetuity.

Revenue Recognition
Contributions are reported as revenue in the year in which payments are received and/or unconditional promises are made. Gifts of cash and other assets that are received with donor stipulations limiting the use of the donated assets are reported as increases in net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Contributions and pledges that are received for the Community Foundation’s endowments are to be held in perpetuity per donor stipulation.
1. Organization and Summary of Significant Accounting Policies

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and statement of functional expenses. Certain expenses have been directly applied to functions based upon the nature of the expense. Other expenses require allocation on a reasonable basis that is consistently applied. The Community Foundation allocates such expenses on the basis of time and effort.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Net Asset Restatement**

During the year ended December 31, 2018, the Community Foundation restated its net asset categories as of December 31, 2017 to correct for various errors in the classification of awards between with donor restrictions and without donor restrictions (which includes board designated funds). Accordingly, an adjustment in the amount of $475,401 was made to increase net assets with donor restrictions and decrease net assets without donor restrictions. This adjustment had no effect on the total net assets of the Community Foundation as of December 31, 2017, as previously reported.
2. Description of Primary Initiatives and Events

The Community Foundation seeks to achieve measurable impact in the following areas:

- Community – In addition to the Community Foundation’s existing nonprofit education programs and Live PC Give PC annual day of giving, the Community Foundation’s goal is to increase nonprofit effectiveness through increased access to financial resources. This includes increasing the Community Fund grants budget and Giving Together goal and increasing nonprofit fundraising and visibility to part-time residents through the Giving Guide.

- People – The Community Foundation is an active partner in the Summit County Mental Wellness Alliance and recently started the new Early Childhood task force.

- Place – The Community Foundation started a new initiative around environment, conservation, and renewable energy.

- Culture – Through the existing Solomon Fund, the Community Foundation continued to support organizations promoting integration through recreation for Latino participation with grants and other support services. In partnership with Park City Municipal Corporation, the Community Foundation also started convening around the community’s critical priority of Social Equity.

The Community Foundation’s initiatives and funds address emerging and unmet issues where the Community Foundation can have a direct and positive impact on Park City, its people, and its culture. The principal initiatives and events of the Community Foundation to accomplish these strategic goals include the following:

**Live PC Give PC** is an annual day of giving. In 2018 alone it raised $2.4 million for our local nonprofits in 24 hours from people of all ages and backgrounds.

**Women’s Giving Fund** is an endowment at the Community Foundation with more than 1,300 unique donors with a purpose of making high-impact grants to local organizations that are helping women and children.

**Solomon Fund** is a program that offers local Latino children more inclusive opportunities to participate in recreational activities like sports, dance, and summer camps.

The **Community Fund** offers grants to local nonprofits to expand and accelerate their work, as well as opportunities to share their organization’s mission. Since inception, the program has granted over $1.6 million to Park City’s nonprofit community.
2. Description of Primary Initiatives and Events

Park City Giving Guide highlights 50 local nonprofit organizations that help make Park City such a great place to live, work, visit, and play.

Being a member of the Community Foundation’s Community Pass Club provides transferrable passes to recreational activities, including skiing and golf, and cultural activities with 100 percent of the pass purchase price going to support Park City’s nonprofits.

The Social Equity Initiative is prioritizing the most significant and addressable equity challenges in Park City. In partnership with Park City Municipal Corporation, the Community Foundation is working to bring the community together to build greater diversity, equity, and inclusion.

The Community Foundation created the Summit County Mental Wellness Alliance to plan and implement county-wide, systemic, sustainable solutions that improve mental wellness in Park City.

The Community Foundation formed the Summit County Early Childhood Alliance to ensure that all children have opportunities in the years up to age three to thrive, learn, and grow.

The Community Foundation is deeply engaged in Mountain Towns 2030, a coalition of mountain towns committed to aggressive carbon reduction goals by 2030. Additionally, The Community Foundation’s Park City Climate Fund inspires and contributes to local innovation and action around climate change.

Philanthropic Advisory Services - The Community Foundation also offers philanthropic advisory services to businesses and families, including donor advised funds.

