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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, 2023 and 2022

Together with Independent Auditors' Report



TANNER

Independent Auditors' Report

To the Board of Directors Park City Community Foundation

Opinion

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, 2023 and 2022, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Park City Community Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Park City Community Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Park City Community Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Park City Community Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Tanner LLC

September 11, 2024

Consolidated Statements of Financial Position

As of December 31,

	2023	2022
<u>Assets</u>		
Cash and cash equivalents	\$ 2,163,306	\$ 1,896,013
Accrued interest receivable	88,241	62,175
Cash and investments held for other organizations	220,730	194,520
Contributions receivable, net	319,770	891,978
Investments (see Notes 3 and 4)	24,728,509	21,051,330
Other assets	77,564	9,999
Operating lease right-of-use assets	101,400	172,050
Property and equipment, net	610,339	640,770
Total assets	<u>\$ 28,309,859</u>	<u>\$ 24,918,835</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 170,733	\$ 174,959
Agency transaction obligations	220,730	194,520
Operating lease liabilities	105,196	178,525
Total liabilities	<u>496,659</u>	<u>548,004</u>
Net assets:		
Without donor restrictions	12,257,241	9,987,707
With donor restrictions:		
Purpose and time restrictions	3,687,375	3,704,662
Perpetual in nature	11,868,584	10,678,462
Total net assets	<u>27,813,200</u>	<u>24,370,831</u>
Total liabilities and net assets	<u>\$ 28,309,859</u>	<u>\$ 24,918,835</u>

Consolidated Statements of Activities

For the Years Ended December 31,

	2023	2022
Change in net assets without donor restrictions:		
Revenue and support:		
Contributions	\$ 5,091,307	\$ 4,942,143
In-kind contributions	112,211	225,155
Investment income (loss), net	1,134,108	(1,231,882)
Net assets released from purpose restrictions	2,805,949	3,947,408
Net assets released from time restrictions	62,000	85,000
Total revenue and support	<u>9,205,575</u>	<u>7,967,824</u>
Expenses:		
Program services	6,009,547	7,125,837
Supporting services:		
Management and general	314,837	292,608
Fundraising	611,657	538,059
Total expenses	<u>6,936,041</u>	<u>7,956,504</u>
Increase in net assets without donor restrictions	<u>2,269,534</u>	<u>11,320</u>
Change in net assets with donor restrictions:		
Contributions	2,433,096	3,515,064
Investment income (loss), net	1,607,688	(1,630,393)
Net assets released from purpose restrictions	(2,805,949)	(3,947,408)
Net assets released from time restrictions	(62,000)	(85,000)
Increase (decrease) in net assets with donor restrictions	<u>1,172,835</u>	<u>(2,147,737)</u>
Increase (decrease) in net assets	3,442,369	(2,136,417)
Net assets, beginning of year	<u>24,370,831</u>	<u>26,507,248</u>
Net assets, end of year	<u>\$ 27,813,200</u>	<u>\$ 24,370,831</u>

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2023

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Grants and contributions	\$ 3,694,204	\$ -	\$ -	\$ 3,694,204
Salaries and benefits	1,265,430	184,806	391,808	1,842,044
Program fund expense	443,591	-	-	443,591
Fees for services - other (contract labor)	133,028	70,277	70,277	273,582
Events	133,492	-	21,281	154,773
Advertising and promotion	40,701	-	40,701	81,402
Occupancy	55,258	5,574	16,684	77,516
Community initiatives	66,301	-	-	66,301
Professional services	32,160	9,401	7,916	49,477
Nonprofit education	46,962	-	-	46,962
Office expenses	31,973	6,851	6,851	45,675
Depreciation and amortization	28,856	1,211	3,626	33,693
Information technology	14,398	7,199	7,199	28,796
Insurance	5,039	3,023	2,015	10,077
Travel	6,236	-	2,672	8,908
Collateral and program materials	880	-	2,053	2,933
Other	11,038	26,495	38,574	76,107
Total	\$ 6,009,547	\$ 314,837	\$ 611,657	\$ 6,936,041

