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PARK CITY
**COMMUNITY
FOUNDATION**

Park City Community Foundation
Consolidated Financial Statements
As of and for the Years Ended December 31, 2019 and 2018
(Together with Independent Auditors' Report)



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Park City Community Foundation

We have audited the accompanying consolidated financial statements of Park City Community Foundation (Community Foundation), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated 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 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 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 consolidated financial position of Park City Community Foundation as of December 31, 2019 and 2018, 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.

Tanner LLC

March 22, 2021



PARK CITY COMMUNITY FOUNDATION
Consolidated Statements of Financial Position

As of December 31,

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 545,105	\$ 1,691,352
Investments	15,468,723	9,945,331
Accrued interest receivable	62,015	52,197
Cash and investments held for other organizations	635,131	891,492
Contributions receivable, net	2,905,709	2,131,386
Other receivables	14,915	2,579
Other assets	29,683	4,768
Property and equipment, net	52,212	23,094
Total assets	<u>\$ 19,713,493</u>	<u>\$ 14,742,199</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 57,864	\$ 36,336
Agency transaction obligations	635,131	891,492
Total liabilities	<u>692,995</u>	<u>927,828</u>
Net assets:		
Without donor restrictions	8,028,693	7,039,641
With donor restrictions:		
Purpose and time restrictions	2,616,038	1,587,204
Perpetual in nature	8,375,767	5,187,526
Total net assets	<u>19,020,498</u>	<u>13,814,371</u>
Total liabilities and net assets	<u>\$ 19,713,493</u>	<u>\$ 14,742,199</u>



PARK CITY COMMUNITY FOUNDATION
Consolidated Statements of Activities

For the Years Ended December 31,

	<u>2019</u>	<u>2018</u>
Change in net assets without donor restrictions:		
Revenue and support:		
Contributions	\$ 2,075,120	\$ 2,034,886
Other revenue	124,505	47,338
Investment income, net	1,056,846	(260,030)
Net assets released from purpose restrictions	1,506,372	1,196,902
Net assets released from time restrictions	<u>61,836</u>	<u>136,336</u>
Total revenue, support, and reclassifications	<u>4,824,679</u>	<u>3,155,432</u>
Expenses:		
Program services	3,274,928	2,693,853
Supporting services:		
Management and general	116,469	114,278
Fundraising	<u>444,230</u>	<u>272,058</u>
Total expenses	<u>3,835,627</u>	<u>3,080,189</u>
Increase in net assets without donor restrictions	<u>989,052</u>	<u>75,243</u>
Change in net assets with donor restrictions:		
Contributions	4,934,377	2,643,531
Investment income, net	850,906	(221,381)
Net assets released from purpose restrictions	(1,506,372)	(1,196,902)
Net assets released from time restrictions	<u>(61,836)</u>	<u>(136,336)</u>
Increase in net assets with donor restrictions	<u>4,217,075</u>	<u>1,088,912</u>
Increase in net assets	5,206,127	1,164,155
Net assets, beginning of year	<u>13,814,371</u>	<u>12,650,216</u>
Net assets, end of year	<u>\$ 19,020,498</u>	<u>\$ 13,814,371</u>



PARK CITY COMMUNITY FOUNDATION
Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2019

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and contributions	\$ 2,067,385	\$ -	\$ -	\$ 2,067,385
Salaries and benefits	547,363	81,856	144,119	773,338
Program staff expense	272,830	-	-	272,830
Community pass	63,945	-	149,205	213,150
Campaign expense	39,411	7,166	70,680	117,257
Events	20,486	-	38,045	58,531
Occupancy	40,384	5,983	11,160	57,527
Community initiatives	42,481	-	-	42,481
Office supplies	28,277	5,655	3,770	37,702
Professional services	21,948	6,416	5,403	33,767
Sports program support	27,550	-	-	27,550
Giving guide	27,530	-	-	27,530
Nonprofit education	24,140	-	-	24,140
Information technology	13,085	4,362	4,362	21,809
Advertising and promotion	14,499	-	4,833	19,332
Insurance	4,014	1,338	1,338	6,690
Depreciation and amortization	3,679	545	1,017	5,241
Collateral and program materials	1,389	-	3,240	4,629
Travel	2,477	-	1,061	3,538
Other	12,055	3,148	5,997	21,200
Total	\$ 3,274,928	\$ 116,469	\$ 444,230	\$ 3,835,627



PARK CITY COMMUNITY FOUNDATION
Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2018