Nonprofit Education - Annually, the Community Foundation provides affordable, accessible, high quality continuing education to area nonprofit professionals with the goal of creating more effective and efficient nonprofit organizations. We nourish and fortify the local nonprofit community with exceptional opportunities for networking, collaborating, and twelve educational roundtables to improve their organizations’ effectiveness.
3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following as of December 31, 2018:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,691,352</td>
</tr>
<tr>
<td>Investments</td>
<td>9,945,331</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>52,197</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>2,131,386</td>
</tr>
<tr>
<td>Other receivables</td>
<td>2,579</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>13,822,845</strong></td>
</tr>
<tr>
<td>Less amounts not available to be used for general expenditure within one year:</td>
<td></td>
</tr>
<tr>
<td>Funds subject to donor-imposed purpose restrictions</td>
<td>1,587,204</td>
</tr>
<tr>
<td>Endowment funds to be held in perpetuity and unappropriated earnings thereon</td>
<td>5,187,526</td>
</tr>
<tr>
<td><strong>Financial assets available to be used for general expenditure within one year</strong></td>
<td><strong>7,048,115</strong></td>
</tr>
</tbody>
</table>

The Community Foundation regularly monitors liquidity in order to meet its operating needs and other contractual commitments using budgets and cash flow projections, while also striving to maximize the investment of its available funds.

Operations are funded primarily from private contributions and earnings on investments. The Community Foundation’s receivables are due from corporate, foundation, and individual donors. Credit risk associated with receivables is considered to be limited because the amounts are due primarily from known donors.

The statement of cash flows identifies the sources and uses of the Community Foundation’s cash that generated positive cash flows from operating activities during the year ended December 31, 2018 of approximately $584,000.

Of the $7,048,115 of the financial assets available to be used for general expenditure as presented above, approximately $4,700,000 is held within donor advised funds. Although the Community Foundation has variance power over those funds, the donors retain the right to advise the Community Foundation regarding any grants from those funds.
4. Contributions Receivable  

Contributions receivable represent contributions from individuals, foundations and corporations. All contributions are considered fully collectible as of December 31, 2018, and are due to be received as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>$ 870,163</td>
</tr>
<tr>
<td>Within two to eight years</td>
<td>1,353,000</td>
</tr>
<tr>
<td></td>
<td>2,223,163</td>
</tr>
</tbody>
</table>

Less: Present value component  

Contribution receivable, net $ 2,131,386

An average discount rate of 2.6%, as of December 31, 2018, was used to determine the net present value of contributions to be received over one or more future years. Three donors represented approximately 55% of contributions receivable; no other donor represented more than 10% of contributions receivable as of December 31, 2018.

5. Investments  

The Community Foundation determined the following fair value measurements as of December 31, 2018:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity exchange traded funds</td>
<td>$ 6,269,867</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 6,269,867</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>-</td>
<td>2,723,312</td>
<td>-</td>
<td>2,723,312</td>
</tr>
<tr>
<td>Fixed income funds</td>
<td>608,680</td>
<td>-</td>
<td>-</td>
<td>608,680</td>
</tr>
<tr>
<td>International bonds</td>
<td>-</td>
<td>193,255</td>
<td>-</td>
<td>193,255</td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>640,840</td>
<td>-</td>
<td>-</td>
<td>640,840</td>
</tr>
<tr>
<td>Total</td>
<td>$ 7,519,387</td>
<td>$ 2,916,567</td>
<td>$ -</td>
<td>10,435,954</td>
</tr>
</tbody>
</table>

Less investments classified as part of funds held for other organizations in connection with agency transactions (see Notes 1 and 7)  

(490,623)

Investments reported on the statement of financial position  

$ 9,945,331
5. Investments

The equity exchange traded funds and fixed income bond funds held by the Community Foundation as of December 31, 2018 are listed on major securities exchanges with readily obtainable trading values and have been classified as level 1.

The corporate and international bonds held by the Community Foundation as of December 31, 2018 are classified as level 2 as values are based upon quoted prices of securities with similar characteristics, estimates using pricing models, or discounted cash flows.

