

**UTAH HERITAGE FOUNDATION
dba PRESERVATION UTAH**

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

**UTAH HERITAGE FOUNDATION
dba PRESERVATION UTAH**

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF CASH FLOWS	6
STATEMENT OF FUNCTIONAL EXPENSES – 2018	7
STATEMENT OF FUNCTIONAL EXPENSES – 2017	8
NOTES TO FINANCIAL STATEMENTS	9

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Utah Heritage Foundation
dba Preservation Utah

Report on the Financial Statements

We have audited the accompanying financial statements of Utah Heritage Foundation dba Preservation Utah (the Foundation), a nonprofit organization, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

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 audit to obtain reasonable assurance about whether the financial statements are free of 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 Heritage Foundation dba Preservation Utah as of December 31, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended, in accordance 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 our report dated March 8, 2019, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Osborne Robbins & Buhler PLLC". The signature is written in a cursive, flowing style.

March 8, 2019

FINANCIAL STATEMENTS

Utah Heritage Foundation
dba Preservation Utah

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

	2018	2017
Assets		
Cash and cash equivalents	\$ 504,981	\$ 297,872
Marketable securities	207,304	220,700
Receivables	5,833	1,402
Property and equipment	-	215
Restricted assets		
Cash and cash equivalents	574,457	470,572
Unconditional promises to give	63,937	23,500
Mortgages receivable	201,572	208,249
Work in process - Preservation at Work project costs	-	78,979
	<u>\$ 1,558,084</u>	<u>\$ 1,301,489</u>
Liabilities		
Accounts payable	\$ 5,539	\$ 5,231
Deferred revenue	14,455	16,205
Accrued liabilities	12,853	10,726
Payable to Salt Lake City Corporation	300,000	300,000
	<u>332,847</u>	<u>332,162</u>
Total liabilities	332,847	332,162
Commitments and contingencies	-	-
Net Assets		
Without donor restrictions		
Board Designated Reserves		
Michael Mahaffey Historic Properties Program	55,314	11,377
Easement Legal Defense Reserves	182,346	-
Operating Reserve	170,600	144,000
Undesignated and unrestricted	277,011	332,650
	<u>685,271</u>	<u>488,027</u>
With donor restrictions	539,966	481,300
	<u>1,225,237</u>	<u>969,327</u>
Total liabilities and net assets	<u>\$ 1,558,084</u>	<u>\$ 1,301,489</u>

The accompanying notes are an integral part of these statements.

Utah Heritage Foundation
dba Preservation Utah

STATEMENTS OF ACTIVITIES

Years ended December 31,

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support						
Grants and contributions	\$ 345,847	\$ 199,172	\$ 545,019	\$ 109,602	\$ 233,059	\$ 342,661
Donated facilities	62,006	-	62,006	62,885	-	62,885
Event income	80,824	-	80,824	77,610	-	77,610
Interest and dividend income	11,969	-	11,969	8,617	-	8,617
Unrealized gain (loss) on investments	(20,457)	-	(20,457)	3,005	-	3,005
Interest income on mortgages receivable	6,626	-	6,626	5,402	-	5,402
Rental revenues						
Memorial House	207,447	-	207,447	219,972	-	219,972
Ladies Literary Club	-	-	-	-	-	-
Memberships	12,000	-	12,000	13,230	-	13,230
Other revenue	360	-	360	1,613	-	1,613
Net assets released from restrictions						
Restrictions satisfied by payments	140,506	(140,506)	-	120,631	(120,631)	-
Total revenues and support	847,128	58,666	905,794	622,567	112,428	734,995
Expenses						
Program services						
Education and advocacy	199,807	-	199,807	247,353	-	247,353
Memorial House	220,100	-	220,100	205,294	-	205,294
Historic Properties Program	35,888	-	35,888	32,571	-	32,571
Support services						
General and administrative	130,851	-	130,851	147,276	-	147,276
Fundraising	63,238	-	63,238	67,104	-	67,104
Total expenses	649,884	-	649,884	699,598	-	699,598
Increase (decrease) in net assets	197,244	58,666	255,910	(77,031)	112,428	35,397
Net assets at beginning of year	488,027	481,300	969,327	565,058	368,872	933,930
Net assets at end of year	\$ 685,271	\$ 539,966	\$ 1,225,237	\$ 488,027	\$ 481,300	\$ 969,327

The accompanying notes are an integral part of these statements.