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and contributions	\$ 1,874,136	\$ -	\$ -	\$ 1,874,136
Salaries and benefits	412,322	74,615	101,401	588,338
Program staff expense	84,224	-	-	84,224
Campaign expense	40,091	7,289	25,513	72,893
Events	7,069	-	13,128	20,197
Occupancy	29,839	5,070	5,474	40,383
Community initiatives	55,664	-	-	55,664
Office supplies	2,664	444	1,332	4,440
Professional services	24,040	7,027	5,918	36,985
Giving guide	437	-	-	437
Nonprofit education	16,955	-	-	16,955
Information technology	23,438	7,813	7,813	39,064
Advertising and promotion	12,301	-	4,100	16,401
Insurance	2,595	865	865	4,325
Depreciation and amortization	3,506	596	643	4,745
Collateral and program materials	38,215	-	89,168	127,383
Travel	1,784	-	764	2,548
Other	64,573	10,559	15,939	91,071
Total	\$ 2,693,853	\$ 114,278	\$ 272,058	\$ 3,080,189



PARK CITY COMMUNITY FOUNDATION
Consolidated Statements of Cash Flows

For the Years Ended December 31,

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 5,206,127	\$ 1,164,155
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Contributions restricted for long-term purposes	(817,515)	(719,345)
Depreciation and amortization	5,241	4,745
Loss on disposal of property and equipment	5,485	-
(Gain) Loss on investments, net	(1,907,752)	481,411
Changes in operating assets and liabilities:		
Accrued interest receivable	(9,818)	(52,197)
Cash and investments held for other organizations	256,361	839,354
Contributions receivable	(774,323)	(456,985)
Other receivables	(12,336)	78,900
Other assets	(24,915)	(4,768)
Accounts payable and accrued expenses	21,528	36,336
Agency transaction obligations	(256,361)	(839,354)
Net cash provided by operating activities	<u>1,691,722</u>	<u>532,252</u>
Cash flows from investing activities:		
Net purchases of investments	(3,615,640)	(1,551,357)
Purchases of property and equipment	<u>(39,844)</u>	<u>(2,899)</u>
Net cash used in investing activities	<u>(3,655,484)</u>	<u>(1,554,256)</u>
Cash flows from financing activities:		
Contributions restricted for long-term purposes	<u>817,515</u>	<u>719,345</u>
Net decrease in cash and cash equivalents	(1,146,247)	(302,659)
Cash and cash equivalents, beginning of the year	<u>1,691,352</u>	<u>1,994,011</u>
Cash and cash equivalents, end of the year	<u>\$ 545,105</u>	<u>\$ 1,691,352</u>



PARK CITY COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies

Organization

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

In addition to building permanent philanthropic endowments for its region, the Foundation enables donors to establish their own charitable funds (donor advised funds) and contribute a variety of assets to them, so they can support the specific issues and organizations they care about. Because the Foundation is intimately knowledgeable about the nonprofit activities of greater Park City, the 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 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.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform with the current year presentation.

Consolidation

During April 2019, the Foundation established MT2030, LLC (LLC) a Utah limited liability Company as a wholly owned subsidiary. The LLC helps transition mountain towns to net zero by 2030 and positively influence people and organizations around the world to set and meet ambitious climate goals. The LLC was also created to manage the fiscal sponsorship relationship with MT2030. The activities of the LLC align with the mission of Park City Community Foundation. All intercompany transactions and balances are eliminated in consolidation. All material intercompany transactions and balances have been eliminated in consolidation.

Park City Community Foundation and the LLC are collectively referred to as the "Community Foundation" throughout the notes to consolidated financial statements.



1. Organization and Summary of Significant Accounting Policies
Continued

Adoption of New Accounting Standards

As of January 1, 2019, the Community Foundation adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Because the Community Foundation is engaged in fundraising efforts and does not earn any significant revenue from contracts with customers, the adoption of this ASU did not impact the Community Foundation's financial position or change in net assets.

As of January 1, 2019, the Community Foundation also adopted ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists not-for-profit entities in determining whether grants should be accounted for as contributions or exchange transactions, and whether a contribution should be considered conditional. The Community Foundation adopted this ASU on a modified prospective basis by applying the guidance to any agreements not yet completed as of the date of adoption and agreements entered into after the date of adoption. No change in net assets resulted from the adoption of this ASU.

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.

Investments

Investments consist of equity exchange traded funds, corporate bonds, international bonds, a floating rate investments mutual fund, and cash equivalents held within the investment portfolio. These investments are recorded in the accompanying consolidated financial statements at their fair value.