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2022

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Grants and contributions	\$ 4,756,386	\$ -	\$ -	\$ 4,756,386
Salaries and benefits	1,028,779	163,200	343,196	\$ 1,535,175
Program fund expense	560,119	-	-	\$ 560,119
Fees for services - other (contract labor)	139,065	72,844	72,844	\$ 284,753
Events	235,655	-	10,500	\$ 246,155
Advertising and promotion	46,794	-	46,794	\$ 93,588
Occupancy	60,351	7,236	17,237	\$ 84,824
Community initiatives	56,493	-	-	\$ 56,493
Professional services	31,087	9,087	7,652	\$ 47,826
Nonprofit education	64,440	-	-	\$ 64,440
Office expenses	33,233	7,121	7,121	\$ 47,475
Depreciation and amortization	40,003	2,189	5,215	\$ 47,407
Information technology	15,001	7,500	7,500	\$ 30,001
Insurance	4,911	2,946	1,964	\$ 9,821
Travel	10,149	-	4,350	\$ 14,499
Collateral and program materials	1,134	-	2,647	\$ 3,781
Sports program support	4,959	-	-	\$ 4,959
Other	37,278	20,485	11,039	\$ 68,802
Total	\$ 7,125,837	\$ 292,608	\$ 538,059	\$ 7,956,504

Consolidated Statements of Cash Flows

	For the Years Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 3,442,369	\$ (2,136,417)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents provided by operating activities:		
Contributions restricted for long-term purposes	(313,604)	(833,762)
Depreciation and amortization	33,693	47,407
Amortization of right-of-use assets	70,650	69,907
(Gain) loss on investments	(2,136,934)	3,210,872
Receipt of investment in limited liability company	(268,200)	(481,000)
Changes in operating assets and liabilities:		
Accrued interest receivable	(26,066)	(15,552)
Cash and investments held for other organizations	(26,210)	34,058
Contributions receivable	572,208	630,509
Other assets	(67,565)	-
Accounts payable and accrued liabilities	(4,226)	113,381
Agency transaction obligations	26,210	(34,058)
Operating lease liabilities	(73,329)	(63,432)
Net cash and cash equivalents provided by operating activities	<u>1,228,996</u>	<u>541,913</u>
Cash flows from investing activities:		
Purchases of investments	(5,217,500)	(2,669,773)
Proceeds from sales of investments	3,945,455	1,874,097
Purchases of property and equipment	(3,262)	(5,574)
Net cash and cash equivalents used in investing activities	<u>(1,275,307)</u>	<u>(801,250)</u>
Cash flows from financing activities:		
Contributions restricted for long-term purposes	<u>313,604</u>	<u>833,762</u>
Net increase in cash and cash equivalents	267,293	574,425
Cash and cash equivalents, beginning of the year	<u>1,896,013</u>	<u>1,321,588</u>
Cash and cash equivalents, end of the year	<u>\$ 2,163,306</u>	<u>\$ 1,896,013</u>
Supplemental disclosures of non-cash financing activities:		
Right-of-use assets obtained in exchange for lease obligations	\$ -	\$ 241,957

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-abuse 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 these 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, an investment in a private company, and cash equivalents. 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 in 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, 2023 and 2022, no allowance for uncollectible receivables was considered necessary by management.

Donated Property, Equipment and Services

Donations of property and equipment and supplies are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Community Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Community Foundation reclassifies these net assets with donor restrictions to net assets without donor restrictions at that time.

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 and 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, 2023 and 2022, 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.

Revenue Recognition

In connection with the limited revenues earned from exchange transactions, the Community Foundation analyzes its 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 these 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.

