

COMMUNITY FOUNDATION OF UTAH

FINANCIAL STATEMENTS

December 31, 2015 and 2014

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CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Community Foundation of Utah Salt Lake City, Utah

We have audited the accompanying financial statements of Community Foundation of Utah (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 Community Foundation of Utah as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2015 supplementary information on pages 25 and 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The 2014 supplementary information on pages 27 and 28, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Adjustments to Prior Period Financial Statements

The 2014 financial statements were reviewed by us and our report thereon, dated October 20, 2015 stated we were not aware of any material modifications that should be made for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole. As disclosed in Note 13, Community Foundation of Utah has restated its 2014 financial statements to reflect certain adjustments related to restricted cash, investment securities, investments in partnerships, other assets, and net assets to conform with accounting principles generally accepted in the United States of America. We reported on the 2014 financial statements before the restatement.

Adjustments to Prior Period Financial Statements (Continued)

As part of our audit of the 2015 financial statements, we also audited the adjustments to the 2014 financial statements related to the restatement as described in Note 13. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any additional procedures to Community Foundation of Utah's 2014 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2014 financial statements as a whole.

WSRP, JSC

Salt Lake City, Utah
March 30, 2017

COMMUNITY FOUNDATION OF UTAH
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	2015 (Audited)	2014 (Reviewed)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 765,681	\$ 634,664
Restricted cash	11,911,709	8,591,023
Investments	13,588,480	13,284,735
Financial assets carried at cost	2,710,328	2,358,846
Accounts receivable	9,901	588,913
Accrued interest on notes receivable	11,243	-
Escrow receivable	-	317,968
Related party note receivable	48,141	-
Current portion of notes receivable	963,184	945,123
TOTAL CURRENT ASSETS	30,008,667	26,721,272
PROPERTY AND EQUIPMENT, NET	10,476	-
NOTES RECEIVABLE, NET OF CURRENT PORTION	975,299	1,890,246
OTHER ASSETS	221,925	231,242
TOTAL NONCURRENT ASSETS	1,207,700	2,121,488
TOTAL ASSETS	\$ 31,216,367	\$ 28,842,760
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 29,342	\$ 7,559
Agency funds	222,723	226,766
TOTAL CURRENT LIABILITIES	252,065	234,325
NET ASSETS		
Unrestricted:		
Board-designated net assets, see Note 8	30,198,758	27,915,782
Undesignated net assets	765,544	692,653
TOTAL NET ASSETS	30,964,302	28,608,435
TOTAL LIABILITIES AND NET ASSETS	\$ 31,216,367	\$ 28,842,760

The accompanying notes are an integral part of the financial statements.

COMMUNITY FOUNDATION OF UTAH
STATEMENTS OF ACTIVITIES
For the Years ended December 31, 2015 and 2014

	2015	2014
	<u>(Audited)</u>	<u>(Reviewed)</u>
UNRESTRICTED NET ASSETS		
UNRESTRICTED REVENUES AND GAINS		
Contributions	\$ 14,137,518	\$ 16,284,630
Investment income, net of investment fees	310,760	806,013
Gain on exchange of split-interest agreement	-	150,410
Other income	200,954	90,438
Unrealized gain (loss) on annuity contract	(9,317)	4,558
TOTAL UNRESTRICTED REVENUE AND GAINS	<u>14,639,915</u>	<u>17,336,049</u>
NET ASSETS RELEASED FROM RESTRICTION	<u>-</u>	<u>3,000,000</u>
TOTAL UNRESTRICTED REVENUE, GAINS AND		
OTHER SUPPORT	14,639,915	20,336,049
 EXPENSES		
Grants awarded	10,270,846	8,741,598
Unrealized loss on investments	793,746	293,458
Loss on impairment of partnership interests	108,565	-
FUNCTIONAL EXPENSES		
Program services	812,642	955,333
Management and general	186,888	204,753
Development	111,361	159,853
TOTAL EXPENSES	<u>12,284,048</u>	<u>10,354,995</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>2,355,867</u>	<u>9,981,054</u>
 TEMPORARILY RESTRICTED NET ASSETS		
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
NET ASSETS RELEASED FROM RESTRICTION	<u>-</u>	<u>(3,000,000)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>-</u>	<u>(3,000,000)</u>
CHANGE IN NET ASSETS	<u>2,355,867</u>	<u>6,981,054</u>
NET ASSETS, BEGINNING OF YEAR (AS RESTATED,		
SEE NOTE 13)	<u>28,608,435</u>	<u>21,627,381</u>
NET ASSETS, END OF YEAR	<u><u>\$ 30,964,302</u></u>	<u><u>\$ 28,608,435</u></u>

The accompanying notes are an integral part of the financial statements.