Investment returns are summarized as follows:

<table>
<thead>
<tr>
<th>Without Donor Restriction</th>
<th>With Donor Restriction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$134,256</td>
<td>$93,112</td>
</tr>
<tr>
<td>Net realized and unrealized losses</td>
<td>(384,688)</td>
<td>(307,501)</td>
</tr>
<tr>
<td>Management fees</td>
<td>(9,598)</td>
<td>(6,992)</td>
</tr>
<tr>
<td>Loss on investments, net</td>
<td>$ (260,030)</td>
<td>$ (221,381)</td>
</tr>
</tbody>
</table>

6. Property and Equipment

The Community Foundation held the following property and equipment as of December 31, 2018:

- Website: $27,665
- Furniture and fixtures: $24,259
- Office equipment: $22,062
- Software: $5,460

Total cost: $79,446

Accumulated depreciation and amortization: $(56,352)

Property and equipment, net: $23,094

Depreciation and amortization expense for property and equipment for the year ended December 30, 2018 was $4,745.
7. Cash and Investments Held for Other Organizations

Cash and investments held for other organizations consisted of the following as of December 31, 2018:

- Cash in a separate bank account $400,869
- Investments (see Note 5) 490,623

Total $891,492

8. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2018:

- Marriott Mental Wellness Fund $550,310
- Katz Amsterdam Mental Wellness Fund 242,504
- Summit County Mental Wellness Fund 191,593
- Joseph James Morelli Scholarship Fund 138,475
- Social Equity Fund 105,196
- Live Like Sam Fund 45,098
- Billy Poole Foundation 42,330
- Other, including time restricted amounts 271,698

Total purpose and time restricted 1,587,204

- Endowment funds, see Note 9 5,187,526

Total net assets with donor restrictions 6,774,730

9. Endowments

The Community Foundation’s endowments consisted of the following funds as of December 31, 2018:

- For the Love of Park City $2,618,778
- Park City Women’s Giving Fund 1,427,632
- Solomon Fund 1,131,670
- Other 9,446

Total $5,187,526

Earnings on each of these funds, except the For the Love of Park City fund, are donor restricted. As such, earnings may be used only for the program purposes specified by the donors. Earnings that are not restricted by the donor for a specific purpose are considered time restricted until they have been appropriated for expenditure.
9. Endowments

The Community Foundation had the following endowment related activities for the year ended December 31, 2018:

Donor restricted endowment net assets as of January 1, 2018 $ 4,510,400
Investment return (loss):
  Interest and dividends 80,357
  Net depreciation (realized and unrealized) (292,190)
Net investment return (loss) (211,833)
Contributions 1,023,215
Amounts appropriated for expenditure (134,256)

Donor restricted endowment, net assets as of December 31, 2018 $ 5,187,526

Interpretation of Relevant Law

The Community Foundation classifies the original value of all endowment gifts as donor restricted net assets – perpetual in nature. The Community Foundation’s policy is to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

The Community Foundation’s Board has interpreted the Utah enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Community Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Community Foundation determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

Investment returns on endowment funds are classified in accordance with donor specifications. When no specifications are outlined by the donor, investment earnings on the endowment funds and the donor restricted net assets arising from earnings thereon are classified as net assets with donor restrictions (time and purpose restrictions) until those amounts are appropriated for expenditure by the Community Foundation.
9. Endowments

Continued

Return Objectives and Risk Parameters
The Community Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Community Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the primary emphasis of the endowment assets is the preservation of capital with a secondary emphasis on growth of principal and income. The assets must be invested with the care, skill and diligence that a prudent person acting in this capacity would undertake. Over a five-year period, the Community Foundation strives to achieve a rate of return, after fees, which in aggregate exceeds the weighted average return of the applicable market indices.

Strategies Employed for Achieving Objectives
To satisfy its long-term return objectives, the Community Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Community Foundation targets a diversified asset allocation which is reviewed as necessary but, at a minimum, on an annual basis. The Community Foundation’s target asset allocation is to hold 60% of the funds in equities, 35% in fixed income instruments and 5% in cash, cash equivalents and other investments.

