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TANNER

BUSINESS ADVISORS AND CERTIFIED
PUBLIC ACCOUNTANTS

CRITICAL KNOWLEDGE



PROACTIVE INSIGHT



Utah
FosterCare

Financial Statements and Report Required by Government Auditing Standards

As of June 30, 2013 and 2012 and For the Years Then Ended

Together With Independent Auditors' Reports

Member of
PKF
North America



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TANNER
BUSINESS ADVISORS AND CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Utah Foster Care Foundation

We have audited the accompanying financial statements of Utah Foster Care Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Utah Foster Care Foundation as of June 30, 2013 and 2012, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 12, 2013, on our consideration of Utah Foster Care Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Tanner LLC

September 12, 2013



UTAH FOSTER CARE FOUNDATION
Statements of Financial Position

As of June 30,

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 411,520	\$ 855,897
Investments	516,618	464,979
Receivables	548,785	245,245
Prepaid expenses	68,483	65,225
Property and equipment, net	84,847	38,329
Other assets	11,751	10,473
	<u>1,642,004</u>	<u>1,680,148</u>
Total assets	<u>\$ 1,642,004</u>	<u>\$ 1,680,148</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ 31,359	\$ 23,693
Accrued liabilities	148,230	155,948
	<u>179,589</u>	<u>179,641</u>
Total liabilities	<u>179,589</u>	<u>179,641</u>
Commitments		
Net assets:		
Unrestricted	1,329,554	1,367,866
Temporarily restricted	132,861	132,641
	<u>1,462,415</u>	<u>1,500,507</u>
Total net assets	<u>1,462,415</u>	<u>1,500,507</u>
Total liabilities and net assets	<u>\$ 1,642,004</u>	<u>\$ 1,680,148</u>



UTAH FOSTER CARE FOUNDATION
Statements of Activities

For the Years Ended June 30,

	<u>2013</u>	<u>2012</u>
Change in unrestricted net assets:		
Revenues, support, and investment income:		
Government contract	\$ 2,715,977	\$ 2,715,977
Contributions	461,207	522,478
Interest and other income	8,855	5,672
Net realized and unrealized gain (loss) on investments	<u>65,820</u>	<u>(5,630)</u>
 Total unrestricted revenues, support, and investment income	 3,251,859	 3,238,497
 Net assets released from restrictions	 <u>113,380</u>	 <u>66,266</u>
 Total unrestricted revenues, support, investment income and reclassifications	 <u>3,365,239</u>	 <u>3,304,763</u>
 Expenses:		
Program services:		
Recruitment	1,322,755	1,343,850
Education	733,432	696,482
Retention	883,554	813,798
Supporting services:		
Management and general	420,237	411,852
Fundraising	<u>43,573</u>	<u>30,838</u>
 Total expenses	 <u>3,403,551</u>	 <u>3,296,820</u>
 (Decrease) increase in unrestricted net assets	 <u>(38,312)</u>	 <u>7,943</u>
 Change in temporarily restricted net assets:		
Contributions	113,600	66,543
Net assets released from restrictions	<u>(113,380)</u>	<u>(66,266)</u>
 Increase in temporarily restricted net assets	 <u>220</u>	 <u>277</u>
 (Decrease) increase in net assets	 (38,092)	 8,220
 Net assets, beginning of the year	 <u>1,500,507</u>	 <u>1,492,287</u>
 Net assets, end of the year	 <u>\$ 1,462,415</u>	 <u>\$ 1,500,507</u>