Lease Commitments

The Community Foundation leases its office space. The Community Foundation assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. For all arrangements where it is determined that a lease exists, the related right-of-use assets and lease liabilities are recorded within the statement of financial position as either operating or finance leases. At inception or modification, the Community Foundation calculates the present value of lease payments using the implicit rate determined from the contract or the Community Foundation's incremental borrowing rate applicable to the lease, which is determined by estimating what it would cost the Community Foundation to borrow a collateralized amount equal to the total lease payments over the lease term based on the contractual terms of the lease and the location of the leased asset, or the risk-free discount rate determined using a period comparable with that of the lease term. The present value is adjusted for prepaid lease payments, lease incentives, and initial direct costs (e.g. commissions). The Community Foundation's leases may require fixed rental payments, variable lease payments based on usage or sales and fixed non-lease costs relating to the leased asset. Variable lease payments are generally not included in the measurement of the right-of-use assets and lease liabilities. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. Fixed non-lease costs, for example common-area maintenance costs, taxes, insurance, and maintenance, are included in the measurement of the right-of-use asset and lease liability as the Community Foundation does not separate lease and non-lease components.

The Community Foundation's lease includes an option to extend the lease term by 3 years. The exercise of lease renewal options is at the Community Foundation's sole discretion. The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

2. Description of Primary Initiatives and Events

The Community Foundation brings together local nonprofits, caring donors, and community leaders to contribute financial resources and innovative ideas to benefit all the people of greater Park City – now and in the future.

The Community Foundation seeks to achieve measurable impact in solving Park City's greatest challenges, and is committed to values of leadership, collective impact, trust, equity, belonging, and learning. The Community Foundation's initiatives and funds address emerging and unmet issues where the Community Foundation can have a direct and positive impact on greater Park City - the place, its people, and its culture. The principal initiatives and events of the Community Foundation to accomplish these strategic goals include the following:

Women's Giving Fund is an endowment at Park City community Foundation with more than 2,100 members who make high-impact grants to local organizations that are helping women and children.

Solomon Fund offers Latinx children inclusive opportunities to participate in recreation activities like sports, dance, and summer camps.

RISE Fund builds equity and inclusion for students at Park City High School to participate in extracurricular activities.

The **Community Fund** offers grants to local nonprofits to expand and accelerate their work addressing the most pressing challenges, as well as professional development opportunities to increase their organization's effectiveness.

Affordable Housing Fund supports affordable housing in Summit County and is a community voice for equitable access to housing.

Early Childhood Alliance was formed to ensure that all children have opportunities in the years up to age three to thrive, learn, and grow. The Community Foundation is a leader in community fundraising, advocacy, and awareness of this issue.

Mental Wellness Fund actively raises and distributes funds for mental wellness programs in Summit County and supports the Mental Wellness Alliance.

Park City Climate Fund engages Park City in implementing local, high-impact climate solutions that have potential to scale to similar communities.

The Community Foundation, in addition to these initiatives, focused on specific community needs, engages in the following activities to accomplish its primary mission and objectives:

Live PC Give PC is an annual day of giving that raises millions of dollars for local nonprofits.

Community Pass Club provides transferrable passes to recreational activities, including skiing and golf, and cultural activities with the pass purchase price going to support the Community Foundation’s operating fund.

Nonprofit Education, Support, and Advancement – in addition to grantmaking, 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 program nourishes and fortifies the local nonprofit community with exceptional opportunities for networking, collaborating, and educational roundtables to improve their organizations’ effectiveness. The Community Foundation also supports the local nonprofit community through Fiscal Sponsorships such as Mountain Towns 2030, a coalition of mountain towns committed to aggressive carbon reduction goals by 2030. They are the community hub for networking events and fundraising, marketing, finance, and human resources support.

Philanthropic Advisory Services offer professional expertise to businesses and families, including establishing and managing donor advised funds and business advised funds, empowering donors to participate in the grantmaking process and connecting their philanthropic goals to local organizations making an impact.

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, comprised the following as of December 31:

	2023	2022
Cash and cash equivalents	\$ 2,163,306	\$ 1,896,013
Investments	24,728,509	21,051,330
Accrued interest receivable	88,241	62,175
Contributions receivable, net	319,770	891,978
	<u>27,299,826</u>	<u>23,901,496</u>
Less amounts not available to be used for general expenditure within one year:		
Funds subject to donor-imposed time and purpose restrictions	3,687,375	3,704,662
Endowment funds to be held in perpetuity and unappropriated earnings thereon	11,868,584	10,678,462
	<u>15,555,959</u>	<u>14,383,124</u>
Financial assets available to be used for general expenditure within one year	<u>\$ 11,743,867</u>	<u>\$ 9,518,372</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.

