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TANNER

Accountants & Advisors



PARK CITY

COMMUNITY
FOUNDATION

Park City Community Foundation

Consolidated Financial Statements

As of and for the Years Ended December 31, 2020 and 2019

Together with Independent Auditors' Report



TANNER

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, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, 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 financial position of Park City Community Foundation as of December 31, 2020 and 2019, 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

October 13, 2021

Consolidated Statements of Financial Position

As of December 31,

	2020	2019
<u>Assets</u>		
Cash and cash equivalents	\$ 984,468	\$ 545,105
Investments	19,770,136	15,468,723
Accrued interest receivable	43,650	62,015
Cash and investments held for other organizations	225,602	635,131
Contributions receivable, net	2,164,068	2,905,709
Other receivables	-	14,915
Other assets	9,999	29,683
Property and equipment, net	723,966	52,212
Total assets	\$ 23,921,889	\$ 19,713,493
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 39,826	\$ 57,864
Agency transaction obligations	225,602	635,131
Paycheck Protection Program loan	135,600	-
Total liabilities	401,028	692,995
Net assets:		
Without donor restrictions	7,935,280	8,028,693
With donor restrictions:		
Purpose and time restrictions	4,890,272	2,616,038
Perpetual in nature	10,695,309	8,375,767
Total net assets	23,520,861	19,020,498
Total liabilities and net assets	\$ 23,921,889	\$ 19,713,493

Consolidated Statements of Activities

For the Years Ended December 31,

	2020	2019
Change in net assets without donor restrictions:		
Revenue and support:		
Contributions	\$ 2,054,842	\$ 2,075,120
Other revenue	75,381	124,505
Investment income, net	574,569	1,056,846
Net assets released from purpose restrictions	4,528,132	1,506,372
Net assets released from time restrictions	124,000	61,836
Net asset reclassification	(1,019,112)	-
Total revenue, support, and reclassifications	<u>6,337,812</u>	<u>4,824,679</u>
Expenses:		
Program services	5,994,791	3,274,928
Supporting services:		
Management and general	135,433	116,469
Fundraising	301,001	444,230
Total expenses	<u>6,431,225</u>	<u>3,835,627</u>
(Decrease) increase in net assets without donor restrictions	<u>(93,413)</u>	<u>989,052</u>
Change in net assets with donor restrictions:		
Contributions	7,365,835	4,934,377
Investment income, net	860,961	850,906
Net assets released from purpose restrictions	(4,528,132)	(1,506,372)
Net assets released from time restrictions	(124,000)	(61,836)
Net asset reclassification	1,019,112	-
Increase in net assets with donor restrictions	<u>4,593,776</u>	<u>4,217,075</u>
Increase in net assets	4,500,363	5,206,127
Net assets, beginning of year	<u>19,020,498</u>	<u>13,814,371</u>
Net assets, end of year	<u>\$ 23,520,861</u>	<u>\$ 19,020,498</u>

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2020

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Grants and contributions	\$ 4,805,836	\$ -	\$ -	\$ 4,805,836
Salaries and benefits	541,889	87,054	165,250	794,193
Program fund expense	290,264	-	-	290,264
Contract labor	78,485	-	-	78,485
Occupancy	49,476	6,191	14,229	69,896
Campaign expense	4,957	1,652	56,514	63,123
Professional services	36,751	10,743	9,046	56,540
Office supplies	36,777	7,881	7,881	52,539
Community initiatives	44,279	-	-	44,279
Advertising and promotion	21,879	-	21,879	43,758
Nonprofit education	23,060	-	-	23,060
Information technology	11,066	5,533	5,533	22,132
Depreciation and amortization	15,036	1,881	4,324	21,241
Events	4,018	-	7,463	11,481
Sports program support	8,060	-	-	8,060
Insurance	3,982	2,389	1,593	7,964
Giving guide	4,992	-	-	4,992
Collateral and program materials	787	-	1,837	2,624
Travel	1,490	-	638	2,128
Community pass	150	-	350	500
Other	11,557	12,109	4,464	28,130
Total	\$ 5,994,791	\$ 135,433	\$ 301,001	\$ 6,431,225

