



TANNER

BUSINESS ADVISORS AND
CERTIFIED PUBLIC ACCOUNTANTS

CRITICAL KNOWLEDGE



PROACTIVE INSIGHT

Member of
Allinial
GLOBAL™
An association of legally independent firms



Utah
FosterCare

Financial Statements
As of June 30, 2020 and 2019 and for the Years Then Ended

Together With Independent Auditors' Report



Tanner LLC
Key Bank Tower at City Creek
36 South State Street, Suite 600
Salt Lake City, Utah 84111-1400
Telephone 801.532.7444
www.tannerco.com

TANNER
BUSINESS ADVISORS AND
CERTIFIED PUBLIC ACCOUNTANTS

Member of
Allinial
GLOBAL

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Utah Foster Care Foundation

Report on the Financial Statements

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, 2020 and 2019, 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 error or fraud.

Auditors' 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. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditors consider 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, 2020 and 2019, 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.

Emphasis of Matter – Restatement of 2019 Financial Statements

As more fully described in Note 2 to the financial statements, the Foundation determined that an equipment lease that had been recorded in 2019 as an operating lease should have been accounted for as a capital lease. As a result, the equipment and a capital lease obligation should have been recorded on the Foundation's statement of financial position as of June 30, 2019. The Foundation restated its 2019 financial statements by recording the equipment and capital lease obligation in the amount of \$108,577. The restatement had no effect on the statement of activities for fiscal year 2019. It also resulted in a non-cash financing activity being disclosed in the statement of cash flows for the year ended June 30, 2019.

Tanner LLC

November 12, 2020



UTAH FOSTER CARE FOUNDATION
Statements of Financial Position

As of June 30,

	<u>2020</u>	<u>2019</u> (As Restated)
<u>Assets</u>		
Cash	\$ 449,333	\$ 154,729
Investments	166,065	158,974
Accounts and grants receivable	320,104	590,216
Promises to give receivable, net	71,937	86,204
Prepaid expenses	117,179	73,689
Property and equipment, net	154,876	196,001
Other assets	15,304	11,298
Total assets	<u>\$ 1,294,798</u>	<u>\$ 1,271,111</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ 21,604	\$ 24,863
Accrued liabilities	235,326	233,494
Capital lease obligation	94,178	108,577
Total liabilities	<u>351,108</u>	<u>366,934</u>
Commitments and contingencies		
Net assets:		
Without donor restrictions	779,096	705,409
With donor restrictions	164,594	198,768
Total net assets	<u>943,690</u>	<u>904,177</u>
Total liabilities and net assets	<u>\$ 1,294,798</u>	<u>\$ 1,271,111</u>



UTAH FOSTER CARE FOUNDATION
Statements of Activities

For the Years Ended June 30,

	<u>2020</u>	<u>2019</u>
Change in net assets without donor restrictions:		
Support and net investment income:		
Government grant	\$ 3,054,862	\$ 3,133,977
In-kind contributions	273,752	361,763
Contributions	163,518	128,064
Interest and other income	714	7,887
Net realized and unrealized gain on investments	7,166	3,214
	<u>3,500,012</u>	<u>3,634,905</u>
Total support and net investment income		
Net assets released from restrictions	95,929	119,035
	<u>3,595,941</u>	<u>3,753,940</u>
Total support, net investment income and reclassifications		
Expenses:		
Program services:		
Recruitment	1,224,055	1,356,050
Retention	932,470	1,037,625
Education	880,286	945,639
Supporting services:		
Management and general	411,726	369,255
Fundraising	73,717	74,435
	<u>3,522,254</u>	<u>3,783,004</u>
Total expenses		
Increase (decrease) in net assets without donor restrictions	73,687	(29,064)
Change in net assets with donor restrictions:		
Contributions	61,755	170,930
Net assets released from restrictions	(95,929)	(119,035)
	<u>(34,174)</u>	<u>51,895</u>
Increase (decrease) in net assets with donor restrictions		
Increase (decrease) in net assets	39,513	22,831
Net assets, beginning of the year	904,177	881,346
Net assets, end of the year	<u>\$ 943,690</u>	<u>\$ 904,177</u>