Of the \$11,743,867 of financial assets available to be used for general expenditure, as presented above, as of December 31, 2023, approximately \$8,992,000 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, 2023:

	Total	Level 1	Level 2	Level 3
Equity exchange traded funds	\$ 12,307,100	\$ 12,307,100	\$ -	\$ -
Corporate and international bonds	6,190,557	-	6,190,557	-
Cash equivalents	5,702,382	5,702,382	-	-
Investment in limited liability company	749,200	-	-	749,200
	<u>\$ 24,949,239</u>	<u>\$ 18,009,482</u>	<u>\$ 6,190,557</u>	<u>\$ 749,200</u>
Less amounts classified as part of funds held for other organizations in connection with agency transactions (see Notes 1 and 7)	<u>(220,730)</u>			
Investments reported in the consolidated statements of financial position	\$ 24,728,509			

The Community Foundation determined the following fair value measurements as of December 31, 2022:

	Total	Level 1	Level 2	Level 3
Equity exchange traded funds	\$ 10,370,057	\$ 10,370,057	\$ -	\$ -
Corporate and international bonds	5,434,984	-	5,434,984	-
Cash equivalents	4,959,809	4,959,809	-	-
Investment in limited liability company	481,000	-	-	481,000
	<u>\$ 21,245,850</u>	<u>\$ 15,329,866</u>	<u>\$ 5,434,984</u>	<u>\$ 481,000</u>
Less amounts classified as part of funds held for other organizations in connection with agency transactions (see Notes 1 and 7)	<u>(194,520)</u>			
Investments reported in the consolidated statement of financial position	\$ 21,051,330			

The equity exchange traded funds held by the Community Foundation as of December 31, 2023 and 2022 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, 2023 and 2022 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 Community Foundation's investment in a limited liability company is reported at fair value using level 3 inputs.

The table below sets forth a summary of changes in the fair value of the Community Foundation's Level 3 assets for the year ended December 31, 2023:

	Investment in Limited Liability Company
Balance as of January 1, 2023	\$ 481,000
Contribution of ownership interest in a limited liability company	268,200
Balance as of December 31, 2023	\$ 749,200

The following table summarizes the return on investments for the year ended December 31, 2023:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 274,168	\$ 376,897	\$ 651,065
Net realized and unrealized gains	876,645	1,260,289	2,136,934
Subtotal	1,150,813	1,637,186	2,787,999
Management fees	(16,705)	(29,498)	(46,203)
Net investment income	\$ 1,134,108	\$ 1,607,688	\$ 2,741,796

The following table summarizes the return on investments for the year ended December 31, 2022:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 157,623	\$ 232,205	\$ 389,828
Net realized and unrealized losses	(1,377,290)	(1,833,582)	(3,210,872)
Subtotal	(1,219,667)	(1,601,377)	(2,821,044)
Management fees	(12,215)	(29,016)	(41,231)
Net investment loss	\$ (1,231,882)	\$ (1,630,393)	\$ (2,862,275)

5. Contributions Receivable

Contributions receivable represent contributions from individuals, foundations and corporations. All contributions are considered fully collectible as of December 31, 2023 and 2022, and are due to be received as follows:

	2023	2022
Within one year	\$ 225,155	\$ 607,953
Within two to five years	100,000	300,000
	325,155	907,953
Less: Present value component	(5,385)	(15,975)
Contribution receivable, net	\$ 319,770	\$ 891,978

As of December 31, 2023 and 2022, average discount rates of 2.24% and 2.20%, respectively, were used to determine the net present value of contributions to be received over one or more future years.