COMMUNITY FOUNDATION OF UTAH
STATEMENTS OF CASH FLOWS
For the Years ended December 31, 2015 and 2014

	2015	2014
	<u>(Audited)</u>	<u>(Reviewed)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,355,867	\$ 6,981,054
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation expense	551	-
Unrealized (gains) losses on investments	784,429	293,458
Bad debt expense	167,799	-
Impairment of cost method investments	108,565	-
Unrealized (gain) loss on annuity contract	9,317	(4,558)
Gain on exchange of split-interest agreement	-	(150,410)
(INCREASE) DECREASE IN OPERATING ASSETS		
Accounts receivable	459,353	(587,863)
Accrued interest on notes receivable	(11,243)	-
Issuance of related party notes receivable	(48,141)	-
Proceeds received on exchange of split-interest agreement	-	315,041
INCREASE (DECREASE) IN OPERATING LIABILITIES		
Accounts payable and accrued expenses	21,783	(12,186)
Income taxes payable	-	(636,842)
Agency funds	(4,043)	23,790
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>3,844,237</u>	<u>6,221,484</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(11,027)	-
Issuance of notes receivable	(40,000)	-
Proceeds from collection of escrow receivable	269,828	-
Proceeds from notes receivable	936,886	-
Proceeds (purchases or donations) of investment securities, net	(1,548,221)	825,488
NET CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES	<u>(392,534)</u>	<u>825,488</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>3,451,703</u>	<u>7,046,972</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,225,687</u>	<u>2,178,715</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 12,677,390</u>	<u>\$ 9,225,687</u>
REPRESENTED ON THE BALANCE SHEET AS		
Cash and cash equivalents	\$ 765,681	\$ 634,664
Restricted cash	11,911,709	8,591,023
	<u>\$ 12,677,390</u>	<u>\$ 9,225,687</u>

The accompanying notes are an integral part of the financial statements.

COMMUNITY FOUNDATION OF UTAH
STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years ended December 31, 2015 and 2014

	2015	2014
	<u>(Audited)</u>	<u>(Reviewed)</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Exchange of split-interest agreement for note receivable		
Issuance of note receivable	\$ -	\$ 2,835,369
Split-interest agreement exchanged	-	(3,000,000)
Gain on exchange of split-interest agreement	-	(150,410)
Proceeds received on exchange of split-interest agreement	-	315,041
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ 636,842</u>

The accompanying notes are an integral part of the financial statements.

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Community Foundation of Utah (“Community Foundation”) is a publicly supported, nonprofit public benefit corporation. The Community Foundation received its IRS exemption in March 2008. The Community Foundation serves as a partner and resource to nonprofits and citizens improving the quality of life in Utah and to those donors who want to give back locally and nationally.

The Community Foundation of Utah is a public, charitable organization whose mission is to harness Utah’s entrepreneurial spirit in service to the common good. They help people gather assets and ideas that will serve the state of Utah. Their vision is to be a catalyst for philanthropy that is visionary, sustainable, and inclusive.

Advised Funds

The Community Foundation offers several types of funds that enable donors to identify funding opportunities aligned with their values and charitable interests. Donor advised funds allow donors to recommend grant recipients, subject to the Community Foundation's due diligence and approval. These funds may be advised by an individual, family, or committee of people who desire to pool their contributions toward a common purpose.

Field of interest funds enable donors to identify a broad charitable purpose or a category of interest (e.g. women and girls, impact investing, LGBT philanthropist, and the environment) and/or geographic area or target population (e.g., Dagget County, The Panoramaland Fund, and People Living with Cancer Fund).

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") in Accounting Standards Codification ("ASC") 958, Financial Statements of Not-for-Profit Organizations.

Management 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For financial statement purposes, the Community Foundation considers all cash accounts, except those being held for investment purposes, and all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents. As of December 31, 2015 and 2014, the Community Foundation had \$3,185,858 and \$3,752,189, respectively, in excess of federally insured limits.

Description of Net Assets

Net assets are classified based on existence or absence of donor-imposed restrictions as

Unrestricted is defined as that portion of net assets that have no use or time restrictions, and for which the governing board has discretionary control. Accordingly, the Community Foundation classifies contributions, except as noted below, as unrestricted for financial statement presentation.

