

# Economic Development Corporation of Utah Foundation

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**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

*For the Years Ended June 30, 2023 and 2022*



**ECONOMIC DEVELOPMENT  
CORPORATION OF UTAH FOUNDATION**

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## Independent Auditor's Report

To the Board of Trustees  
**Economic Development Corporation of Utah Foundation**

### ***Opinion***

We have audited the accompanying financial statements of **Economic Development Corporation of Utah Foundation** (the "Foundation") which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

The image shows a handwritten signature in black ink that reads "Larson & Company P.C.". The signature is written in a cursive, flowing style.

Salt Lake City, Utah  
October 16, 2023

**ECONOMIC DEVELOPMENT  
CORPORATION OF UTAH FOUNDATION**

Statements of Financial Position  
As of June 30, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 20,000	\$ 55,000
Accounts receivable	413	-
<b>Total current assets</b>	<u>20,413</u>	<u>55,000</u>
<b>Total assets</b>	<u>\$ 20,413</u>	<u>\$ 55,000</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities:</b>		
Related party payable	\$ 901	\$ 904
Accrued vacation	-	1,765
<b>Total current liabilities</b>	<u>901</u>	<u>2,669</u>
<b>Total liabilities</b>	<u>901</u>	<u>2,669</u>
<b>Net assets:</b>		
Without donor restriction	<u>19,512</u>	<u>52,331</u>
<b>Total net assets</b>	<u>19,512</u>	<u>52,331</u>
<b>Total liabilities and net assets</b>	<u>\$ 20,413</u>	<u>\$ 55,000</u>

The accompanying notes to the financial statements  
are an integral part of these statements

**ECONOMIC DEVELOPMENT  
CORPORATION OF UTAH FOUNDATION**

Statement of Activities  
For the Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
<b>Change in net assets:</b>			
<b>Support and revenues:</b>			
Corporate and foundation grants	\$ 442,780	\$ -	\$ 442,780
Government grants and contracts	22,500	-	22,500
<b>Total support and revenues</b>	<b>465,280</b>	<b>-</b>	<b>465,280</b>
<b>Expenses:</b>			
<b>Program:</b>			
Program services	449,212	-	449,212
<b>Total program</b>	<b>449,212</b>	<b>-</b>	<b>449,212</b>
<b>Supporting services:</b>			
General and administrative expenses	43,175	-	43,175
Fundraising	5,712	-	5,712
<b>Total supporting services</b>	<b>48,887</b>	<b>-</b>	<b>48,887</b>
<b>Total expenses</b>	<b>498,099</b>	<b>-</b>	<b>498,099</b>
<b>Total change in net assets</b>	<b>(32,819)</b>	<b>-</b>	<b>(32,819)</b>
Net assets, beginning of year	52,331	-	52,331
<b>Net assets, end of year</b>	<b>\$ 19,512</b>	<b>\$ -</b>	<b>\$ 19,512</b>

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**ECONOMIC DEVELOPMENT  
CORPORATION OF UTAH FOUNDATION**

Statement of Activities  
For the Year Ended June 30, 2022

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Change in net assets:</b>			
<b>Support and revenues:</b>			
Corporate and foundation grants	\$ 180,000	\$ -	\$ 180,000
<b>Total support and revenues</b>	<u>180,000</u>	<u>-</u>	<u>180,000</u>
<b>Expenses:</b>			
Program services	156,112	-	156,112
Total program	<u>156,112</u>	<u>-</u>	<u>156,112</u>
<b>Supporting services:</b>			
General and administrative expenses	35,000	-	35,000
Fundraising	5,648	-	5,648
<b>Total supporting services</b>	<u>40,648</u>	<u>-</u>	<u>40,648</u>
<b>Total expenses</b>	<u>196,760</u>	<u>-</u>	<u>196,760</u>
<b>Total change in net assets</b>	(16,760)	-	(16,760)
Net assets, beginning of year	<u>69,091</u>	<u>-</u>	<u>69,091</u>
<b>Net assets, end of year</b>	<u>\$ 52,331</u>	<u>\$ -</u>	<u>\$ 52,331</u>

The accompanying notes to the financial statements  
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**ECONOMIC DEVELOPMENT  
CORPORATION OF UTAH FOUNDATION**

Statement of Functional Expenses  
For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Grants	\$ 144,401	\$ -	\$ -	\$ 144,401
Salaries & wages	142,633	-	4,675	147,308
Employee retirement plan	5,150	-	169	5,319
Health insurance & accident plans	12,381	-	406	12,787
Payroll taxes	12,865	-	422	13,287
RMI	1,233	-	40	1,273
Office expenses	806	-	-	806
Membership	2,500	-	-	2,500
Office supplies	2,803	-	-	2,803
Administration fees	-	43,175	-	43,175
Contract & professional fees	102,787	-	-	102,787
Meetings	7,672	-	-	7,672
Supplies	2,167	-	-	2,167
Telephone	833	-	-	833
Travel	10,981	-	-	10,981
Total expenses	<u>\$ 449,212</u>	<u>\$ 43,175</u>	<u>\$ 5,712</u>	<u>\$ 498,099</u>

The accompanying notes to the financial statements  
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**ECONOMIC DEVELOPMENT  
CORPORATION OF UTAH FOUNDATION**

