

# **Community Foundation of Utah**

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**Financial Statements  
and  
Independent Accountant's Review Report**  
For the years ended December 31, 2014 and 2013

# Community Foundation of Utah

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

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

We have reviewed the accompanying statements of financial position of Community Foundation of Utah (the "Community Foundation"), a non profit organization, as of December 31, 2014 and the related statements of activities, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**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.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Prior Year Financial Statements**

The December 31, 2013 financial statements of Community Foundation of Utah were reviewed by other accountants whose report dated June 19, 2014, stated that, based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*WSRP, LLC*

Salt Lake City, Utah  
October 20, 2015

# Community Foundation of Utah

## Statements of Financial Position

December 31	2014	2013
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 634,664	\$ 421,309
Restricted cash	2,865,607	1,757,406
Investments	19,479,200	14,924,780
Investment in partnerships	2,073,440	1,940,780
Accounts receivable	588,913	1,050
Escrow receivable	317,968	317,968
Current portion of notes receivable	945,123	-
<b>Total current assets</b>	<b>26,904,915</b>	<b>19,363,293</b>
<b>Notes receivable, net of current portion</b>	<b>1,890,246</b>	<b>-</b>
<b>Split-interest agreement</b>	<b>-</b>	<b>3,000,000</b>
<b>Total assets</b>	<b>\$ 28,795,161</b>	<b>\$ 22,363,293</b>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 7,559	\$ 19,745
Income taxes payable	-	636,842
Agency funds	226,766	202,976
<b>Total liabilities</b>	<b>234,325</b>	<b>859,563</b>
<b>Net assets</b>		
Unrestricted:		
Board-designated net assets, see note 8	27,665,726	17,882,212
Undesignated net assets	724,779	464,218
Temporarily restricted	170,331	3,157,300
<b>Total net assets</b>	<b>28,560,836</b>	<b>21,503,730</b>
<b>Total liabilities and net assets</b>	<b>\$ 28,795,161</b>	<b>\$ 22,363,293</b>

*See Independent Accountant's Review Report and accompanying notes to financial statements.*

# Community Foundation of Utah

## Statements of Activities

For the years ended December 31,	2014	2013
<b>Unrestricted net assets:</b>		
<b>Unrestricted revenues and gains:</b>		
Contributions	\$ 16,415,127	\$ 15,770,408
Investment income, net of investment fees	878,619	406,253
Gain on exchange of split-interest agreement	150,410	-
Other income	90,438	72,787
Unrealized gains on investments	-	755,474
<b>Total unrestricted revenue, gains and other support</b>	<b>17,534,594</b>	<b>17,004,922</b>
<b>Net assets released from restrictions</b>	<b>3,000,000</b>	<b>-</b>
<b>Total unrestricted revenue, gains and other support</b>	<b>20,534,594</b>	<b>17,004,922</b>
<b>Expenses:</b>		
<b>Grants awarded</b>	<b>8,776,871</b>	<b>7,549,856</b>
<b>Unrealized losses on investments</b>	<b>291,592</b>	<b>-</b>
<b>Functional expenses:</b>		
Program services	1,057,450	372,139
Management and general	204,753	77,036
Development	159,853	53,709
<b>Expenses before income tax expense</b>	<b>10,490,519</b>	<b>8,052,740</b>
<b>Income tax expense</b>	<b>-</b>	<b>636,842</b>
<b>Total expenses</b>	<b>10,490,519</b>	<b>8,689,582</b>
<b>Increase in unrestricted net assets</b>	<b>10,044,075</b>	<b>8,315,340</b>
<b>Changes in temporarily restricted net assets:</b>		
Contributions	10,837	86,438
Investment income, net of investment fees	4,060	3,225
Unrealized gains (losses) on temporary restricted investments	(1,866)	7,578
Donation of split-interest agreement	-	3,000,000
<b>Net assets placed in restrictions</b>	<b>13,031</b>	<b>3,097,241</b>
<b>Net assets released from restrictions</b>	<b>(3,000,000)</b>	<b>-</b>
<b>Increase (decrease) in temporarily restricted net assets</b>	<b>(2,986,969)</b>	<b>3,097,241</b>
<b>Change in net assets</b>	<b>7,057,106</b>	<b>11,412,581</b>
<b>Net assets, beginning of year</b>	<b>21,503,730</b>	<b>10,091,149</b>
<b>Net assets, end of year</b>	<b>\$ 28,560,836</b>	<b>\$ 21,503,730</b>

*See Independent Accountant's Review Report and accompanying notes to financial statements.*