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2019

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

Consolidated Statements of Cash Flows

For the Years Ended December 31,

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 4,500,363	\$ 5,206,127
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities:		
Contributions restricted for long-term purposes	(832,332)	(817,515)
Depreciation and amortization	21,241	5,241
Loss on disposal of property and equipment	-	5,485
Gain on investments	(1,461,315)	(1,929,191)
Changes in operating assets and liabilities:		
Accrued interest receivable	18,365	(9,818)
Cash and investments held for other organizations	409,529	256,361
Contributions receivable	741,641	(774,323)
Other receivables	14,915	(12,336)
Other assets	19,684	(24,915)
Accounts payable and accrued expenses	(18,038)	21,528
Agency transaction obligations	(409,529)	(256,361)
Net cash and cash equivalents provided by operating activities	<u>3,004,524</u>	<u>1,670,283</u>
Cash flows from investing activities:		
Purchases of investments	(7,670,372)	(6,137,959)
Proceeds from sales of investments	4,830,274	2,543,758
Purchases of property and equipment	(692,995)	(39,844)
Net cash and cash equivalents used in investing activities	<u>(3,533,093)</u>	<u>(3,634,045)</u>
Cash flows from financing activities:		
Contributions restricted for long-term purposes	832,332	817,515
Proceeds from Paycheck Protection Program loan	135,600	-
Net cash and cash equivalents provided by financing activities	<u>967,932</u>	<u>817,515</u>
Net increase (decrease) in cash and cash equivalents	439,363	(1,146,247)
Cash and cash equivalents, beginning of the year	545,105	1,691,352
Cash and cash equivalents, end of the year	<u>\$ 984,468</u>	<u>\$ 545,105</u>

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization

Park City Community Foundation (the Foundation) is a 501(c)(3) public charity located in Park City, Utah. The 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, the 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.

Consolidation

During 2020, the Foundation established Summit County Clubhouse Home, LLC, a Utah limited liability company, as a wholly owned subsidiary. This entity holds property that is also classified as part of net assets with donor restrictions.

During 2020, the Foundation established Communities That Care Summit County, LLC, a Utah limited liability company, as a wholly owned subsidiary. This entity helps provide access to effective youth substance-prevention programs, education and systems that engage both youth and parents who are curious, and for those in trouble. This entity was also created to manage the fiscal sponsorship relationship with Communities That Care Summit County.

During April 2019, the Foundation established MT2030, LLC, a Utah limited liability company, as a wholly owned subsidiary. This entity 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. This entity was also created to manage the fiscal sponsorship relationship with MT2030.

The activities of Summit County Clubhouse Home, LLC, Communities That Care Summit County, LLC, and MT 2030, LLC (the LLC's) align with the mission of Park City Community Foundation. All material intercompany transactions and balances have been eliminated in consolidation. Park City Community Foundation and the LLC's are collectively referred to as the "Community Foundation" throughout the notes to consolidated financial statements.

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 values.

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. Direct investment expenses are netted against investment income on the consolidated statements 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 the 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, 2020, and 2019, 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 thirty-nine 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 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.

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, 2020 and 2019, 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.

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 or recommends, in the case of donor advised funds, that the resources be maintained in perpetuity.

Forgiveness of Paycheck Protection Program Loan

During April 2020, the Community Foundation obtained a loan from a financial institution under the Paycheck Protection Program (PPP), a component of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) (also see Note 10). PPP loans are forgivable if conditions involving maintenance of payroll and employee headcount and certain other conditions are satisfied. The Community Foundation has elected to account for the PPP loan as a financial liability in accordance with FASB ASC 470 - Debt. Accordingly, the Community Foundation recognizes debt forgiveness when it has been legally released from the liability.

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 and performance obligations have been satisfied. 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.

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, primarily salaries and wages, 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.

Reclassification

During the year ended December 31, 2020, certain net assets that were previously classified as net assets without donor restrictions were reclassified to net assets with donor restrictions and included within endowment funds to better reflect the intended use of the funds. Although the amount reclassified represents donor advised funds for which the Community Foundation has variance power, management determined that these funds should be included within the endowment funds to match the Community Foundation's long-term intent, and the donors' desire to have the funds held in perpetuity.

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.

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.