The change in unrealized appreciation or depreciation of investments is included in net investment income in the accompanying consolidated statements 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 also included in net investment income in the accompanying consolidated statements of activities.



1. Organization and Summary of Significant Accounting Policies
Continued

Investments – continued

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 consolidated financial statements.

Contributions and Contributions Receivable

Contributions without conditions are recognized at fair value in the period the donor's commitment is made. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be received in future periods are initially recognized at fair value using fair value discount rates. Amortization of the discounts is included in contribution revenue. Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements 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. 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, 2019, and 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 shorter of estimated useful lives or lease terms 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 property, 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
Continued

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 years ended December 31, 2019 and 2018, only the Community Foundation's investments, as described in Note 4 to these consolidated financial statements, were measured at fair value on a recurring basis.



1. Organization and Summary of Significant Accounting Policies
Continued

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 consolidated statements 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 pertaining to donor advised funds are generally classified as net assets without donor restrictions due to the variance power the Community Foundation is granted on such donations.

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

In connection with the limited revenues earned from exchange transactions, the Community Foundation analyzes their contracts with customers and identifies all performance obligations required to be satisfied, whether those performance obligations include transferring goods or services. Revenue is then recognized when control of each good or service is transferred to the customer. ASC Topic 606 is only applicable to a transaction in which reciprocal value is provided by the Community Foundation to the other party in the transaction, and does not impact the recording of contributions, which are recognized as previously described in the notes to consolidated financial statements.

Reclassifications

Certain amounts in the financial statements for the year ended December 31, 2018 have been reclassified to conform to the presentation for the year ended December 31, 2019.



1. Organization and Summary of Significant Accounting Policies
Continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and statements 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.

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 Alliance.
- **Place** – The Community Foundation started a new initiative around environment, conservation, and renewable energy. This includes the Park City Climate Fund and fiscal sponsorship of Mountain Towns 2030, a regional effort to set and achieve net zero by 2030.
- **Culture** – Through the existing Solomon Fund, the Community Foundation continued to support organizations promoting integration through recreation for Latinx 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. An early outcome of these efforts in the Community Social Equity Strategic Plan, is a road map for equity efforts that prioritize affordable housing, early childhood education, and inclusion.



2. Description of Primary Initiatives and Events
Continued

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.

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 Latinx 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.

Park City Giving Guide highlights 50 local nonprofit organizations that help make Park City such a great place in which 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 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.



PARK CITY COMMUNITY FOUNDATION
Notes to Consolidated Financial Statements
Continued
December 31, 2019 and 2018

2. Description of Primary Initiatives and Events
Continued

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. The Community Foundation nourishes and fortifies 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 consolidated statements of financial position, comprise the following as of December 31:

	2019	2018
Cash and cash equivalents	\$ 545,105	\$ 1,691,352
Investments	15,468,723	9,945,331
Accrued interest receivable	62,015	52,197
Contributions receivable, net	2,905,709	2,131,386
Other receivables	14,915	2,579
Subtotal	18,996,467	13,822,845
Less amounts not available to be used for general expenditure within one year:		
Funds subject to donor-imposed time and purpose restrictions	2,616,038	1,587,204
Endowment funds to be held in perpetuity and unappropriated earnings thereon	8,375,767	5,187,526
	10,991,805	6,774,730
Financial assets available to be used for general expenditures within one year	\$ 8,004,662	\$ 7,048,115

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.



PARK CITY COMMUNITY FOUNDATION
Notes to Consolidated Financial Statements
Continued
December 31, 2019 and 2018

3. Liquidity and Availability
Continued

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.

Of the \$8,004,662 of the financial assets available to be used for general expenditure as presented above, approximately \$5,200,000 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. Investments

The Community Foundation determined the following fair value measurements as of December 31, 2019:

	Total	Level 1	Level 2	Level 3
Equity exchange traded funds	\$ 8,588,826	\$ 8,588,826	\$ -	\$ -
Corporate bonds	3,954,461	-	3,954,461	-
Floating rate investments mutual fund	709,876	709,876	-	-
Cash equivalents	2,642,194	2,642,194	-	-
Total	<u>\$ 15,895,357</u>	<u>\$ 11,940,896</u>	<u>\$ 3,954,461</u>	<u>\$ -</u>
Less amounts classified as part of funds held for other organizations with connection with agency transactions (see Notes 1 and 7)	<u>(426,634)</u>			
Investments reported in the consolidated statement of financial position	<u>\$ 15,468,723</u>			