Utah Heritage Foundation
dba Preservation Utah
STATEMENTS OF CASH FLOWS
Years Ended December 31,

	2018	2017
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Increase in net assets	\$ 255,910	\$ 35,397
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	215	171
Unrealized gain (loss) on marketable securities	20,457	(3,005)
Changes in operating assets and liabilities		
Receivables	(4,431)	214
Unrestricted promises to give	-	4,000
Accounts payable	308	(28,965)
Deferred revenue	(1,750)	(630)
Accrued liabilities	2,127	(4,003)
Use of restricted assets included in expenses		
Other program expenses	140,506	120,631
Contributions restricted for long-term purposes		
Cash contributions	(158,735)	(212,059)
Net cash provided by (used in) operating activities	254,607	(88,249)
Cash flows from investing activities		
Payments received on mortgages receivable	106,677	63,189
Mortgages disbursed	(100,000)	(21,000)
Preservation at work project costs paid	(129,366)	(46,844)
Preservation at work project costs reimbursed	208,345	-
Marketable securities purchased	(7,061)	(217,695)
Other program expenses paid	(140,506)	(120,631)
Change in assets restricted for specific programs	(144,322)	(107,773)
Net cash used in investing activities	(206,233)	(450,754)
Cash flows from financing activities		
Collection of contributions restricted for long-term purposes	158,735	212,059
Net cash provided by financing activities	158,735	212,059
Net increase (decrease) in cash and cash equivalents	207,109	(326,944)
Cash and cash equivalents at beginning of year	297,872	624,816
Cash and cash equivalents at end of year	\$ 504,981	\$ 297,872

The accompanying notes are an integral part of these statements.

Utah Heritage Foundation
dba Preservation Utah

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018

	Program Services			Supporting Services			Total Expenses
	Education and Advocacy	Memorial House	Historic Properties Program	Total Program Services	General and Administrative	Fundraising	
Salaries and wages	\$ 125,497	\$ 62,304	\$ 29,752	\$ 217,553	\$ 48,306	\$ 22,661	\$ 288,520
Payroll taxes and employee benefits	16,311	6,386	3,830	26,527	7,200	2,913	36,640
Rent in Kind	7,525	49,904	-	57,429	4,389	188	62,006
Programs	37,941	-	808	38,749	-	-	38,749
Fundraising event	-	-	-	-	-	35,462	35,462
Professional services	-	-	-	-	34,641	-	34,641
Bank charges	-	-	-	-	14,566	-	14,566
Repairs and maintenance	-	33,425	-	33,425	-	-	33,425
Supplies	-	24,215	-	24,215	-	867	25,082
Rent	-	23,494	-	23,494	-	-	23,494
Utilities	-	9,547	-	9,547	-	-	9,547
Telephone, computer, and internet expenses	4,471	1,539	953	6,963	1,245	775	8,983
Advertising and promotion	-	6,812	-	6,812	-	-	6,812
Travel	5,982	-	104	6,086	240	92	6,418
Office expenses	2,080	848	441	3,369	9,102	280	12,751
Insurance	-	1,411	-	1,411	5,963	-	7,374
Depreciation	-	215	-	215	-	-	215
Miscellaneous	-	-	-	-	5,199	-	5,199
	<u>\$ 199,807</u>	<u>\$ 220,100</u>	<u>\$ 35,888</u>	<u>\$ 455,795</u>	<u>\$ 130,851</u>	<u>\$ 63,238</u>	<u>\$ 649,884</u>

The accompanying notes are an integral part of these statements.

Utah Heritage Foundation
dba Preservation Utah

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

	Program Services			Supporting Services			Total Expenses
	Education and Advocacy	Memorial House	Historic Properties Program	Total Program Services	General and Administrative	Fundraising	
Salaries and wages	\$ 135,216	\$ 53,233	\$ 20,557	\$ 209,006	\$ 68,004	\$ 34,514	\$ 311,524
Payroll taxes and employee benefits	19,344	5,741	2,914	27,999	9,933	4,642	42,574
Rent in Kind	7,525	50,783	-	58,308	4,389	188	62,885
Programs	63,962	-	7,920	71,882	-	-	71,882
Fundraising event	-	-	-	-	-	23,403	23,403
Professional services	-	-	-	-	23,900	-	23,900
Bank charges	-	-	-	-	12,128	-	12,128
Repairs and maintenance	-	29,121	-	29,121	-	-	29,121
Supplies	-	22,020	-	22,020	-	2,558	24,578
Rent	-	22,615	-	22,615	-	-	22,615
Utilities	-	10,473	-	10,473	-	-	10,473
Telephone, computer, and internet expenses	8,046	905	462	9,413	1,575	753	11,741
Advertising and promotion	-	6,706	-	6,706	-	-	6,706
Travel	9,466	-	72	9,538	-	102	9,640
Office expenses	3,794	1,165	646	5,605	14,634	944	21,183
Insurance	-	2,361	-	2,361	5,269	-	7,630
Depreciation	-	171	-	171	-	-	171
Miscellaneous	-	-	-	-	7,444	-	7,444
	<u>\$ 247,353</u>	<u>\$ 205,294</u>	<u>\$ 32,571</u>	<u>\$ 485,218</u>	<u>\$ 147,276</u>	<u>\$ 67,104</u>	<u>\$ 699,598</u>