Temporarily restricted is defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Contributions unconditionally promised, which are scheduled to be received more than one year in the future, are classified as temporarily restricted until the funds are received and are discounted at a rate commensurate with the risks involved. The accumulation of assets, above historic gift value, in donor restricted endowment funds is classified as temporarily restricted until appropriated for use based on the Community Foundation's spending policy. The Community Foundation also receives grants from charitable foundations, corporations, and individuals for initiatives and special projects for which purpose restrictions apply. Such grants and contributions are recorded as temporarily restricted until the purpose restrictions are met. When the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Permanently restricted is defined as that portion of net assets consisting of the fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a permanent source of revenue for charitable purposes. The Community Foundation also records contributions to charitable trusts as permanently restricted where the donor has permanently restricted the corpus of the trust.

Functional Expense Allocations

Expenses which apply to more than one functional category have been allocated between program, management and general, and development based on the time spent on these functions by specific employees as estimated by management. Indirect expenses, such as general office supplies are allocated based on the overall number of staff in the various functional categories. All other costs are charged directly to the appropriate functional category.

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are comprised primarily of receivables due within one year from installment sales under contract from donor's and various granting agencies. All other receivables and donations are recorded at the earlier of either the receipt of funds or at the date an unconditional promise to give is received promisor. Accounts receivable are stated at their unpaid balances. Management has evaluated the collectability of the receivables recorded and determined, as of December 31, 2015 there was one receivable that was deemed uncollectible. As such, management recorded an allowance for doubtful accounts in the amount of \$109,273, which represented the portion of the receivable not expected to be received. As of December 31, 2014, management determined all receivables were fully collectible, and as such, an allowance for doubtful accounts had not been recorded.

Escrow Receivable

Escrow receivables represent amounts held in escrow until the escrow agent elects to release the funds for disbursement through escrow. During the year ended December 31, 2015, the Community Foundation received \$269,828 and received notice from the escrow agent that there were no additional payments expected to be received. As a result, management determined the escrow amount was no longer collectible and wrote off the remaining \$48,140. The Community Foundation recognized a corresponding bad debt expense as a result.

Fair Value Measurement

Investments and split-interest agreements are stated at fair value following the applicable requirements of U.S. generally accepted accounting principles. In general, fair values are determined by the most relevant available and observable valuation inputs and are classified into three levels. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Community Foundation's determination of assumptions market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

Financial and Investment Policies

The Community Foundation's financial objective is to provide the greatest level of support for current, as well as future, grant making and administrative needs while maintaining the purchasing power of the Community Foundation's charitable assets over time. Endowment funds are invested with a focus on diversification to help control risk, achieve long-term growth, offset inflationary impact, and allow for distributions and fees.

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Funds

Utah enacted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) in 2007. Accordingly, the Community Foundation reviews all relevant gift instruments and organizing documents to identify funds with donor-imposed restrictions that are subject to the state enacted version of the UPMIFA.

In accordance with UPMIFA, the Community Foundation considers the following factors in making a determination as to the appropriation of assets for expenditure: 1) the duration and preservation of the fund, 2) the purposes of the organization and the donor-restricted endowment fund, 3) general economic conditions, 4) the possible effect of inflation and deflation, 5) the expected total return from income and the appreciation of investments, 6) other resources of the organization, and 7) the investment policies of the Community Foundation.

Spending Policy

The amount available annually for distribution from the Community Foundation’s Endowment fund is set by the Board of Trustees and is reviewed annually by the Board under the advice of the Investment Committee. All or a portion of the payout amount may be reinvested. Additionally, Endowment Funds are charged a fee by the Community Foundation, assessed monthly.

Property and Equipment

Acquisitions and donations of property and equipment with a fair market value in excess of \$5,000 are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets’ estimated useful lives or the term of the applicable lease. Depreciation expense for the years ended December 31, 2015 and 2014 were \$551 and \$0, respectively.

Concentrations of Risk

The Community Foundation recognizes there are inherent risks associated with non-publicly traded securities. Risk is managed through rigorous evaluation before an investment is made and regular communication with investment managers. The Community Foundation may also have risk associated with its concentration of investments in certain geographic areas and certain industries.

To address market risk of investments, the Community Foundation maintains a formal investment policy that sets out performance criteria, investment guidelines and requires review of the investment committee's performances. The Community Foundation has custody agreements with selected banks, which process disbursements at the direction of authorized staff.

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Risk (continued)

In addition, concentrations of market and credit risk exist for charitable trusts as well as for cash equivalents. In the regular course of business, the Community Foundation may maintain operating cash balances at various banks in excess of federally insured limits. Management does not believe it is exposed to any significant credit risk on uninsured amounts.

Major Contributions

One donor represented approximately 35% of total contributions for the year ended December 31, 2015. As of December 31, 2014, two donors represented approximately 44% of total contributions for the year.