Concentrations of receivables from donors were as follows as of December 31:

	2023	2022
Donor A	46%	22%
Donor B	15%	11%
Donor C	12%	*
Donor D	*	14%

* Donor did not exceed 10%

6. Property and Equipment

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

	2023	2022
Website	\$ 24,000	\$ 24,000
Office equipment	32,508	29,246
Leasehold improvements	23,394	23,394
Furniture and fixtures	19,105	19,105
Clubhouse home	675,000	675,000
	774,007	770,745
Accumulated depreciation and amortization	(163,668)	(129,975)
	\$ 610,339	\$ 640,770

Depreciation and amortization expense for property and equipment for the years ended December 31, 2023 and 2022 was \$33,693 and \$47,407, respectively.

7. Investments Held for Other Organizations

Investments held for other organizations by the Community Foundation totaled \$220,730 and \$194,520 as of December 31, 2023 and 2022, respectively.

8. Leases

The Community Foundation leases a facility under an operating lease from a third party. The Community Foundation performed evaluations of its contracts and determined its identified lease is an operating lease.

The following table reconciles the undiscounted future cash flows for up to the next five years to the operating lease liabilities recorded in the statement of financial position as of December 31, 2023:

<u>Years Ending December 31,</u>	
2024	\$ 74,772
2025	31,155
Total lease payments	105,927
Less: amount representing interest	(731)
Present value of lease liabilities	\$ 105,196

Rent expense for the years ended December 31, 2023 and 2022 was approximately \$78,000 and \$83,000, respectively, and is included in occupancy expense in the accompanying consolidated statements of functional expenses. As of December 31, 2023 the weighted average discount rate was 1.04% and the weighted average remaining lease term was 1.42 years.

9. 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:

	2023	2022
Mental Wellness	\$ 917,315	\$ 1,347,550
Early Childhood	870,544	802,687
Climate	771,873	685,173
Community Betterment	418,161	330,338
Youth Recreation	420,819	268,260
Other	225,536	153,942
Health	41,127	30,865
Emergency Relief	-	1,847
Time restricted amounts	22,000	84,000
Total purpose and time restricted	3,687,375	3,704,662
Endowment funds, see Note 10	11,868,584	10,678,462
	\$ 15,555,959	\$ 14,383,124

10. Endowments

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

	2023	2022
For the Love of Park City Endowment	\$ 5,318,746	\$ 4,812,891
Solomon Endowment: Integration Through Recreation Fund	2,627,173	2,361,872
Women's Giving Fund Endowment	2,601,372	2,272,178
Place Endowment Fund	438,947	441,821
People Endowment Fund	338,282	279,366
Other	279,560	268,885
Tonya Cumbee Fund for Children Endowment	264,504	241,449
	\$ 11,868,584	\$ 10,678,462

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:

	2023	2022
Donor restricted endowment net assets as of January 1:	\$ 10,678,462	\$ 12,183,083
Investment return:		
Interest and dividends	297,311	232,205
Net appreciation (depreciation) (realized and unrealized)	1,203,669	(1,843,028)
Net investment return	1,500,980	(1,610,823)
Contributions	112,007	491,116
Amounts appropriated for expenditure	(422,865)	(384,914)
Donor restricted endowment net assets as of December 31	\$ 11,868,584	\$ 10,678,462

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 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. The investment policy of the Community Foundation includes strategies to incorporate environmental, social, and governance (ESG) issues into the investment analysis and decision-making process for all asset classes.

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 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.

11. In-Kind Contributions

Amounts reflected in the consolidated statements of activities for donated nonfinancial assets were as follows for the years ended December 31:

	2023	2022
Events, supplies, tickets, passes, etc.	\$ 112,211	\$ 225,155

Contributed use of space, supplies, tickets, passes, etc. are made primarily for the purpose of allowing the Community Foundation to sponsor events related to the Community Foundation’s mission.

12. 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; however, no assurance can be provided that access to the Community Foundation’s invested cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

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, 2023 and 2022, 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 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 September 11, 2024, the date the consolidated financial statements were available to be issued. No matters requiring disclosure were identified.