The accompanying notes are an integral part of these statements.

Utah Heritage Foundation
dba Preservation Utah

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

History and organization activity

Utah Heritage Foundation dba Preservation Utah (the Foundation) was established in 1966 to keep the past alive, not only for preservation, but to inspire and provoke a more creative present and sustainable future. The Foundation conducts public education including historic building tours, presentations and lectures, workshops, a Heritage Awards ceremony, and specific programs for school-aged children and teachers. The organization advocates for policies, practices, incentives, and making strategic personal choices to achieve its mission. The Foundation also oversees a Historic Properties Program that includes revolving loan funds, direct property protection through easements, and direct property rehabilitation. In addition, to demonstrate stewardship of historic properties, the Foundation leases the historic Memorial House in Memory Grove Park and makes it available to the public for events.

During 2016, the Foundation underwent a re-branding in which it changed its legal name to Utah Heritage Foundation dba Preservation Utah.

Vacancies in the Board of Trustees are filled by majority vote of the remaining Board members. Every Foundation dba member is entitled to vote when a new Board member is presented.

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 and net assets with donor restrictions.

Contributions

Contributions are recognized when the grantor or donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions are reported as increases in net assets with donor restrictions when restrictions are imposed by grantors or donors. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Utah Heritage Foundation
dba Preservation Utah

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Contributions - continued

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 as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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

Donated use of facilities are recorded as support at the fair value in the period in which it is received and the corresponding expense is recognized in the period in which the assets are used.

Cash equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents. Cash subject to donor-imposed restrictions is separately identified in the statement of financial position.

Marketable securities

Marketable securities are composed of mutual funds and are carried at fair value.

Property and equipment

Depreciation and amortization of property and equipment is provided by the straight-line method over estimated lives of 3 to 39 years. Maintenance and repairs which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

Estimates

The preparation of financial statements in conformity with 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.

Utah Heritage Foundation
dba Preservation Utah

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Income taxes

The Foundation is exempt from federal income taxes as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code and qualifies for deductible contributions. There was no unrelated business income for 2018 or 2017.

Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2014, 2015, 2016 and 2017 tax years. However, the Foundation is not currently under audit nor has the Foundation been contacted by any jurisdiction.

Mortgages, accounts receivable and unconditional promises to give

Mortgages, accounts receivable and unconditional promises to give are stated at the amount management expects to collect from outstanding balances. Based on management's assessment of the credit history of those parties having outstanding balances, it has concluded that realization of losses on balances outstanding at year-end will be immaterial. Consequently, no allowance is considered necessary at December 31, 2018.

Interest income on mortgages receivable is recognized as it becomes due. Mortgages receivable are considered past due when payments are delinquent by 30 days. Mortgages are never placed on nonaccrual status – interest continues to accrue until the obligation is met.

Accounts receivable are considered past due when payments are delinquent by 60 days.

Functional expenses

Expenses are charged directly to program or support categories based on specific identification. Indirect expenses have been allocated based on salary expenditures.

Subsequent events

Management has evaluated subsequent events through March 8, 2019, the date the financial statements were available to be issued.

Utah Heritage Foundation
dba Preservation Utah

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE B - CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash balances in two accounts with one financial institution located in Salt Lake City, Utah. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, the Foundation's uninsured balances (including outstanding checks) totaled approximately \$528,000.

NOTE C – MARKETABLE SECURITIES

For assets and liabilities measured at fair value, the Foundation uses the following hierarchy of inputs:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than level one inputs that are either directly or indirectly observable;
- Level 3: Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would see.

