

THE PARK CITY FOUNDATION

FINANCIAL STATEMENTS

December 31, 2008 and 2007

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
The Park City Foundation
Park City, Utah**

We have audited the accompanying statements of financial position of The Park City Foundation (a non-profit organization) as of December 31, 2008 and December 31, 2007, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Park City Foundation as of December 31, 2008 and December 31, 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Wisan Smith Racker & Prescott LLP

Salt Lake City, Utah
October 20, 2009

THE PARK CITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 587,359	\$ 380,573
Short-term investments	-	68,907
	<u>587,359</u>	<u>449,480</u>
Receivables:		
Promises to give	294,000	270,000
TOTAL CURRENT ASSETS	<u>881,359</u>	<u>719,480</u>
EQUIPMENT	38,356	23,336
OTHER ASSETS		
Promises to give	<u>773,000</u>	<u>747,500</u>
TOTAL ASSETS	<u>\$ 1,692,715</u>	<u>\$ 1,490,316</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 21,954	\$ 36,239
Other payables	1,000	-
TOTAL CURRENT LIABILITIES	<u>22,954</u>	<u>36,239</u>
NET ASSETS		
Unrestricted	896,761	706,577
Temporarily restricted	773,000	747,500
TOTAL NET ASSETS	<u>1,669,761</u>	<u>1,454,077</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,692,715</u>	<u>\$ 1,490,316</u>

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

THE PARK CITY FOUNDATION
STATEMENTS OF ACTIVITIES
Years ended December 31, 2008 and 2007

	2008			2007 Total
	Unrestricted	Temporarily Restricted	Total	
REVENUES AND SUPPORT				
Individual contributions	\$ 418,926	\$ 295,500	\$ 714,426	\$ 1,504,263
Interest and dividend income	13,523	-	13,523	11,118
In-kind donations	10,769	-	10,769	-
Investment loss	-	-	-	(1,140)
Net assets released from restrictions	270,000	(270,000)	-	-
TOTAL REVENUES AND SUPPORT	713,218	25,500	738,718	1,514,241
EXPENSES				
Program services	281,768	-	281,768	107,545
Supporting services:				
Fundraising activities	134,873	-	134,873	9,276
Management and general	106,393	-	106,393	111,563
TOTAL EXPENSES	523,034	-	523,034	228,384
CHANGE IN NET ASSETS	190,184	25,500	215,684	1,285,857
NET ASSETS				
Balance - beginning of year	706,577	747,500	1,454,077	168,220
Balance - end of year	\$ 896,761	\$ 773,000	\$ 1,669,761	\$ 1,454,077

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

THE PARK CITY FOUNDATION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ 215,684	\$ 1,285,857
Adjustments to reconcile change in unrestricted net assets to net cash flows from operating activities:		
Depreciation	12,635	1,973
Loss on sale of marketable securities	-	1,140
(Increase) decrease in assets:		
Promises to give receivable	(49,500)	(1,017,500)
Increase (decrease) in liabilities:		
Accounts payable	(14,285)	36,239
Other payables	1,000	-
Net cash flows from operating activities	<u>165,534</u>	<u>307,709</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of equipment	(27,655)	(25,309)
Cash from sale of investments	68,907	-
Cash paid for purchase of investments	-	(70,047)
Net cash used by investing activities	<u>41,252</u>	<u>(95,356)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	206,786	212,353
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>380,573</u>	<u>168,220</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 587,359</u>	<u>\$ 380,573</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
In-kind donations	<u>\$ 10,769</u>	<u>\$ -</u>

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

THE PARK CITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The Organization's accounting policies conform to U.S. generally accepted accounting principles. The following policies are considered to be significant:

Nature of Activities

The Park City Foundation, a nonprofit organization, (the Foundation) seeks to connect private philanthropy with the local community by optimizing the impact of each charitable gift. As a community foundation, the Foundation supports local non-profit organizations and offers sophisticated strategies and services for donors.

Revenue Recognition

The Foundation is required to report contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no temporarily or permanently restricted net assets as of December 31, 2008 or 2007.

Contributed Services

Contributions of donated cash and assets are recorded at their fair values in the period received.

Additionally, contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are generally comprised of certain highly liquid investments with original maturities of less than three months.

THE PARK CITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current receivables. Promises to give due in subsequent years are reflected as long term receivables and are classified as temporarily restricted net assets.

Equipment

Purchased equipment is capitalized at cost. Donations of equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Equipment is consistently depreciated using straight line depreciation.

Concentrations of Credit Risk

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of temporary cash investments.

The Foundation maintains its cash balances at a financial institution. At times such balances may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Advertising and Promotion

All costs associated with advertising and promoting the Foundation's goods and services are expensed in the year incurred.

Reclassification

Certain amounts reported for 2007 have been reclassified to conform to the 2008 presentation.

THE PARK CITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 2 - EQUIPMENT

Equipment as of December 31, 2008 and 2007 is detailed as follows:

	<u>2008</u>	<u>2007</u>
Cost:		
Database software	\$ 19,522	\$ 14,062
Web creation	27,665	11,113
Furniture and fixtures	3,066	134
Equipment	2,711	-
	<u>52,964</u>	<u>25,309</u>
Less accumulated depreciation	<u>(14,608)</u>	<u>(1,973)</u>
Net book value	<u>\$ 38,356</u>	<u>\$ 23,336</u>

NOTE 3 - INVESTMENTS

The Foundation has investments in mutual funds, money market funds, and municipal bonds. No restrictions have been placed on these assets and they are therefore classified as short term. The investments are recorded at market value in the financial statements and realized and unrealized gains and losses are reflected in the statement of activities.

Investments at market value at December 31, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Common stock	\$ -	\$ 43,907
Municipal bonds (Auction Rate Securities)	<u>-</u>	<u>25,000</u>
	<u>\$ -</u>	<u>\$ 68,907</u>

The following schedule summarizes investment income (loss) for 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Dividend income	\$ 11,358	\$ 10,091
Interest income	2,165	1,027
Unrealized/realized loss	<u>-</u>	<u>(1,140)</u>
Investment income (loss)	<u>\$ 13,523</u>	<u>\$ 9,978</u>

THE PARK CITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 4 - CORRECTION OF AN ERROR

In these financial statements, the Foundation has corrected an error in previously reported promises to give. In previous years, the Foundation recognized no promises to give as these assets were tracked separately from the regular accounting system.

For the year ended December 31, 2007 promises to give and the change in net assets were increased by \$1,017,500. The total effect of the correction on the 2008 beginning balances was an increase in net assets of \$1,017,500.