Mission Related Investments

In furtherance of its mission, the Community Foundation may occasionally make investments in companies, below market rate loans or investment vehicles that the Board has determined to provide a social benefit to the community.

Agency Funds

The Community Foundation accepts funds from unrelated nonprofit organizations who desire to have the Community Foundation provide efficient investment management. A liability is recorded at the readily determinable estimated fair values of assets deposited with the Community Foundation by nonprofit organizations.

Contributions-in-Kind

Significant donated property and equipment is recorded at estimated fair value at the date of receipt. Contributed services, which require a specialized skill and which the Community Foundation would have paid for if not contributed, are recorded at their estimated fair market value. For the years ended December 31, 2015 and 2014, the Community Foundation recognized a total of approximately \$42,704 and \$21,252, respectively, of contributions-in-

Contributions

Contributions are recognized as revenue when received or unconditionally promised. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of public stock are recorded at the mean of the quoted market price on the date of donation. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history and type of contribution.

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (continued)

Accounting Standards provide that if the governing body of an organization has the ability to remove a donor restriction (i.e., variance power), the contribution should be classified as an unrestricted net asset. To ensure tax deductibility of donors' gifts, the Foundation is required by the IRS to exercise final discretion concerning expenditures from its funds. Accordingly, all net assets and related activity over which management of the Community Foundation exercises direct control are classified as unrestricted net assets in the accompanying financial statements.

However, if the donor has indicated a desire to support a particular area of interest or organization, the Community Foundation management will designate the contribution for that use.

Grant Expense

Grants are recognized when all significant conditions are met, all due diligence has been completed, and they are approved by the staff and the Board or a committee.

Investment in Companies

Community Foundation has less than 20% ownership and does not have the ability to exercise significant influence in a limited liability company. Accordingly, this investment is being accounted for using the cost method of accounting.

Income Taxes

The Community Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision has been made in the financial statements for income taxes, or related income tax assets and liabilities. FASB has provided guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the entity's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable taxing authority.

The Community Foundation adopted the provisions of the Accounting for Uncertainty in Income Taxes section of the Income Taxes Topic of the FASB Accounting Standards Codification on January 1, 2009. For 2015 and 2014, management has determined that there are no material uncertain income tax positions. Tax years that remain subject to examination are 2012 and forward. During 2014, the Community Foundation paid unrelated business income tax associated with the prior year in the amount of \$636,842. The Community Foundation determined there was no UBIT tax due as of December 31, 2015 and 2014, respectively.

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-interest Agreement and Note Receivable

The split-interest agreement asset represented the Community Foundation's interest in an irrevocable trust donated from an unrelated third party. The trust was set up as a charitable remainder trust (CRT), which is an arrangement in which the donor establishes a trust with distributions to be made to a designated beneficiary or beneficiaries over the trust's term, with the remaining trust assets being irrevocably donated to the Community Foundation and others upon distribution of the trust assets. Until November 1, 2014, the Community Foundation was named as an irrevocable vested beneficiary in one charitable remainder trust. The Community Foundation was the named beneficiary of this CRT at a specified percentage of 6% of the preferred interest with a liquidation preference of the remaining assets of the trust.

The amount of the asset recognized by the Community Foundation for the split-interest agreement was estimated by calculating the fair value of the trusts' assets, and discounting that fair value using standard industry valuation techniques as well as all relevant data related to eventual release of the trust assets (such as age of donors, appropriate rates of return, appropriate discount rate, etc.). The change in the estimated value of the assets is recorded in the statement of activities as an increase or decrease in temporarily restricted net assets. At November 1, 2014, the estimated fair value of the Community Foundation's interest in this trust totaled \$3,000,000.

On November 1, 2014, the original Donor of the CRT ("Donor") elected to repurchase the CRT's contributed interests from the Community Foundation. The Donor agreed to pay the Community Foundation \$315,041, which was received in the form of cash during December 2014. In addition, the Donor entered into a promissory note agreement with the Community Foundation in the amount of \$2,835,369. As a result of this transaction, the CRT asset was transferred back to the Donor and the net assets related to this transaction were released from temporary restricted net assets to unrestricted net assets. See note 5 below for additional information.

Reclassifications

Certain reclassifications have been made to the December 31, 2014 financial statements to conform to the current year presentation. Changes in net assets, assets and liabilities remain unchanged as a result of these reclassifications.