UTAH FOSTER CARE FOUNDATION
Statement of Functional Expenses

For the Year Ended June 30, 2020

	Program Services				Supporting Services			Total Expenses
	Recruitment	Retention	Education	Total	Management and General	Fundraising	Total	
Salaries, payroll taxes and benefits	\$ 944,357	\$ 540,170	\$ 656,177	\$ 2,140,704	\$ 264,608	\$ 44,498	\$ 309,106	\$ 2,449,810
In-kind expenses	38,697	231,520	3,535	273,752	-	-	-	273,752
Occupancy	97,868	51,281	32,392	181,541	58,732	9,306	68,038	249,579
Direct service	25,170	35,932	102,124	163,226	3,326	9,835	13,161	176,387
Travel	29,730	12,352	31,933	74,015	3,321	451	3,772	77,787
Professional fees	9,432	5,089	5,707	20,228	28,937	-	28,937	49,165
Supplies	10,089	8,414	14,043	32,546	7,849	90	7,939	40,485
Equipment maintenance and rental	2,962	765	2,814	6,541	1,404	285	1,689	8,230
Telephone / internet	11,295	6,593	8,688	26,576	4,736	589	5,325	31,901
Depreciation and amortization	16,842	10,390	8,916	36,148	7,775	-	7,775	43,923
Community outreach	19,171	-	-	19,171	-	2,671	2,671	21,842
Printing and publications	328	17,510	941	18,779	63	876	939	19,718
Lobbying	6,439	3,409	3,914	13,762	2,905	-	2,905	16,667
Insurances	6,180	3,323	3,921	13,424	2,996	-	2,996	16,420
Software / technology	2,470	2,283	2,367	7,120	3,306	4,556	7,862	14,982
Interest expense	-	-	-	-	14,953	-	14,953	14,953
Other	895	-	1,065	1,960	3,805	185	3,990	5,950
Dues / memberships	1,201	525	390	2,116	2,369	129	2,498	4,614
Postage / shipping	629	2,886	484	3,999	242	36	278	4,277
Professional development	300	28	875	1,203	399	210	609	1,812
Total expenses	\$ 1,224,055	\$ 932,470	\$ 880,286	\$ 3,036,811	\$ 411,726	\$ 73,717	\$ 485,443	\$ 3,522,254

UTAH FOSTER CARE FOUNDATION
Statement of Functional Expenses

For the Year Ended June 30, 2019

	Program Services				Supporting Services			Total Expenses
	Recruitment	Retention	Education	Total	Management and General	Fundraising	Total	
Salaries, payroll taxes and benefits	\$ 958,812	\$ 509,327	\$ 645,826	\$ 2,113,965	\$ 243,942	\$ 43,171	\$ 287,113	\$ 2,401,078
In-kind expenses	51,898	305,124	4,741	361,763	-	-	-	361,763
Direct service	42,706	48,253	162,085	253,044	6,467	12,690	19,157	272,201
Occupancy	91,634	51,698	35,821	179,153	55,793	8,898	64,691	243,844
Travel	53,051	64,607	20,038	137,696	3,673	570	4,243	141,939
Equipment maintenance and rental	20,412	9,985	12,160	42,557	9,519	1,368	10,887	53,444
Community outreach	51,600	200	-	51,800	-	-	-	51,800
Depreciation and amortization	17,824	11,184	9,436	38,444	8,038	-	8,038	46,482
Telephone / internet	14,006	8,369	8,632	31,007	6,296	857	7,153	38,160
Printing and publications	9,879	2,076	22,018	33,973	221	244	465	34,438
Supplies	14,657	2,710	7,094	24,461	5,225	2,886	8,111	32,572
Professional fees	7,867	4,585	4,579	17,031	4,317	-	4,317	21,348
Lobbying	7,727	4,091	4,697	16,515	3,485	-	3,485	20,000
Software / technology	4,132	3,727	3,516	11,375	3,461	3,259	6,720	18,095
Insurances	5,584	2,962	3,519	12,065	2,867	-	2,867	14,932
Other	-	-	-	-	11,324	-	11,324	11,324
Professional development	2,418	3,484	253	6,155	2,395	220	2,615	8,770
Postage / shipping	785	4,199	490	5,474	433	58	491	5,965
Dues / memberships	1,058	1,044	734	2,836	1,799	214	2,013	4,849
Total expenses	\$ 1,356,050	\$ 1,037,625	\$ 945,639	\$ 3,339,314	\$ 369,255	\$ 74,435	\$ 443,690	\$ 3,783,004