# Community Foundation of Utah

## Statements of Cash Flows

For the years ended December 31	2014	2013
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 7,057,106	\$ 11,412,581
<b>Adjustments to reconcile change in net assets to net cash from operating activities:</b>		
Unrealized (gains) losses on investments	293,458	(755,474)
Gain on exchange of split-interest agreement	(150,410)	-
Donation of split-interest agreements	-	(3,000,000)
<b>(Increase) decrease in operating assets:</b>		
Accounts receivable	(587,863)	(1,050)
Escrow receivable	-	(317,968)
Proceeds received on exchange of split-interest agreement	315,041	-
<b>Increase (decrease) in operating liabilities:</b>		
Accounts payable and accrued expenses	(12,186)	13,930
Income taxes payable	(636,842)	636,842
Agency funds	23,790	32,322
<b>Net cash from operating activities</b>	<b>6,302,094</b>	<b>8,021,183</b>
<b>Cash flows from investing activities:</b>		
Purchase or donation of investments	(4,980,538)	(6,220,324)
<b>Net cash from investing activities</b>	<b>(4,980,538)</b>	<b>(6,220,324)</b>
<b>Net change in cash and cash equivalents</b>	<b>1,321,556</b>	<b>1,800,859</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,178,715</b>	<b>377,856</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,500,271</b>	<b>\$ 2,178,715</b>
<b>Represented on the balance sheet as:</b>		
Cash and cash equivalents	\$ 634,664	\$ 421,309
Restricted cash	2,865,607	1,757,406
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,500,271</b>	<b>\$ 2,178,715</b>

*See Independent Accountant's Review Report and accompanying notes to financial statements.*

**Community Foundation of Utah**  
**Statements of Cash Flows (continued)**

For the years ended December 31	2014	2013
<b>Supplemental schedule of noncash investing and financing activities:</b>		
<b>Exchange of split-interest agreement for note receivable:</b>		
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	-
<b>Supplemental disclosures of cash flow information:</b>		
Income taxes paid	\$ 636,842	\$ -

*See Independent Accountant's Review Report and accompanying notes to financial statements.*

# Community Foundation of Utah

## Notes to Financial Statements

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**Note 1 - 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.

**Note 2 - Significant accounting policies** **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 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 accounting** - 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.

**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, 2014 and 2013, the Community Foundation had \$3,752,189 and \$3,510,545, respectively, in excess of federally insured limits.

**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 (continued)

**Note 2 -  
Significant  
accounting  
policies  
(continued)**

**Description of net assets** - Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

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.

**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.

# Community Foundation of Utah

## Notes to Financial Statements (continued)

**Note 2 -  
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.

**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.

**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.

**Accounts and escrows 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, 2014 and 2013, all receivables are fully collectible. As such, an allowance for doubtful accounts has not been recorded.

Escrow receivables represent amounts held in escrow until the escrow agent elects to release the funds for disbursement through escrow. Management has estimated that these funds will be released within the next year.

# Community Foundation of Utah

## Notes to Financial Statements (continued)

**Note 2 -  
Significant  
accounting  
policies  
(continued)**

**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.

**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.

**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.

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** - Two donors represented approximately 44% of total contributions for the year ended December 31, 2014. As of December 31, 2013, five donors represented approximately 54% 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.

# Community Foundation of Utah

## Notes to Financial Statements (continued)

**Note 2 -  
Significant  
accounting  
policies  
(continued)**

**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, 2014 and 2013, the Community Foundation recognized a total of approximately \$21,252 and \$16,345, respectively, of contributions-in-kind.

**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.

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, these two investments are being accounted for using the cost method of accounting.

# Community Foundation of Utah

## Notes to Financial Statements (continued)

**Note 2 -  
Significant  
accounting  
policies  
(continued)**

**Reclassifications** - Certain reclassifications have been made to the December 31, 2013 financial statements to conform to the current year presentation. Changes in net assets, assets and liabilities remain unchanged as a result of these reclassifications.

**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 2014 and 2013, management has determined that there are no material uncertain income tax positions. Tax years that remain subject to examination are 2011 and forward. The Company determined the total unrelated business income tax (UBIT) expense as of December 31, 2013 was \$636,842. The UBIT tax was paid in full during January 2014. The Community Foundation determined there was no UBIT tax due as of December 31, 2014.

**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. At December 2013, 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.

# Community Foundation of Utah

## Notes to Financial Statements (continued)

**Note 2 -  
Significant  
accounting  
policies  
(continued)**

**Split-interest agreement and note receivable (continued)** - 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 as of December 31, 2013, 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. As of December 31, 2013, the estimated fair value of the Community Foundation's interest in this trust totaled \$3,000,000, respectively. During the year ended December 31, 2013, the Community Foundation received no CRT payments.

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.

**Note 3 -  
Investments**

The Community Foundation's investments consisted of the following:

December 31	2014	2013
Stocks	\$ 8,225,269	\$ 3,765,715
Short-term reserves	5,741,119	4,585,806
Money market funds	2,685,898	3,991,965
Bonds	2,395,579	1,401,350
Fixed income corporate	272,831	1,111,136
Other investments	158,504	68,808
Total investments	\$ 19,479,200	\$ 14,924,780

# Community Foundation of Utah

## Notes to Financial Statements (continued)

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**Note 4 - 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.

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. Example: private equity funds.

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.

# Community Foundation of Utah

## Notes to Financial Statements (continued)

**Note 4 - Fair value measurements (continued)**

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, 2014 and 2013 using the market approach and income approach.

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, 2014 and 2013.