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 2 - INVESTMENT SECURITIES

The following table shows the fair value of investment securities as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Stocks	\$ 7,228,910	\$ 8,239,191
Money market funds	2,292,197	2,216,849
Bonds	2,994,457	2,395,579
Fixed income corporate	921,459	272,831
Other investments	151,457	160,285
	<u>\$ 13,588,480</u>	<u>\$ 13,284,735</u>

Return on investment securities recorded on the accompanying statements of activities as of December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 339,789	\$ 339,415
Realized gains and losses	64,947	543,343
Unrealized gains and losses	(793,746)	(293,458)
Management fees	(93,976)	(76,745)
Total investment return	<u>\$ (482,986)</u>	<u>\$ 512,555</u>

As of December 31, 2015 and 2014, the aggregate carrying value of investment securities totaled \$14,382,226 and \$13,578,193, respectively.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Community Foundation holds a split-interest agreement (Note 2), and other investments, which are measured at fair value on an annual basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A framework for measuring fair value prioritizes the use of observable market-based inputs over the use of unobservable inputs when measuring fair value. An investment's categorization is based upon the lowest level of input that is significant to the fair value measurement.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date.

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels are defined as follows:

Level 1 – Quoted market prices (observable inputs) in active markets for identical assets or liabilities that the Community Foundation has the ability to access at the measurement date. Example: listed securities.

Level 2 – Observable inputs other than quoted prices included in Level 1 for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies. Example: thinly traded securities.

Level 3 – Unobservable inputs for the asset or liability that are not corroborated by market data, and reflect the entity's assumptions for pricing the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Community Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There are three general valuation techniques that may be used to measure fair value, as described below:

Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost);

Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Assets itemized below were measured at fair value during the years ended December 31, 2015 and 2014 using the market approach and income approach.

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

On a recurring basis, the Community Foundation measures at fair value certain financial assets. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Split-interest agreement - The discounted value of the trust using standard industry valuation techniques as well as all relevant data related to the eventual release of the trust assets (such as age of donors, appropriate rates of return, appropriate discount rate, etc.).

Investments - Investments consist primarily of marketable securities and other securities with a readily determinable fair value.

The following table sets forth by level, within the fair value hierarchy, the Community Foundation's assets at fair value as of December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Stocks	\$ 7,228,910	\$ -	\$ -
Money market funds	2,292,197	-	-
Bonds	2,994,457	-	-
Fixed income corporate	921,459	-	-
Other investments	151,457	-	-
Total assets at fair value	<u>\$ 13,588,480</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, the Community Foundation's assets at fair value as of December 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Stocks	\$ 8,239,191	\$ -	\$ -
Money market funds	2,216,849	-	-
Bonds	2,395,579	-	-
Fixed income corporate	272,831	-	-
Other investments	160,285	-	-
Total assets at fair value	<u>\$ 13,284,735</u>	<u>\$ -</u>	<u>\$ -</u>

The table below sets forth a summary of changes in the fair value of the Community Foundation's level 3 assets (split-interest agreement) as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	\$ -	\$ 3,000,000
Donation of split-interest agreement	-	-
Sale of split-interest agreement	-	(3,150,410)
Total realized gain on sale	-	150,410
Balance at end of year	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Fair market valuation of alternative investments is based on information provided by fund managers, external investment advisors, and other market factors to determine if the carrying value of these investments should be adjusted. Other factors may include, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment. Independent appraisals of significant real estate held for investment, and not in limited partnerships, are conducted every three to five years, depending on the nature of the investment.

NOTE 4 - FINANCIAL ASSETS CARRIED AT COST

The Community Foundation manages amounts as directed by certain donors which are invested in alternative investments. These investments do not have a quoted price in an active market nor do they have readily determinable fair values and are measured at their original cost. Management performed an evaluation on each of the alternative investments as of December 31, 2015 and 2014 and did not identify any events, changes in circumstances, or objective evidence which indicates that the financial asset is impaired.

The Community Foundation received donations of membership units and common stock from unrelated partnerships and third parties that are accounted for using the cost method. During 2015, management received notice that an entity in which the Company owned common stock was entering into bankruptcy proceedings. As such, management determined this amount was impaired as of December 31, 2015 and accordingly wrote off the investment. As of December 31, 2015, the amount of impaired investments carried at costs totaled \$108,565. Management did not identify any events or changes in circumstances that might have an adverse effect on the cost value as of December 31, 2014.

A summary of the financial assets carried at cost is as follows as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Membership units and common stock	\$ 1,724,137	\$ 1,832,702
Alternative investments	986,191	526,144
Total financial assets carried at cost	<u>\$ 2,710,328</u>	<u>\$ 2,358,846</u>

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 5 - NOTES RECEIVABLE

As discussed in Note 1 above, the Community Foundation exchanged a split-interest agreement for a note receivable. The note bears interest at an annual rate of .34 of 1% and accrues daily on the outstanding principal balance. The principal balance shall be paid in three equal annual installments of principal payment along with accrued interest, on October 15th of each year. The entire unpaid principal balance, together with accrued interest and any other unpaid charges or fees, shall be due and payable on the maturity date of October 15, 2017. As of December 31, 2015 and 2014, accrued interest totaled \$11,243 and \$0, respectively.