UTAH FOSTER CARE FOUNDATION
Statements of Cash Flows

For the Years Ended June 30,

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase in net assets	\$ 39,513	\$ 22,831
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	43,923	46,482
Loss (gain) on disposal of property and equipment	(539)	5,503
Interest and dividends reinvested	(714)	(2,921)
Net realized and unrealized gain on investments	(7,166)	(3,214)
(Increase) decrease in:		
Receivables	284,379	61,288
Prepaid expenses and other assets	(47,496)	4,292
Increase (decrease) in:		
Accounts payable	(3,259)	(24,116)
Accrued liabilities	1,832	38,963
Net cash provided by operating activities	<u>310,473</u>	<u>149,108</u>
Cash flows from investing activities:		
Principal payments on capital lease obligation	(14,399)	-
Purchases of property and equipment	(2,259)	(51,933)
Proceeds from sale of investments	2,678	2,986
Purchases of investments	(1,889)	(85,776)
Net cash used in investing activities	<u>(15,869)</u>	<u>(134,723)</u>
Net increase in cash	294,604	14,385
Cash, beginning of year	<u>154,729</u>	<u>140,344</u>
Cash, end of year	<u>\$ 449,333</u>	<u>\$ 154,729</u>
Supplemental schedule of non-cash investing and financing activities (as restated):		
Increase of property and equipment through capital lease obligation	<u>\$ -</u>	<u>\$ 108,577</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:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, wherein the donor has stipulated the funds be maintained in perpetuity.

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 the useful lives of property and equipment, the allocation of program and supporting service expenses, and the allowance for uncollectible receivables.

Concentrations of Credit Risk and Support Sources

The Foundation maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. As of June 30, 2020, the Foundation had approximately \$190,000 of cash that exceeded federally insured limits. To date, the Foundation has not experienced a loss or lack of access to its cash; however, no assurance can be provided that access to the Foundation’s cash will not be impacted by adverse conditions in the financial markets.



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

Concentrations of Credit Risk and Support Sources - continued

A significant portion of the Foundation's support and receivables are from an agency of the state of Utah. This agency represented 81% and 87% of the total of accounts, grants, and promises to give receivable balances as of June 30, 2020 and 2019, respectively. Additionally, for the years ended June 30, 2020 and 2019, this agency represented approximately 86% and 82%, respectively, of support and net investment income. The current grant agreement with this agency ends on October 28, 2020 and was subsequently renewed to end on June 30, 2025, with an expectation the agreement will be renewed for future periods; however, there is no assurance this will occur. A future reduction of the support from this agency, due to either amendment of contract terms or cancellation of the contract, would have a very significant impact on the Foundation's operations.

Investments

Investments consist of marketable securities reported at their readily determinable fair values. Unrealized gains and losses are included in the change in net assets, less external and direct internal investment expenses.

Accounts, Grants and Promises to Give Receivable

Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution support. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. As of June 30, 2020 and 2019, the discount on promises was immaterial. Management determined that a \$8,526 and \$8,526 allowance was necessary based on historical collections and other factors specific to each donor as of June 30, 2020 and 2019, respectively.

Accounts and grants receivable 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, 2020 and 2019, management determined that no allowance for accounts and grants receivable was necessary.



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

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 three to seven years.

Capital Leases

The Foundation has elected not to separate nonlease components from lease components and will account for all components as a single lease component.

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, 2020 and 2019.

Contributions

Unconditional contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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 advertising, 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 support without donor restrictions 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 support with donor restrictions. 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. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions 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.

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The government grant funds received during 2020 and 2019 were received under grant agreements determined to be conditional contributions.

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 donated services is allocated between program and supporting services in the statements of activities.



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

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 based upon the following methods:

Expense	Allocation Method
Salaries, payroll taxes and benefits	Time and effort
Professional fees	Headcount
Insurances	Headcount
Supplies	Headcount
Lobbying	Headcount
Telephone and internet	Headcount
Occupancy	Headcount
Software / technology	Headcount
Depreciation and amortization	Headcount
Equipment maintenance and rental	Headcount

Advertising

Advertising costs are expensed as incurred and were approximately \$22,000 and \$52,000 for the years ended June 30, 2020 and 2019, respectively.