Spending Policy
Under policies adopted by the Board of Directors of the Community Foundation, the Community Foundation may appropriate up to 7% annually of the fair market value of the endowment funds. 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 is made. In the event an 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. The Community Foundation charges between 0.4% and 2.25% of the fair market value of an endowment, calculated on a pro-rata monthly basis, for administrative oversight and program management costs. Appropriation decisions within the above policy parameters are recommended by the Investment and Finance Committee with final approval by the Community Foundation’s Board of Directors. The Board of Directors approved appropriations totaling $134,256 for the year ended December 31, 2018.
9. Endowments

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires an organization to retain as a fund of perpetual duration. Certain funds dropped below the principal balance by a combined total of approximately $148,000 as of December 31, 2018, due to the market drop at the end of 2018. This “underwater” amounts is included in net assets with donor restrictions. The funds recovered these losses by January 31, 2019, as a result of market value increases.

10. Commitments, Risks, and Contingencies

**Operating Leases**

In April 2017, the Community Foundation entered into an operating lease agreement for its office space in Park City, Utah. The lease has a three-year term and includes two options to renew for three-year extensions each.

The lease contains an escalation clause for increases in the annual minimum rent over the term of the lease. Under accounting principles generally accepted in the United States of America, all fixed rent increases are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is not considered significant to these financial statements and rent expense is therefore recognized based upon actual payments made.

Rent expense under this lease for the year ended December 31, 2018 was approximately $36,000 and is included in occupancy expense in the accompanying statement of functional expenses.

Subsequent to year-end, the Community Foundation moved to new office space in June 2019. The amounts below reflect the net future minimum lease payments that will be paid by the Community Foundation taking into consideration the amount of rental income that will be received under the sublease of its former location.

<table>
<thead>
<tr>
<th>Years Ending December 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ 52,167</td>
</tr>
<tr>
<td>2020</td>
<td>60,515</td>
</tr>
<tr>
<td>2021</td>
<td>72,876</td>
</tr>
<tr>
<td>2022</td>
<td>31,519</td>
</tr>
<tr>
<td>Total future minimum lease payments</td>
<td>$ 217,077</td>
</tr>
</tbody>
</table>
10. Commitments, Risks, and Contingencies

Concentration of Credit Risk
The cash and cash equivalents of the Community Foundation are comprised of amounts in accounts at various financial institutions. While the amounts at times exceed the amount guaranteed by federal agencies and, therefore, bear some risk, the Community Foundation has not experienced, nor does it anticipate, any loss of funds. As of December 31, 2018, the Federal Deposit Insurance Corporation (FDIC) insured balances of a depositor at FDIC insured institutions up to $250,000. The amounts held by the Community Foundation in excess of the FDIC insured limit as of December 31, 2018 was approximately $2,205,000.

Line of Credit
During the year ended December 31, 2018, the Community Foundation entered into a $150,000 line of credit that matured in March 2019. Interest on any outstanding balance was payable monthly at a variable rate equal to the U.S. Prime Rate plus 0.95. Any borrowings on this line of credit were secured by the Community Foundation’s investments. As of December 31, 2018, there was no outstanding balance on this line of credit.

11. Related Party Transactions
All board members and management are donors to the Community Foundation. Board members and management contributed approximately $1,246,000 during the year ended December 31, 2018. Current board members and management have 18 donor advised funds at the Community Foundation. The balance of current board and management donor advised funds was approximately $5,954,000 at December 31, 2018.

12. Income Taxes
The Community Foundation has been classified as a public charity under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal taxes on income other than net unrelated business income. The Community Foundation reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertainty in income tax. For the year ended December 31, 2018, management did not identify any uncertainty in income tax requiring recognition or disclosure in these financial statements.

The Community Foundation’s tax returns are subject to possible examination by the taxing authorities. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.
13. Subsequent Events

The Community Foundation’s management has evaluated subsequent events through April 30, 2020, the date the financial statements were available to be issued, and identified the following subsequent events requiring disclosure:

In February 2019, the Articles of Incorporation were amended to change the name of the Community Foundation from the Park City Foundation to the Park City Community Foundation.

As further described in Note 10, the Community Foundation moved to a new office space in June 2019.

The COVID-19 pandemic has caused disruption through voluntary and mandated closing of businesses throughout the United States. While the disruption is expected to be temporary, there is considerable economic uncertainty at this time. Currently, the effects of the pandemic on the Community Foundation’s financial condition or activities cannot be reasonably estimated. The extent of the impact of the pandemic on the Community Foundation’s operations will depend on the duration and effectiveness of government mitigation policies.