During 2015, the Company made a payment to an unrelated party in the amount of \$40,000 in exchange for a note receivable. The note receivable bears interest at a rate of 0% per annum requires monthly payments in the amount of \$702, maturing on August 31, 2020. As of December 31, 2015 and 2014, the balance on this note was \$38,597 and \$0, respectively.

As of December 31, 2015, future maturities of the note receivables are as follows:

For the years ended December 31

2016	\$	963,184
2017		953,544
2018		8,421
2019		8,421
2020		4,913
Total	\$	<u>1,938,483</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and Equipment consist of the following as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 11,027	\$ -
Less accumulated depreciation	(551)	-
Property and equipment, net	<u>\$ 10,476</u>	<u>\$ -</u>

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 7 - VARIABLE LIFE POLICY AND OTHER ASSETS

The Community Foundation has been named as a beneficiary of a variable life policy as of December 31, 2015 and 2014. The policy includes a death benefit in the amount of \$1,250,000 with a non-guaranteed 8% annual return on the death benefit. The future death benefit represents an economic benefit that the Company does not control, and accordingly, this amount has not been recorded in the accompanying financial statements. The death benefit will remain in force until the death of the donor at which time the Community Foundation will receive the proceeds from the policy. The policy also has a cash surrender accumulated value as of December 31, 2015 and 2014 of \$221,925 and \$231,242, respectively, which is included in other assets in the accompanying statements of financial position.

NOTE 8 - BOARD DESIGNATED NET ASSETS

A majority of the unrestricted net assets as of December 31, 2015 and 2014 have been designated by the Foundation's Board of Directors to be used for specific programs as follows:

	<u>2015</u>	<u>2014</u>
Board designated net assets		
Donor advised funds	\$ 28,806,253	\$ 27,194,619
Field of interest funds	481,100	271,018
Agency endowment - public	88,650	170,331
Agency funds	21,916	22,229
Scholarship funds	167,803	138,057
Fiscal sponsorship funds	171,727	59,610
Corporate advised funds	55,798	33,512
Designated funds	405,511	26,406
Unrestricted board-designated net assets	<u>\$ 30,198,758</u>	<u>\$ 27,915,782</u>

NOTE 9 - ENDOWMENT DISCLOSURES

The Community Foundation is required to provide information about net assets which are defined as an endowment. The changes in endowment net assets are as follows:

	<u>2015</u>	<u>2014</u>
Endowment net assets, beginning	\$ 170,331	\$ 157,300
Contributions	5,276	10,837
Program expense	(86,606)	-
Investment income, net of investment fees	7,338	4,060
Unrealized gains (losses) on investments	(7,689)	(1,866)
Total endowment net assets	<u>\$ 88,650</u>	<u>\$ 170,331</u>

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 10 - RELATED PARTY TRANSACTIONS

The Community Foundation's volunteer members of the Board of Directors are active in oversight of fundraising events, activities and in making private contributions. Contributions received from the Board of Directors or from companies with which the Board of Directors are affiliated were approximately \$113,748 and \$297,508, respectively, for the years ended December 31, 2015 and 2014.

SLCO PFS 1, Inc. (the "SPV") is a Utah based nonprofit organization operated exclusively for the charitable, educational, and scientific purposes of the Community Foundation of Utah which received approval to operate as a 501(c)(3) entity on January 22, 2016. Prior to receiving approval, the Community Foundation would pay the expenses for the SPV and the SPV would reimburse the Community Foundation. As of December 31, 2015 and 2014, related party receivables totaled \$48,141 and \$0, respectively.

NOTE 11 - TRANSACTIONS IN FUNDS HELD FOR AGENCIES

At December 31, 2015 and 2014, the Community Foundation held assets for 15 nonprofit organizations (agency funds). The assets are held in funds that are managed by the Community Foundation on an agency relationship basis. The following table summarizes the activity in such funds during the years then ended.

	2015	2014
Nonprofit funds, beginning of year	\$ 226,766	\$ 202,976
Amounts raised in contributions or transferred in	-	25,943
Dividend and interest income, net of fees	5,152	1,384
Realized and unrealized investment returns	(9,195)	(3,537)
Nonprofit funds, end of year	<u>\$ 222,723</u>	<u>\$ 226,766</u>

NOTE 12 - 403 (B) (7) PLAN

The Community Foundation sponsors a 403(b)(7) Plan for eligible employees. The employees become eligible to participate in the Plan when they qualify as full-time employees of the Community Foundation. The Community Foundation contributes to the Plan up to 3% of compensation. Participants are immediately vested in both their elective deferral plus actual earnings thereon and the Community Foundation matching contribution. The Community Foundation has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. The Community Foundation's total 403(b)(7) contributions for the years ended December 31, 2015 and 2014 were \$6,034 and \$5,883, respectively.