UTAH FOSTER CARE FOUNDATION
Statement of Functional Expenses

For the Year Ended June 30, 2013

	Program Services				Supporting Services			Total Expenses
	Recruitment	Education	Retention	Total	Management and General	Fundraising	Total	
Salaries, payroll taxes and benefits	\$ 794,771	\$ 536,830	\$ 433,980	\$ 1,765,581	\$ 283,576	\$ 32,015	\$ 315,591	\$ 2,081,172
Professional fees	8,604	4,916	5,121	18,641	5,584	-	5,584	24,225
Insurances	6,091	3,420	3,562	13,073	3,400	-	3,400	16,473
Supplies	18,854	16,731	14,056	49,641	15,896	144	16,040	65,681
Telephone / Internet	14,050	8,566	8,949	31,565	5,206	80	5,286	36,851
Postage / Shipping	1,709	1,186	2,466	5,361	1,741	78	1,819	7,180
Occupancy	85,898	23,776	50,997	160,671	59,610	-	59,610	220,281
Depreciation and amortization	16,512	9,487	9,817	35,816	9,367	-	9,367	45,183
Equipment maintenance and rental	29,450	11,781	12,500	53,731	11,079	2,178	13,257	66,988
Printing and publications	12,230	3,461	12,345	28,036	1,160	1,577	2,737	30,773
Travel	44,570	46,078	29,207	119,855	7,161	954	8,115	127,970
Professional development	3,490	1,876	6,357	11,723	3,736	845	4,581	16,304
Direct service	47,710	64,910	293,515	406,135	10,208	5,645	15,853	421,988
Dues / Memberships	2,305	414	682	3,401	1,263	57	1,320	4,721
Community outreach	236,511	-	-	236,511	-	-	-	236,511
Other	-	-	-	-	1,250	-	1,250	1,250
Total expenses	\$ 1,322,755	\$ 733,432	\$ 883,554	\$ 2,939,741	\$ 420,237	\$ 43,573	\$ 463,810	\$ 3,403,551

UTAH FOSTER CARE FOUNDATION
Statement of Functional Expenses

For the Year Ended June 30, 2012

	Program Services				Supporting Services			Total Expenses
	Recruitment	Education	Retention	Total	Management and General	Fundraising	Total	
Salaries, payroll taxes and benefits	\$ 780,277	\$ 510,832	\$ 408,628	\$ 1,699,737	\$ 274,098	\$ 25,642	\$ 299,740	\$ 1,999,477
Professional fees	8,591	4,795	4,995	18,381	6,656	-	6,656	25,037
Insurances	5,846	3,247	3,381	12,474	3,277	-	3,277	15,751
Supplies	4,460	5,494	2,284	12,238	15,831	123	15,954	28,192
Telephone / Internet	14,001	9,315	8,211	31,527	5,731	-	5,731	37,258
Postage / Shipping	2,574	1,821	1,649	6,044	1,932	100	2,032	8,076
Occupancy	82,701	21,785	48,100	152,586	59,597	-	59,597	212,183
Depreciation and amortization	11,873	6,158	6,963	24,994	6,158	-	6,158	31,152
Equipment maintenance and rental	20,950	11,156	12,550	44,656	11,452	-	11,452	56,108
Printing and publications	11,801	10,727	2,918	25,446	3,989	1,043	5,032	30,478
Travel	56,283	45,944	26,848	129,075	11,201	307	11,508	140,583
Professional development	6,437	1,350	892	8,679	2,030	29	2,059	10,738
Direct service	69,250	63,125	285,769	418,144	7,934	3,386	11,320	429,464
Dues / Memberships	2,560	733	610	3,903	1,449	208	1,657	5,560
Community outreach	266,246	-	-	266,246	-	-	-	266,246
Other	-	-	-	-	517	-	517	517
Total expenses	\$ 1,343,850	\$ 696,482	\$ 813,798	\$ 2,854,130	\$ 411,852	\$ 30,838	\$ 442,690	\$ 3,296,820



UTAH FOSTER CARE FOUNDATION
Statements of Cash Flows

For the Years Ended June 30,

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (38,092)	\$ 8,220
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	45,183	31,152
Net realized and unrealized (gain) loss on investments	(65,820)	5,630
(Increase) decrease in:		
Receivables	(303,540)	60,166
Prepaid expenses and other assets	(4,536)	34,179
Increase (decrease) in:		
Accounts payable	7,666	11,844
Accrued liabilities	(7,718)	7,287
	<u>(366,857)</u>	<u>158,478</u>
Net cash (used in) provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(91,701)	(30,097)
Proceeds from investments	14,181	13,173
	<u>(77,520)</u>	<u>(16,924)</u>
Net cash used in investing activities		
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	(444,377)	141,554
Cash and cash equivalents, beginning of year	<u>855,897</u>	<u>714,343</u>
Cash and cash equivalents, end of year	<u>\$ 411,520</u>	<u>\$ 855,897</u>



1. Description of Organization and Summary of Significant Accounting Policies

Organization

Utah Foster Care Foundation (the Foundation) is a Utah not-for-profit corporation organized to recruit, train, and support foster care families.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: unrestricted net assets and temporarily restricted net assets. The Foundation has no permanently restricted net assets.