PARK CITY COMMUNITY FOUNDATION
Notes to Consolidated Financial Statements
Continued
December 31, 2019 and 2018

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

	Total	Level 1	Level 2	Level 3
Equity exchange traded funds	\$ 6,269,867	\$ 6,269,867	\$ -	\$ -
Corporate bonds	2,723,312	-	2,723,312	-
Floating rate investments mutual fund	608,680	608,680	-	-
International bonds	193,255	-	193,255	-
Cash equivalents	640,840	640,840	-	-
Total	\$ 10,435,954	\$ 7,519,387	\$ 2,916,567	\$ -
Less amounts classified as part of funds held for other organizations with connection with agency transactions (see Notes 1 and 7)	(490,623)			
Investments reported in the consolidated statement of financial position	\$ 9,945,331			

The equity exchange traded funds and fixed income funds held by the Community Foundation as of December 31, 2019 and 2018 are listed on major securities exchanges with readily obtainable trading values and have been classified as level 1.

The corporate bonds held by the Community Foundation as of December 31, 2019 and 2018 and international bonds held 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.

The following table summarizes the return on investments for the year ended December 31, 2019:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 189,344	\$ 142,025	\$ 331,369
Net realized and unrealized gains	879,752	718,070	1,597,822
Subtotal	1,069,096	860,095	1,929,191
Management fees	(12,250)	(9,189)	(21,439)
Net investment income	\$ 1,056,846	\$ 850,906	\$ 1,907,752



PARK CITY COMMUNITY FOUNDATION
Notes to Consolidated Financial Statements
Continued
December 31, 2019 and 2018

- 4. Investments** The following table summarizes the return on investments for the year ended
Continued December 31, 2018:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 134,256	\$ 93,112	\$ 227,368
Net realized and unrealized losses	<u>(384,688)</u>	<u>(307,501)</u>	<u>(692,189)</u>
Subtotal	(250,432)	(214,389)	(464,821)
Management fees	<u>(9,598)</u>	<u>(6,992)</u>	<u>(16,590)</u>
Net investment income	<u>\$ (260,030)</u>	<u>\$ (221,381)</u>	<u>\$ (481,411)</u>

- 5. Contributions Receivable** Contributions receivable represent contributions from individuals, foundations and corporations. All contributions are considered fully collectible as of December 31, 2019 and 2018, and are due to be received as follows:

	2019	2018
Within one year	\$ 942,705	\$ 870,163
Within two to eight years	<u>2,091,673</u>	<u>1,353,000</u>
	3,034,378	2,223,163
Less: Present value component	<u>(128,669)</u>	<u>(91,777)</u>
Contribution receivable, net	<u>\$ 2,905,709</u>	<u>\$ 2,131,386</u>

As of December 31, 2019 and 2018, average discount rates of 2.1% and 2.6%, respectively, were used to determine the net present value of contributions to be received over one or more future years. As of December 31, 2019 and 2018, three donors represented approximately 54% and 55% of contributions receivable, respectively.



PARK CITY COMMUNITY FOUNDATION
Notes to Consolidated Financial Statements
Continued
December 31, 2019 and 2018

6. Property and Equipment

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

	<u>2019</u>	<u>2018</u>
Website	\$ 39,665	\$ 27,665
Leasehold improvements	23,394	-
Furniture and fixtures	19,105	24,259
Office equipment	18,537	22,062
Software	-	5,460
Total cost	<u>100,701</u>	<u>79,446</u>
Accumulated depreciation and amortization	<u>(48,489)</u>	<u>(56,352)</u>
Property and equipment, net	<u>\$ 52,212</u>	<u>\$ 23,094</u>

Depreciation and amortization expense for property and equipment for the years ended December 31, 2019 and 2018 was \$5,241 and \$4,745, respectively.

7. Cash and Investments Held for Other Organizations

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

	<u>2019</u>	<u>2018</u>
Cash in a separate bank account	\$ 208,497	\$ 400,869
Investments (see Note 4)	426,634	490,623
Total	<u>\$ 635,131</u>	<u>\$ 891,492</u>



PARK CITY COMMUNITY FOUNDATION
Notes to Consolidated Financial Statements
Continued
December 31, 2019 and 2018