COMMUNITY FOUNDATION OF UTAH
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 13 - RESTATEMENT

The 2014 financial statements and accompanying supplementary information of the Community Foundation were restated during the current year due to certain errors related to the recording of temporary restricted net assets and investments. A summary of the financial statement restatements is as follows:

	<u>Restricted Cash</u>	<u>Investment Securities</u>	<u>Investments in Partnerships</u>
Balances prior to restatement	\$ 2,865,607	\$ 19,479,200	\$ 2,073,440
Adjust cash out of investments	5,725,416	(5,725,416)	-
Adjust investments	-	(469,049)	285,406
December 31, 2014, as restated	<u>\$ 8,591,023</u>	<u>\$ 13,284,735</u>	<u>\$ 2,358,846</u>

	<u>Board Designated Net Assets</u>	<u>Undesignated Net Assets</u>	<u>Temporary Restricted Net Assets</u>
Balances prior to restatement	\$ 27,665,726	\$ 724,779	\$ 170,331
Adjust investments	(183,643)	-	-
Reclassification of net assets	32,126	(32,126)	-
Addition of annuity contract	226,684	-	-
Unrealized gain (loss) on annuity contract	4,558	-	-
Adjust temporary restricted net assets to board restricted	170,331	-	(170,331)
December 31, 2014, as restated	<u>\$ 27,915,782</u>	<u>\$ 692,653</u>	<u>\$ -</u>

	<u>Other Assets</u>
Balance prior to restatement	\$ -
Addition of annuity contract	226,684
Unrealized loss on annuity contract	4,558
December 31, 2014, as restated	<u>\$ 231,242</u>

NOTE 14 - SUBSEQUENT EVENTS

The Community Foundation evaluated all events or transactions that occurred after December 31, 2015 through March 30, 2017, the date the financial statements were available to be issued. During this period, the Foundation was not aware of any material subsequent events.

SUPPLEMENTAL INFORMATION

COMMUNITY FOUNDATION OF UTAH
SUPPLEMENTAL SCHEDULE I
BALANCE SHEET BY DEPARTMENT
December 31, 2015

	Community Foundation Administration	Community Foundation Donors	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 765,681	\$ -	\$ 765,681
Restricted cash	-	11,911,709	11,911,709
Investments	-	13,588,480	13,588,480
Financial assets carried at cost	-	2,710,328	2,710,328
Accounts receivable	-	9,901	9,901
Accrued interest on notes receivable	-	11,243	11,243
Related party note receivable	-	48,141	48,141
Current portion of notes receivable	-	963,184	963,184
TOTAL CURRENT ASSETS	<u>765,681</u>	<u>29,242,986</u>	<u>30,008,667</u>
PROPERTY AND EQUIPMENT	10,476	-	10,476
NOTES RECEIVABLE, NET OF CURRENT PORTION	-	975,299	975,299
OTHER ASSETS	-	221,925	221,925
TOTAL ASSETS	<u>\$ 776,157</u>	<u>\$ 30,440,210</u>	<u>\$ 31,216,367</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 29,342	\$ -	\$ 29,342
Agency funds	35,289	187,434	222,723
TOTAL CURRENT LIABILITIES	<u>64,631</u>	<u>187,434</u>	<u>252,065</u>
NET ASSETS			
Unrestricted:			
Board-designated net assets, see note 8	-	30,198,758	30,198,758
Undesignated net assets	711,526	54,018	765,544
TOTAL NET ASSETS	<u>711,526</u>	<u>30,252,776</u>	<u>30,964,302</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 776,157</u>	<u>\$ 30,440,210</u>	<u>\$ 31,216,367</u>

COMMUNITY FOUNDATION OF UTAH
SUPPLEMENTAL SCHEDULE II
STATEMENT OF ACTIVITIES BY DEPARTMENT
For the Year ended December 31, 2015