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, 2020, 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.



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

Activities

The following is a description of the activities for each of the Foundation's programs:

Recruitment – Assess the needs of children in foster care in cooperation with the state of Utah Division of Child and Family Services. Provide information to communities and target the types of families who can meet those needs.

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

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

Adoption of New Accounting Standard

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update 2018-08 (ASU 2018-08), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There was no effect on net assets in connection with the implementation of ASU 2018-08.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through November 12, 2020, which is the date the accompanying financial statements were available to be issued.

2. Restatement of Previously Issued Financial Statements

During the year ended June 30, 2020, it was determined that a new equipment lease qualifying as a capital lease had been entered into during the year ended June 30, 2019, but had not been properly recorded in the Foundation's accounting records. As a result, the accompanying financial statements for the year ended June 30, 2019 have been restated to properly record this capital lease. The effect of the restatement increased property and equipment from \$87,424 to \$196,001 and recorded a capital lease obligation in the amount of \$108,577. The restatement had no effect on the statement of activities.



**3. Liquidity
and
Availability of
Financial
Resources**

The Foundation is financially supported primarily by a government grant provided by the Utah Division of Child and Family Services (DCFS). Funds are dispersed on a monthly basis dependent on total prior month qualified expenses and the grant contract is subject to renewal every five years. In addition, the Foundation receives contributions with or without donor restrictions for recruitment, education, retention, management and general, and fundraising for foster families and foster children in the state of Utah. It also receives in-kind gifts that can be passed on to foster families which helps eliminate additional cash outlay. Event registrations and sponsorships are also awarded to the Foundation throughout each year. Based on recent years' operations, the amount provided by government funding covers approximately 87% of total Foundation expenses. The remaining expenses are covered by monetary support the Foundation receives primarily through contributions.

The Foundation considers investment income without donor restrictions, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing and central to its annual operations, to be available to meet cash needs for program and supporting services. Supporting services include administrative, support, general expenses, and fundraising expenses. Program services are defined as activities occurring during the Foundation's fiscal year related to recruitment, education, and retention of Utah foster families.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that obligations that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation strives to maintain financial assets available and monitors budgeted expenses through the end of the fiscal year in an effort to ensure there are sufficient funds to cover 90 days of total expenses at any given time.



UTAH FOSTER CARE FOUNDATION
Notes to Financial Statements
Continued

3. Liquidity and Availability of Financial Resources
Continued

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following as of June 30:

	2020	2019
Cash	\$ 449,333	\$ 154,729
Investments	166,065	158,974
Accounts and grants receivable	320,104	590,216
Promises to give receivable, net	71,937	86,204
Total financial assets at year-end	1,007,439	990,123
Less amounts not available to be used within one year for general expenditures:		
Investments*	(166,065)	(158,974)
Net assets with donor restrictions	(164,594)	(198,768)
Net amount available	\$ 676,780	\$ 632,381

**Although investments are generally held for more than one year, the Foundation's management or board could choose to liquidate investments at any time and use the proceeds to fund expenditures.*

4. Investments

Investments are stated at fair value and consist of the following as of June 30:

	2020	2019
Cost basis of mutual funds	\$ 158,899	\$ 155,760
Unrealized gain	7,166	3,214
	\$ 166,065	\$ 158,974

5. Promises to Give Receivable

These receivables represent unconditional promises to donate to the Foundation as of June 30:

	2020	2019
Due in:		
Less than one year	\$ 32,252	\$ 33,985
In one to five years	48,211	60,745
	80,463	94,730
Allowance for uncollectible promises receivable	(8,526)	(8,526)
	\$ 71,937	\$ 86,204



5. Promises to Give Receivable Included in promises to give receivable was \$29,984 and \$41,628 due from board members and employees of the Foundation as of June 30, 2020 and 2019, respectively.
Continued

6. 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 comparability, the following hierarchy prioritizes fair value measurements according to the type of inputs included in 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 is based on the quoted values of units held at year-end, which are Level 1 inputs. There have been no changes in valuation methodologies used as of June 30, 2020 and 2019.