Use of 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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Key management estimates include allowances for doubtful accounts, useful lives for property and equipment, and allocation of program and supporting service expenses.

Concentrations of Credit Risk

The Foundation maintains its cash and cash equivalents in bank deposit accounts which are either uninsured or, at times, exceed federally insured limits. As of June 30, 2013, the Foundation had approximately \$277,000 of cash and cash equivalents that were either uninsured or exceeded federally insured limits. To date, the Foundation has not experienced a loss or lack of access to its invested cash and cash equivalents; however, no assurance can be provided that access to the Foundation's invested cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

A significant portion of the Foundation's revenues and receivables are from a government agency located in the State of Utah. This agency represented 98.4% and 97.5% of the receivables balance as of June 30, 2013 and 2012, respectively. Additionally, for the years ended June 30, 2013 and 2012, this agency represented approximately 81% and 82% of revenues, support, and investment income, respectively.

Cash and Cash Equivalents

The Foundation considers all unrestricted highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. As of June 30, 2013 and 2012, cash equivalents consisted of money market funds.



1. Description of Organization and Summary of Significant Accounting Policies
Continued

Investments

Investments in marketable securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Receivables

Receivables are carried at the original billed amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. As of June 30, 2013 and 2012, management estimated that no allowance was necessary.

Property and Equipment

The Foundation capitalizes purchases of property and equipment at cost. The fair value of donated property and equipment is similarly capitalized. Minor replacements, maintenance, and repairs, which do not increase the useful lives of the property and equipment, are expensed as incurred. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets or lease terms, ranging from 3 to 7 years.

Impairment of Long-Lived Assets

The Foundation reviews its property and equipment, and other long-lived assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be impaired. If it is determined that the estimated undiscounted future cash flows are not sufficient to recover the carrying value of the asset, an impairment loss is recognized in the statement of activities for the difference between the carrying value and the fair value of the asset. Management does not consider any of the Foundation's assets to be impaired as of June 30, 2013 and 2012.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.



1. Description of Organization and Summary of Significant Accounting Policies
Continued

Contributions – Continued

Donations of property and equipment and supplies, such as blankets and clothing, are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. 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. Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs and assignments. Donated services are reflected in the financial statements when such services create or enhance a nonfinancial asset, or when the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The expense for these contributed services is allocated between program and supporting services in the statements of activities. For the years ended June 30, 2013 and 2012, the value of contributed services meeting the requirements for recognition in the financial statements was approximately \$127,000 and \$181,000, respectively.

Service Revenue

The Foundation's service revenue is generated through performance of services for a government entity on a cost-reimbursement basis. Service revenue is recognized as the services are provided and costs incurred, when a valid contract exists, collection is reasonably assured, and there are no significant obligations remaining.

Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

Advertising

Advertising costs are expensed as incurred and were approximately \$237,000 and \$266,000 for the years ended June 30, 2013 and 2012, respectively.



1. Description of Organization and Summary of Significant Accounting Policies
Continued

Income Taxes

The Foundation is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code and under State of Utah regulations, and as such, is not subject to federal or state income taxes on exempt purpose income. The Foundation is subject to taxation on unrelated business income.

The Foundation accounts for uncertain tax positions, if any, when it is more-likely-than-not the position will not be sustained upon examination by the tax authorities. As of June 30, 2013, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to examinations for fiscal years prior to 2010.

Activities

The following is a description of the activities for each major program:

Recruitment – Increase community efforts to provide information on the needs of foster children and families; target the types of families who can meet the needs of foster children; provide initial consultation services to persons interested in foster care participation; assess needs of foster children in cooperation with the State Division of Child and Family Services.

Education – Provide pre-service and in-service training to families involved in all phases of foster care.