**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, 2014:

Assets at fair value December 31, 2014	Level 1	Level 2	Level 3
Stocks	\$ 8,225,269	\$ -	\$ -
Short-term reserves	5,741,119	-	-
Money market funds	2,685,898	-	-
Bonds	2,395,579	-	-
Fixed income corporate	272,831	-	-
Other investments	158,504	-	-
<b>Total assets at fair value</b>	<b>\$ 19,479,200</b>	<b>\$ -</b>	<b>\$ -</b>

# Community Foundation of Utah

## Notes to Financial Statements (continued)

**Note 4 - Fair value measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Community Foundation's assets at fair value as of December 31, 2013:

Assets at fair value December 31, 2013	Level 1	Level 2	Level 3
Stocks	\$ 3,765,715	\$ -	\$ -
Short-term reserves	4,585,806	-	-
Money market funds	3,991,965	-	-
Bonds	1,401,350	-	-
Fixed income corporate	1,111,136	-	-
Other investments	68,808	-	-
Split-interest agreement	-	-	3,000,000
<b>Total assets at fair value</b>	<b>\$ 14,924,780</b>	<b>\$ -</b>	<b>\$ 3,000,000</b>

The table below sets forth a summary of changes in the fair value of the Community Foundation's level 3 assets (split-interest agreement):

December 31	2014	2013
Balance at beginning of year	\$ 3,000,000	\$ -
Donation of split-interest agreement	-	3,000,000
Sale of split-interest agreement	(3,150,410)	-
Total realized gain on sale	150,410	-
<b>Balance at end of year</b>	<b>\$ -</b>	<b>\$ 3,000,000</b>

The following table sets forth the quantitative information about the Level 3 fair value measurements using significant unobservable inputs as of December 31, 2013.

	Fair Value at December 31, 2013	Valuation Techniques	Unobservable Inputs	Range
Split-interest agreement	\$ 3,000,000	Interest rate analysis and other valuation procedures	Preferred interest liquidation preference	\$0-\$3,000,000

# Community Foundation of Utah

## Notes to Financial Statements (continued)

**Note 4 - 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 5 - Investment in partnerships**

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. The aggregate carrying amount of the Community Foundation's investment in these membership units is \$2,073,440 and \$1,940,780, respectively, as of December 31, 2014 and 2013.

Management did not identify any events or changes in circumstances that might have an adverse effect on the fair value as of December 31, 2014 and 2013.

**Note 6 - Notes receivable**

As discussed in note 2 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.

Future maturities of the note receivable are as follows:

December 31,

2015	\$	945,123
2016		945,123
2017		945,123
Total	\$	2,835,369

# Community Foundation of Utah

## Notes to Financial Statements (continued)

**Note 7 - Variable life policy** The Community Foundation has been named as a beneficiary of a variable life policy as of December 31, 2014 and 2013. 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 policy has no cash surrender value. 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. Accordingly, no balance has been recorded in the accompanying financial statements.

**Note 8 - Board-designated net assets** A majority of the unrestricted net assets as of December 31, 2014 and 2013 have been designated by the Foundation's Board of Directors to be used for specific programs as follows:

December 31	2014	2013
Board designated net assets		
Donor advised funds	\$ 27,114,643	\$ 17,307,032
Field of interest funds	271,018	269,729
Scholarship funds	138,057	182,477
Fiscal sponsorship funds	59,610	61,134
Corporate advised funds	33,512	15,319
Designated funds	27,453	12,337
Miscellaneous funds	21,433	34,184
Unrestricted board-designated net assets	\$ 27,665,726	\$ 17,882,212

**Note 9 - Endowment disclosures** The Community Foundation is required to provide information about net assets which are defined as an endowment. Classifications include endowment which is temporarily restricted by donors and endowment which has been board designated. The changes in endowment net assets are as follows:

December 31,	2014	2013
Endowment net assets, beginning	\$ 157,300	\$ 60,059
Contributions	10,837	86,438
Investment income, net of investment fees	4,060	3,225
Unrealized gains (losses) on investments	(1,866)	7,578
Total endowment net assets	170,331	157,300
Split interest agreement	-	3,000,000
Total temporarily restricted net assets	\$ 170,331	\$ 3,157,300

# Community Foundation of Utah

## Notes to Financial Statements (continued)

**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 \$297,508 and \$76,666, respectively, for the years ended December 31, 2014 and 2013.

**Note 11 - Transactions in funds held for agencies**

At December 31, 2014 and 2013, 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.

December 31,	2014	2013
Nonprofit funds, beginning of year	\$ 202,976	\$ 170,654
Amounts raised in contributions or transferred in	25,943	300
Dividend and interest income, net of fees	1,384	6,048
Realized and unrealized investment returns	(3,537)	25,974
Nonprofit funds, end of year	\$ 226,766	\$ 202,976

**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, 2014 and 2013 were \$5,883 and \$0, respectively.

**Note 13 - Subsequent events**

The Community Foundation evaluated all events or transactions that occurred after December 31, 2014 through October 20, 2015, the date the date these financial statements were available to be issued. During this period, the Foundation was not aware of any material subsequent events.