**8. Net Assets
with Donor
Restrictions**

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

	2019	2018
Early Childhood Fund	\$ 737,316	\$ 38,857
Time restricted amounts	431,510	31,346
Marriott Mental Wellness Fund	331,369	550,310
Katz Amsterdam Mental Wellness Fund	291,168	242,504
Park City Climate Fund	239,317	-
Communities That Care	123,461	-
Candy Erickson Fund	80,554	72,339
Mental Wellness Fund	75,196	191,593
MT2030	67,851	-
Billy Poole Foundation	50,574	42,330
Live Like Sam Fund	45,919	45,098
Social Equity Fund	32,605	105,196
Eric Haaijer Memorial Fund	32,370	36,597
Joseph James Morelli Scholarship Fund	-	138,475
Other program initiatives	76,828	92,559
	<hr/>	<hr/>
Total purpose and time restricted	2,616,038	1,587,204
	<hr/>	<hr/>
Endowment funds, see Note 9	8,375,767	5,187,526
	<hr/>	<hr/>
Total net assets with donor restrictions	\$ 10,991,805	\$ 6,774,730



PARK CITY COMMUNITY FOUNDATION
Notes to Consolidated Financial Statements
Continued
December 31, 2019 and 2018

9. Endowments The Community Foundation's endowments consisted of the following funds as of December 31:

	<u>2019</u>	<u>2018</u>
For the Love of Park City	\$ 3,384,908	\$ 2,618,778
Solomon Fund	2,310,539	1,131,670
Women's Giving Fund	1,712,286	1,427,632
Place Endowment Fund	348,259	-
Tonya Cumbee Fund	247,872	-
People Endowment Fund	227,488	-
Other	144,415	9,446
Total	<u>\$ 8,375,767</u>	<u>\$ 5,187,526</u>

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.

The Community Foundation had the following endowment related activities for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Donor restricted endowment net assets as of January 1:	\$ 5,187,526	\$ 4,510,400
Investment return (loss):		
Interest and dividends	133,427	80,357
Net appreciation (depreciation) (realized and unrealized)	658,298	(292,190)
Net investment return (loss)	791,725	(211,833)
Contributions	2,480,215	1,023,215
Amounts appropriated for expenditure	(83,699)	(134,256)
Donor restricted endowment, net assets as of December 31:	<u>\$ 8,375,767</u>	<u>\$ 5,187,526</u>



9. Endowments
Continued

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.

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.

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.



9. Endowments
Continued

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 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 \$83,699 and \$134,256 for the years ended December 31, 2019 and 2018, respectively.

**10. Commitments,
Risks, and
Contingencies**

Operating Leases

In June 2019, the Community Foundation entered into an operating lease agreement for its office space in Park City, Utah. The lease has a three-year term.

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 material to these financial statements and rent expense is therefore recognized based upon actual payments made.

Rent expense for the years ended December 31, 2019 and 2018 was approximately \$58,000 and \$36,000, respectively, and is included in occupancy expense in the accompanying consolidated statements of functional expenses.



PARK CITY COMMUNITY FOUNDATION
Notes to Consolidated Financial Statements
Continued
December 31, 2019 and 2018

**10. Commitments,
Risks, and
Contingencies**
Continued

Operating Leases – continued

The amounts below reflect the net future minimum lease payments that will be paid by the Community Foundation:

Years Ending December 31,

2020	\$	65,582
2021		72,876
2022		<u>31,519</u>
Total future minimum lease payments	\$	<u>169,977</u>

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, 2019, 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, 2019 and 2018 was approximately \$342,000 and \$2,205,000, respectively.

Line of Credit

The Community Foundation has a line of credit of \$500,000 maturing May 31, 2021. Interest on any outstanding balance was payable monthly at a variable rate equal to the U.S. Prime Rate plus 2.30%. Any balance outstanding on this line of credit is secured by the Community Foundation's investments. As of December 31, 2019 and 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 \$1,690,000 and \$1,246,000 during the years ended December 31, 2019 and 2018, respectively. Current board members and management have 10 donor advised funds at the Community Foundation. The balances of current board and management donor advised funds were approximately \$6,703,000 and \$5,954,000 as of December 31, 2019 and 2018, respectively.



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 years ended December 31, 2019 and 2018, management did not identify any uncertainty in income tax requiring recognition or disclosure in the accompanying consolidated financial statements.

Park City Community Foundation's wholly-owned subsidiary MT2030, LLC, is a disregarded entity for income tax reporting. As such, the balances and operations of this LLC are included in the Park City Community Foundation's Form 990 filing.

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 March 22, 2021, the date the consolidated financial statements were available to be issued, and identified the following subsequent events requiring disclosure:

COVID-19

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.

Paycheck Protection Program Loan

On May 4, 2020, the Community Foundation secured a Paycheck Protection Program loan in the amount of \$135,600. On January 7, 2021, the loan was forgiven.