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:

	2020	2019
Cash and cash equivalents	\$ 984,468	\$ 545,105
Investments	19,770,136	15,468,723
Accrued interest receivable	43,650	62,015
Contributions receivable, net	2,164,068	2,905,709
Other receivables	-	14,915
Subtotal	<u>22,962,322</u>	<u>18,996,467</u>
Less amounts not available to be used for general expenditure within one year:		
Funds subject to donor-imposed time and purpose restrictions	4,890,272	2,616,038
Endowment funds to be held in perpetuity and unappropriated earnings thereon	<u>10,695,309</u>	<u>8,375,767</u>
	<u>15,585,581</u>	<u>10,991,805</u>
Financial assets available to be used for general expenditures within one year	<u>\$ 7,376,741</u>	<u>\$ 8,004,662</u>

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.

In addition to the financial assets in the table included above, the Community Foundation has \$500,000 available under a line of credit agreement, further described in Note 11, which is available to the Community Foundation through the note maturity date of August 2022.

Of the \$7,376,741 of the financial assets available to be used for general expenditure as presented above as of December 31, 2020, approximately \$5,970,000 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, 2020:

	Total	Level 1	Level 2	Level 3
Equity exchange traded funds	\$ 9,972,566	\$ 9,972,566	\$ -	\$ -
Corporate bonds	5,205,287	-	5,205,287	-
Floating rate investment mutual funds	315,604	315,604	-	-
Cash equivalents	4,479,438	4,479,438	-	-
Total	\$ 19,972,895	\$ 14,767,608	\$ 5,205,287	\$ -
Less amounts classified as part of funds held for other organizations in connection agency transactions (see Notes 1 and 7)	<u>(202,759)</u>			
Investments reported in the consolidated statement of financial position	\$ 19,770,136			

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

The equity exchange traded funds and floating rate investment mutual fund held by the Community Foundation as of December 31, 2020 and 2019 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, 2020 and 2019 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, 2020:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 149,378	\$ 181,325	\$ 330,703
Net realized and unrealized gains	436,828	693,784	1,130,612
Subtotal	586,206	875,109	1,461,315
Management fees	(11,637)	(14,148)	(25,785)
Net investment income	\$ 574,569	\$ 860,961	\$ 1,435,530

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 losses	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

5. Contributions Receivable

Contributions receivable represent contributions from individuals, foundations and corporations. All contributions are considered fully collectible as of December 31, 2020 and 2019, and are due to be received as follows:

	2020	2019
Within one year	\$ 818,073	\$ 942,705
Within two to five years	1,373,000	1,991,673
More than five years	50,000	100,000
	2,241,073	3,034,378
Less: Present value component	(77,005)	(128,669)
Contribution receivable, net	\$ 2,164,068	\$ 2,905,709

As of December 31, 2020 and 2019, average discount rates of 1.65% and 2.1%, respectively, were used to determine the net present value of contributions to be received over one or more future years. As of December 31, 2020, one donor represented approximately 17% of contributions receivable and as of December 31, 2019, three donors represented approximately 53% of contributions receivable.

6. Property and Equipment

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

	2020	2019
Website	\$ 24,000	\$ 39,665
Leasehold improvements	23,394	23,394
Furniture and fixtures	19,105	19,105
Office equipment	18,730	18,537
Clubhouse home	675,000	-
Total cost	760,229	100,701
Accumulated depreciation and amortization	(36,263)	(48,489)
Property and equipment, net	\$ 723,966	\$ 52,212

Depreciation and amortization expense for property and equipment for the years ended December 31, 2020 and 2019 was \$21,241 and \$5,241, respectively.

7. Cash and Investments Held for Other Organizations

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

	2020	2019
Cash in a separate bank account	\$ 22,843	\$ 208,497
Investments (see Note 4)	202,759	426,634
Total	\$ 225,602	\$ 635,131

8. Net Assets with Donor Restrictions

Net assets with donor restrictions, the purposes of which are outlined in Note 2, consisted of the following as of December 31:

	2020	2019
Community Response Fund for COVID-19	\$ 1,275,689	\$ -
Early Childhood Fund	789,048	737,316
Summit County Clubhouse Home, LLC Fund	675,000	-
Park City Climate Fund	344,842	239,317
Communities that Care Summit County, LLC Fund	247,462	123,461
Katz Amsterdam Mental Wellness Fund	232,157	291,168
Mental Wellness Fund	142,257	75,196
Woodward Play It Forward	127,266	-
Snowbird Play It Forward	126,831	-
Marriott Mental Wellness Fund	112,329	331,369
MT2030 Fund (Net Zero by 2030)	102,581	67,851
Candy Erickson Fund for the Betterment of Park City	88,256	80,554
Billy Poole Foundation	55,234	50,574
RISE Fund (Recreation, Inclusion, Sports, and Extracurriculars)	43,650	-
Primary Children's Charities	32,416	-
Sam "Hulk" Fiveash Memorial	30,637	-
Eric Haaiger Memorial Fund	27,290	32,370
Social Equity Fund	23,289	32,605
Live Like Sam Fund	1,764	45,919
Other program initiatives	76,274	76,828
Time restricted amounts	336,000	431,510
Total purpose and time restricted	4,890,272	2,616,038
Endowment funds, see Note 9	10,695,309	8,375,767
Total net assets with donor restrictions	\$ 15,585,581	\$ 10,991,805

9. Endowments

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

	2020	2019
For the Love of Park City Unrestricted Endowment	\$ 4,898,605	\$ 3,384,908
Solomon Endowment: Integration Through Recreation Fund	2,571,480	2,310,539
Women's Giving Fund Endowment	1,998,940	1,712,286
Place Endowment Fund	408,282	348,259
Tonya Cumbee Fund for Children Endowment	254,435	247,872
People Endowment Fund	287,105	227,488
Other	276,462	144,415
Total	\$ 10,695,309	\$ 8,375,767

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:

	2020	2019
Donor restricted endowment net assets as of January 1:	\$ 8,375,767	\$ 5,187,526
Investment return:		
Interest and dividends	308,592	133,427
Net appreciation (realized and unrealized)	529,370	658,298
Net investment return	837,962	791,725
Contributions	600,026	2,480,215
Net asset reclassification	1,019,112	-
Amounts appropriated for expenditure	(137,558)	(83,699)
Donor restricted endowment net assets as of December 31:	\$ 10,695,309	\$ 8,375,767

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.

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% and 3.00% 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 \$69,558 and \$83,699 for the years ended December 31, 2020 and 2019, respectively.

10. Paycheck Protection Program Loan

During April 2020, the Community Foundation obtained a loan from a financial institution under the Paycheck Protection Program (PPP), a component of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan carries an interest rate of 1.00%. Payments were to begin in August 2021 and were to be paid in equal installments through August 2023. On January 7, 2021, the Community Foundation’s application for PPP loan forgiveness was approved by the Small Business Administration. Accordingly, the Community Foundation recognized a gain as of the date the loan forgiveness was received.

11. 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. Management has concluded that the difference between a straight-line expense and the required lease payments is not material to the Community Foundation’s consolidated financial statements; therefore, rent expense is recognized based upon actual payments made.

Rent expense for the years ended December 31, 2020 and 2019 was approximately \$70,000 and \$58,000, respectively, and is included in occupancy expense in the accompanying consolidated statements of functional expenses.

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

<u>Years Ending December 31,</u>	
2021	\$ 72,876
2022	31,519
Total future minimum lease payments	<u>\$ 104,395</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, 2020, 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, 2020 and 2019 were approximately \$1,179,000 and \$342,000, respectively.

Line of Credit

The Community Foundation has a line of credit of \$500,000 maturing August 24, 2022. Interest on any outstanding balance is 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, 2020 and 2019, there was no outstanding balance on this line of credit.

12. Related Party Transactions

All board members and management are donors to the Community Foundation. Board members and management contributed approximately \$2,337,000 and \$1,690,000 during the years ended December 31, 2020 and 2019, 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 \$6,845,000 and \$6,703,000 as of December 31, 2020 and 2019, respectively.

13. 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, 2020 and 2019, 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 subsidiaries MT2030, LLC, Summit County Clubhouse Home, LLC, and Communities That Care Summit County, LLC are disregarded entities for income tax reporting. As such, the balances and operations of these entities 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.

14. Subsequent Events

The Community Foundation's management has evaluated subsequent events through October 13, 2021, the date the consolidated financial statements were available to be issued.