Marketable securities measured at fair value are summarized as follows as of December 31:

	2018				2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 207,304	\$ -	\$ -	\$207,304	\$ 220,700	\$ -	\$ -	\$ 220,700

NOTE D – PROMISES TO GIVE

Unconditional promises to give consisted of the following at December 31:

	2018	2017
Restricted for use in programs		
Michael Mahaffey Legacy Fund	\$ 63,937	\$ -
Education and Advocacy	-	23,500
	<u>\$ 63,937</u>	<u>\$ 23,500</u>
Amounts due in		
Less than one year	\$ 63,937	\$ 23,500
One to five years	-	-
	<u>\$ 63,937</u>	<u>\$ 23,500</u>

Utah Heritage Foundation
dba Preservation Utah

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2018	2017
Leasehold improvements, at cost	\$ 218,953	\$ 218,953
Furniture and equipment, at cost	91,404	91,404
	310,357	310,357
Accumulated depreciation and amortization	310,357	310,142
	\$ -	\$ 215

NOTE F – RESTRICTED ASSETS

Restricted assets are held for the following uses at December 31, 2018:

	Net Assets With Donor restrictions	Payable to Salt Lake City Corporation	Total
Cash and cash equivalents			
Education and advocacy programs	\$ 45,373	\$ -	\$ 45,373
Revolving loan programs	310,360	218,724	529,084
Total cash and cash equivalents	355,733	218,724	574,457
Unconditional promises to give			
Michael Mahaffey Legacy Fund	63,937	-	63,937
Total unconditional promises to give	63,937	-	63,937
Mortgages receivable			
Statewide loan program	120,296	-	120,296
Citywide loan program	-	81,276	81,276
Total mortgages receivable	120,296	81,276	201,572
	\$ 539,966	\$ 300,000	\$ 839,966

Utah Heritage Foundation
dba Preservation Utah

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE G – HISTORIC PROPERTIES PROGRAM

The Foundation has received grant funds from Salt Lake City Corporation (the City) totaling \$300,000 for the purpose of preserving architecturally and historically significant real property. The grant funds were received on a revolving loan agreement with the City and the grant is known as the Citywide Grant. The funds are used in a revolving loan program whereby the Foundation makes low interest loans to qualifying property owners with the loan proceeds to be used for preservation and restoration of qualifying real property. The grant funds can also be used to purchase real property which would then be sold to a buyer willing to execute a preservation easement on the property. At December 31, 2018, the Foundation was using the grant funds primarily for the revolving fund loan program and did not own any property as part of this preservation program. If the grant funds are not being used as stipulated, or if the grant agreements expire or are terminated by either party, all grant funds must be returned to the City, excluding loans outstanding which would be returned to the City as amounts are received from the borrowers.

Interest earned on the unused invested funds or from loans may be, and is, used by the Foundation to cover costs of administering the revolving fund loan program.

The Foundation also receives contributions from individuals, corporations and foundations for use in a revolving fund loan program known as the Statewide program. All contributions and related program income from the Statewide program are retained by the Foundation. The interest from the loans in the Statewide program is available to cover administrative costs of the program and the principal is permanently restricted to be available for loans.

During 2012, the Foundation received \$175,000 in grant funds from Utah Transit Authority (UTA) for use in a new loan program known as the Gateway District Loan Fund. The initial use of these funds is restricted to projects within Salt Lake City's Gateway District (as defined in the grant agreement) with priority given to projects involving buildings associated with the railroad history of Salt Lake City. As loans are repaid, after the initial distribution of the funds, other projects can be considered. No loans had been made from this program as of December 31, 2018.

During 2015, the Foundation established an additional revolving loan program, called the Michael Mahaffey Legacy Fund, to honor a former colleague and Foundation trustee. Donations to the fund will be permanently restricted for use in the revolving loan program. Donations totaling \$172,267 had been received through December 31, 2018.

The Foundation has implemented another program in collaboration with the Salt Lake City Redevelopment Agency (the RDA) called Preservation at Work in which the RDA acquires a historic property meeting certain requirements for rehabilitation and then the Foundation utilizes the project for on-site rehabilitation demonstrations. In connection with these projects, the Foundation oversees the rehabilitation of the property and funds the cost of the rehabilitation up to specified levels.

Utah Heritage Foundation
dba Preservation Utah

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE G – HISTORIC PROPERTIES PROGRAM - CONTINUED

As part of the rehabilitation efforts, the Foundation can also obtain in-kind donations to provide labor and materials for the project.