	Community Foundation Administration	Community Foundation Donors	Total
UNRESTRICTED NET ASSETS			
UNRESTRICTED REVENUES AND GAINS			
Contributions	\$ 924,106	\$ 13,213,412	\$ 14,137,518
Investment income, net of investment fees	-	310,760	310,760
Other income (transfers)	414,876	(213,922)	200,954
Unrealized gain (loss) on annuity contract	-	(9,317)	(9,317)
TOTAL UNRESTRICTED REVENUE AND GAINS	1,338,982	13,300,933	14,639,915
EXPENSES			
Grants awarded	466,352	9,804,494	10,270,846
Unrealized loss on investments	3,099	790,647	793,746
Loss on impairment of partnership interests	-	108,565	108,565
FUNCTIONAL EXPENSES			
Program services	570,874	241,768	812,642
Management and general	177,655	9,233	186,888
Development	102,129	9,232	111,361
TOTAL EXPENSES	1,320,109	10,963,939	12,284,048
CHANGE IN NET ASSETS	18,873	2,336,994	2,355,867
NET ASSETS, BEGINNING OF YEAR (AS RESTATED, SEE NOTE 13)	692,653	27,915,782	28,608,435
NET ASSETS, END OF YEAR	\$ 711,526	\$ 30,252,776	\$ 30,964,302

COMMUNITY FOUNDATION OF UTAH
SUPPLEMENTAL SCHEDULE III
BALANCE SHEET BY DEPARTMENT
December 31, 2014

	Community Foundation Administration	Community Foundation Donors	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 634,664	\$ -	\$ 634,664
Restricted cash	-	8,591,023	8,591,023
Investments	100,838	13,183,897	13,284,735
Financial assets carried at cost	-	2,358,846	2,358,846
Accounts receivable	-	588,913	588,913
Escrow receivable	-	317,968	317,968
Current portion of notes receivable	-	945,123	945,123
TOTAL CURRENT ASSETS	<u>735,502</u>	<u>25,985,770</u>	<u>26,721,272</u>
NOTES RECEIVABLE, NET OF CURRENT PORTION	-	1,890,246	1,890,246
OTHER ASSETS	-	231,242	231,242
TOTAL ASSETS	<u>\$ 735,502</u>	<u>\$ 28,107,258</u>	<u>\$ 28,842,760</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 7,559	\$ -	\$ 7,559
Agency funds	35,290	191,476	226,766
TOTAL CURRENT LIABILITIES	<u>42,849</u>	<u>191,476</u>	<u>234,325</u>
NET ASSETS			
Unrestricted:			
Board-designated net assets, see note 8	-	27,915,782	27,915,782
Undesignated net assets	692,653	-	692,653
TOTAL NET ASSETS	<u>692,653</u>	<u>27,915,782</u>	<u>28,608,435</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 735,502</u>	<u>\$ 28,107,258</u>	<u>\$ 28,842,760</u>

COMMUNITY FOUNDATION OF UTAH
SUPPLEMENTAL SCHEDULE IV
STATEMENT OF ACTIVITIES BY DEPARTMENT
For the Year ended December 31, 2014

	<u>Community Foundation Administration</u>	<u>Community Foundation Donors</u>	<u>Total</u>
UNRESTRICTED NET ASSETS			
UNRESTRICTED REVENUES AND GAINS			
Contributions	\$ 222,205	\$ 16,062,425	\$ 16,284,630
Investment income, net of investment fees	-	806,013	806,013
Gain on exchange of split-interest agreement	-	150,410	150,410
Other income (transfers)	349,494	(259,056)	90,438
Unrealized gain (loss) on annuity contract	-	4,558	4,558
TOTAL UNRESTRICTED REVENUE AND GAINS	571,699	16,764,350	17,336,049
NET ASSETS RELEASED FROM RESTRICTION	-	3,000,000	3,000,000
TOTAL UNRESTRICTED REVENUE, GAINS AND OTHER SUPPORT	571,699	19,764,350	20,336,049
EXPENSES			
Grants awarded	6,579	8,735,019	8,741,598
Unrealized loss on investments	-	293,458	293,458
FUNCTIONAL EXPENSES			
Program services	196,622	758,711	955,333
Management and general	109,935	94,818	204,753
Development	65,035	94,818	159,853
TOTAL EXPENSES	378,171	9,976,824	10,354,995
INCREASE IN UNRESTRICTED NET ASSETS	193,528	9,787,526	9,981,054
TEMPORARILY RESTRICTED NET ASSETS			
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS			
NET ASSETS RELEASED FROM RESTRICTION	-	(3,000,000)	(3,000,000)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	-	(3,000,000)	(3,000,000)
CHANGE IN NET ASSETS	193,528	6,787,526	6,981,054
NET ASSETS, BEGINNING OF YEAR	499,125	21,128,256	21,627,381
NET ASSETS, END OF YEAR (AS RESTATED, SEE NOTE 13)	\$ 692,653	\$ 27,915,782	\$ 28,608,435