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

Fair Value Measurements as of June 30, 2020

Description	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds				
Bond	\$ 87,434	\$ -	\$ -	\$ 87,434
Large Cap	38,213	-	-	38,213
International	15,554	-	-	15,554
Small Cap	9,898	-	-	9,898
Mid Cap	9,750	-	-	9,750
Liquid Alternative	5,216	-	-	5,216
	<u>\$ 166,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,065</u>



UTAH FOSTER CARE FOUNDATION
Notes to Financial Statements
Continued

6. Fair Value Measurements
Continued

Fair Value Measurements as of June 30, 2019

Description	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds				
Bond	\$ 91,928	\$ -	\$ -	\$ 91,928
Large Cap	28,448	-	-	28,448
International	17,810	-	-	17,810
Small Cap	8,119	-	-	8,119
Mid Cap	8,027	-	-	8,027
Liquid Alternative	4,642	-	-	4,642
	<u>\$ 158,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>158,974</u>

7. Property and Equipment

Property and equipment consist of the following as of June 30:

	2020	2019
Office equipment	\$ 228,337	\$ 245,581
Furniture and fixtures	99,948	99,948
Leasehold improvements	92,743	92,743
	421,028	438,272
Less accumulated depreciation and amortization	(266,152)	(242,271)
	<u>\$ 154,876</u>	<u>\$ 196,001</u>

8. Accrued Liabilities

Accrued liabilities consist of the following as of June 30:

	2020	2019
Personal leave	\$ 95,767	\$ 88,012
Payroll and related costs	85,642	97,392
Other	53,917	48,090
	<u>\$ 235,326</u>	<u>\$ 233,494</u>



- 9. Capital Lease Obligation** The Foundation entered into a capital lease agreement to obtain equipment that expires in May 2024. As of June 30, 2020 and 2019, the total amount of equipment financed with this capital lease obligation was \$154,098. The accumulated amortization on the leased equipment as of June 30, 2020 and 2019 was \$31,563 and \$9,784, respectively. Amortization of assets held under capital leases is included in depreciation and amortization expense in the statements of functional expenses. The Foundation is required to make monthly payments of approximately \$2,446 on the capital lease obligation. The lease has an implied interest rate of 10.45%.

The following table summarizes the Foundation's outstanding capital lease obligation as of June 30:

	<u>2020</u>	<u>2019</u>
Capital lease obligation	\$ 94,178	\$ 108,577

Future minimum capital lease payments, excluding taxes, insurance and other costs, are as follows:

Years Ending June 30,

2021	\$ 29,352
2022	29,352
2023	29,352
2024	<u>26,906</u>
Total payments	114,962
Less amounts representing interest	<u>(20,784)</u>
Present value of net minimum capital lease payments	<u>\$ 94,178</u>

- 10. Line of Credit** The Foundation maintains a line of credit arrangement with a financial institution with a borrowing capacity of \$50,000. The line of credit bears interest at an annual rate of 11.5% and does not have a maturity date. As of June 30, 2020 and 2019, the Foundation had no outstanding balance on the line of credit.



11. Net Assets With Donor Restrictions Net assets with donor restrictions represent donations to the Foundation that are subject to time restrictions or are expendable only for specific purposes, as follows:

	2020	2019
Time restricted	\$ 71,937	\$ 86,204
Foster family retention	79,689	67,285
Wishing well fund	-	17,462
Spanish mentorship	2,343	15,223
Other	10,625	12,594
	\$ 164,594	\$ 198,768

12. Retirement Plan The Foundation sponsors a defined contribution retirement plan for eligible participants age 21 and older with six months of full-time service. The Foundation contributes, on a discretionary basis, a percentage of the annual salary of each eligible employee. The expense for the years ended June 30, 2020 and 2019 was approximately \$124,000 and \$122,000, respectively.

13. Commitments and Contingencies ***Operating Leases***
 The Foundation leases office facilities and equipment under non-cancelable operating leases. As of June 30, 2020, future minimum lease payments under non-cancelable operating leases, with terms of one year or more, are as follows:

Years Ending June 30:	Amount
2021	\$ 210,266
2022	181,684
2023	185,434
2024	189,320
2025	189,725
Thereafter	-
	\$ 956,429

Rental expense under operating leases was approximately \$273,000 and \$232,000 for the years ended June 30, 2020 and 2019, respectively.

COVID 19

As a result of the COVID-19 Pandemic, economic uncertainties have arisen which may negatively impact operations. The extent of this impact is unknown at this time.