When the project is completed, the property is sold and from the proceeds, the RDA and the Foundation are reimbursed on a pro rata share for their capital outlay during the course of the project. Any remaining proceeds are then allocated between the RDA and the Foundation equally. The Foundation's board has designated that the proceeds received in excess of the Foundation's outlay related to the project is to be used within the revolving loan program and could fund additional Preservation at Work projects. As of December 31, 2018, two properties have been rehabilitated and sold as part of this program, and the Board has designated a total of \$55,314 of the proceeds from the two projects to be used in this manner.

The following summarizes the activity in the historic properties program:

	Mortgages Receivable				Preservation at Work Project Costs	Total
	Citywide Mortgages	Statewide	Michael Mahaffey Legacy Fund	Gateway District		
Balance January 1, 2017	\$ 142,780	\$ 107,658	\$ -	\$ -	\$ 32,135	\$ 282,573
Mortgages issued	21,000	-	-	-	-	21,000
Project costs paid	-	-	-	-	46,844	46,844
Principal payments received	(12,365)	(50,824)	-	-	-	(63,189)
Balance December 31, 2017	151,415	56,834	-	-	78,979	287,228
Mortgages issued	-	100,000	-	-	-	100,000
Project costs paid	-	-	-	-	129,366	129,366
Project costs reimbursed	-	-	-	-	(208,345)	(208,345)
Principal payments received	(70,139)	(36,538)	-	-	-	(106,677)
Balance December 31, 2018	<u>\$ 81,276</u>	<u>\$ 120,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,572</u>

The payable to Salt Lake City Corporation consists of the following
at December 31, 2018:

Cash and cash equivalents	\$ 218,724
Mortgages receivable	81,276
Preservation at Work Project Costs	-
	<u>\$ 300,000</u>

Utah Heritage Foundation
dba Preservation Utah

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE H – FINANCIAL ASSETS

The following reflects the Foundation’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	2018	2017
Financial assets at balance sheet date	\$ 1,558,084	\$ 1,222,295
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Donor restrictions with time or purpose restrictions	(539,966)	(481,300)
Board Designations:		
Michael Mahaffey Historic Properties Program	(55,314)	(11,377)
Easement Legal Defense Reserves	(182,346)	-
Operational and strategic reserve	(170,600)	(144,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 609,858	\$ 585,618

The Foundation is supported in part by restricted grants and contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of near term requirements in short-term investments. Occasionally, the Board designates a portion of any operating surplus to the board designated reserves noted above. These reserves could be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

Utah Heritage Foundation
dba Preservation Utah

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE I – COMMITMENTS

In 1994, the Foundation entered into a lease agreement with Salt Lake City to lease the building owned by the City which is known as Memorial House. The original lease was amended during the year ended December 31, 2000. In lieu of rent through March 29, 2004, the Foundation was required to rehabilitate the interior of the Memorial House. This was completed at a total cost of \$190,198, with the improvements reverting back to the City upon termination of the lease.

Effective March 30, 2014, the City and the Foundation entered into a new agreement for the management of Memorial House. The new agreement was for an initial term of five years and was recently extended for one additional year, to expire in March 2020.

Under the new agreement, the Foundation must pay the City ten percent of the gross receipts generated by Memorial House, or \$1,000 per month, whichever is greater. Under this agreement, the Foundation incurred rental expense of \$23,494 during 2018 (\$22,615 in 2017).

NOTE J – EMPLOYEE BENEFIT PLAN

During 1999, the Foundation established a defined contribution salary deferral plan covering substantially all employees. Under the plan, the Foundation matches dollar for dollar each eligible employees' elective deferral up to 3 percent of the employees' salary. Matching contributions paid by the Foundation during 2018 were \$4,408 (\$6,260 in 2017).

NOTE K – DONATED SERVICES AND FACILITIES

The Foundation receives donated services from a variety of unpaid volunteers assisting the Foundation with various programs. No amounts have been recognized in the accompanying statements of activities for these services because the criteria for recognition of such volunteer effort under generally accepted accounting principles has not been satisfied.

As noted in Note H, the Foundation has entered into an agreement with Salt Lake City for the management and use of Memorial House. Annual rental expense associated with the use of this facility, based on market rates, would be approximately \$85,000. The Foundation recognized the difference between the market rental rate and what was actually paid to the City as a donation and corresponding expense in the statement of activities. The total recognized for 2018 and 2017 was approximately \$62,000 and \$63,000, respectively.

NOTE L – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

The Foundation adopted the requirements of Financial Accounting Standards Board, *Accounting Standards Update* 2016-14 during the year ended December 31, 2018 with retrospective application to the year ended December 31, 2017. The Update had no effect on the Foundation's total assets but required certain changes to financial statement presentation and disclosure.