Retention – Provide supporting services to foster care families to assist them in their care giving experience.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the accompanying financial statements were available to be issued.



2. Fair Value Measurements 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 on the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs according to valuation methodologies used to measure fair value:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

Level 2: Prices that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3: Unobservable inputs that are used when little or no market data is available.

The fair value of mutual funds and money market funds is based on the net asset values of shares held at year-end and are classified as Level 1. There have been no changes in valuation methodologies used as of June 30, 2013 and 2012.

Assets and liabilities measured at fair value on a recurring basis are summarized as follows:

Description	Fair Value Measurements as of June 30, 2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market fund	\$ 278,896	\$ –	\$ –	\$ 278,896
Mutual fund – balanced fund	516,618	–	–	516,618
	<u>\$ 795,514</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 795,514</u>

Description	Fair Value Measurements as of June 30, 2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market fund	\$ 487,853	\$ –	\$ –	\$ 487,853
Mutual fund – balanced fund	464,979	–	–	464,979
	<u>\$ 952,832</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 952,832</u>



UTAH FOSTER CARE FOUNDATION
Notes to Financial Statements
Continued

- 3. Investments** Investments are stated at fair value and consist of the following as of June 30:

	<u>2013</u>	<u>2012</u>
Cost basis of mutual fund	\$ 475,774	\$ 498,745
Unrealized gain (loss)	40,844	(33,766)
	<u>\$ 516,618</u>	<u>\$ 464,979</u>

- 4. Property and Equipment** Property and equipment consists of the following as of June 30:

	<u>2013</u>	<u>2012</u>
Office equipment	\$ 226,688	\$ 187,219
Furniture and fixtures	75,689	34,566
Leasehold improvements	34,854	33,654
	337,231	255,439
Less accumulated depreciation and amortization	<u>(252,384)</u>	<u>(217,110)</u>
	<u>\$ 84,847</u>	<u>\$ 38,329</u>

- 5. Accrued Liabilities** Accrued liabilities consist of the following as of June 30:

	<u>2013</u>	<u>2012</u>
Payroll and payroll related costs	\$ 66,824	\$ 64,018
Personal leave	61,917	73,719
Other	19,489	18,211
	<u>\$ 148,230</u>	<u>\$ 155,948</u>

- 6. Line of Credit** The Foundation entered into a \$300,000 revolving line of credit arrangement with a bank in March 2013, secured by the Foundation's assets. The agreement terminates on March 31, 2014, and any funds drawn on the line will bear interest at the Bank's Prime rate plus 1.65%. No funds have been drawn under the line of credit arrangement as of June 30, 2013.



UTAH FOSTER CARE FOUNDATION
Notes to Financial Statements
Continued

- 7. Temporarily Restricted Net Assets** Temporarily restricted net assets are available for the following purposes and events as of June 30:

	<u>2013</u>	<u>2012</u>
Foster Family Retention	\$ 93,553	\$ 100,161
Wishing Well Fund	14,522	83
Chalk Art Festival	12,989	17,853
Aspen Grove Foster Family Camp	5,139	2,500
Other	6,658	12,044
	<u>\$ 132,861</u>	<u>\$ 132,641</u>

- 8. Retirement Plan** The Foundation sponsors a defined contribution retirement plan, which covers all employees age 21 and older with 6 months of full-time service. The Foundation contributes, on a discretionary basis, a percent of the annual salary of each eligible employee. The expense for the years ended June 30, 2013 and 2012 was approximately \$128,000 and \$125,000, respectively.

9. Commitments *Operating Leases*

The Foundation leases office facilities and equipment under non-cancelable operating leases. As of June 30, 2013, future minimum lease payments under non-cancelable operating leases with terms of one year or more are as follows:

<u>Years Ending June 30:</u>	<u>Amount</u>
2014	\$ 198,228
2015	192,102
2016	123,664
2017	26,784
2018	6,411
	<u>\$ 547,189</u>

Rental expense under operating leases was approximately \$206,000 and \$196,000 for the years ended June 30, 2013 and 2012, respectively.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Utah Foster Care Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Utah Foster Care Foundation, a nonprofit organization (the Foundation), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tanner LLC

September 12, 2013