Statement of Functional Expenses  
For the Year Ended June 30, 2022

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries & wages	\$ 96,419	\$ -	\$ 4,675	\$ 101,094
Employee retirement plan	3,187	-	154	3,341
Health insurance & accident plans	7,935	-	385	8,320
Payroll taxes	8,155	-	395	8,550
RMI	812	-	39	851
Office expenses	506	-	-	506
Office supplies	3,884	-	-	3,884
Printing & photocopying	162	-	-	162
Administration fees	-	35,000	-	35,000
Advertising & marketing	6,684	-	-	6,684
Contract & professional fees	20,087	-	-	20,087
Meetings	1,808	-	-	1,808
Supplies	100	-	-	100
Telephone	664	-	-	664
Travel	5,709	-	-	5,709
Total expenses	<u>\$ 156,112</u>	<u>\$ 35,000</u>	<u>\$ 5,648</u>	<u>\$ 196,760</u>

The accompanying notes to the financial statements  
are an integral part of these statements

**ECONOMIC DEVELOPMENT  
CORPORATION OF UTAH FOUNDATION**

Statements of Cash Flows  
For the Years Ended June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (32,819)	\$ (16,760)
<b>(Increase) decrease in assets:</b>		
Related party receivable	-	69,091
Accounts receivable	(413)	-
<b>Increase (decrease) in liabilities:</b>		
Related party payable	(3)	904
Accrued liabilities	(1,765)	1,765
<b>Net cash flows from operating activities</b>	<b>(35,000)</b>	55,000
<b>Net change in cash and cash equivalents</b>	<b>(35,000)</b>	55,000
<b>Cash and cash equivalents, beginning of year</b>	<b>55,000</b>	-
<b>Cash and cash equivalents, end of year</b>	<b>\$ 20,000</b>	55,000
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -

The accompanying notes to the financial statements  
are an integral part of these statements

# ECONOMIC DEVELOPMENT CORPORATION OF UTAH FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2023 and 2022

## 1. ORGANIZATION

The **Economic Development Corporation of Utah Foundation** (the “Foundation”) was incorporated and began operations in June 2021. The Foundation was organized as a nonprofit corporation by business leaders with three primary purposes – to lessen the burdens of government, provide relief of the poor and distressed or underprivileged, and promote social welfare by reducing unemployment through economic development.

## 2. SUMMARY OF ACCOUNTING POLICIES

### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), and accordingly reflect all significant receivables, payables and other liabilities.

### Basis of Presentation

The Foundation prepares its financial statements on the accrual basis of accounting and follows accounting principles generally accepted in the United States for nonprofit organizations and reports information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions, based upon the following criteria:

**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 by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

# ECONOMIC DEVELOPMENT CORPORATION OF UTAH FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2023 and 2022

## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### Contributions and In-kind Donations

The Foundation's potential revenue sources include the public and private sectors in both monetary form and in the form of in-kind contributions of goods and services used within the normal course of business. All contributions, both monetary and in-kind, are recognized as revenues in the period in which they are promised. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

All contributions are available for use unless specifically restricted by the donor. Restricted contributions received from donors are reported as with donor restricted or without donor restricted support and as an increase in the respective net asset classes. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is met), net assets with donor restriction are reclassified to net assets without donor restriction and reported on the statement of activities as net assets released from restrictions. Restrictions on contributions that expire within the same accounting period as receipt of the contributions are considered support without donor restrictions.

### Functional Allocation of Expenses

Program costs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. The Foundation allocates expenses either by time and effort or by square footage depending on the nature of the expense. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support of the Foundation.

### Advertising

Costs for advertising are expensed as incurred. For the years ended June 30, 2023 and 2022, the Foundation incurred advertising costs of **\$0** and \$6,684, respectively.

### Income Tax Status

The Foundation was granted nonprofit exempt status in June 2021 under section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to federal or state income taxes in connection with its approved programs and activities. Accordingly, no provision for income taxes has been made in the financial statements for federal or state income taxes.

**ECONOMIC DEVELOPMENT  
CORPORATION OF UTAH FOUNDATION**

Notes to the Financial Statements  
For the Years Ended June 30, 2023 and 2022

**2. SUMMARY OF ACCOUNTING POLICIES (Continued)**

**Income Tax Status (Continued)**

The Foundation accounts for uncertain tax positions in accordance with the Accounting for Uncertain Tax Positions Topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). The topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The topic also provides guidance on recognition, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Management believes there are no uncertain tax positions taken by the Foundation in the tax returns which have been filed with the IRS. Generally, the Foundation’s tax returns remain open to examination for three years from the date of filing.

**Recent Accounting Pronouncements**

In March of 2016, the FASB issued ASU 2016-02, *Leases*, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2021. The Foundation has adopted this standard in the year ended June 30 2023, and applied the guidance retrospectively. Adoption of this standard had no impact on the statements of financial position or statements of activities.

**3. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 20,000	\$ 55,000
Restricted cash	413	-
Financial assets available for operations	<u>\$ 20,413</u>	<u>\$ 55,000</u>

As part of the Foundation's liquidity management policies, the Foundation manages its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

# ECONOMIC DEVELOPMENT CORPORATION OF UTAH FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2023 and 2022

## 4. COMMITMENTS AND CONTINGENCIES

Certain grants and other funding require the fulfillment of specific conditions as set forth in the instrument of grants and contracts. Failure to fulfill the conditions could result in the return of the funds to the funders or forfeiture of future cash receipts.

## 5. RETIREMENT PLAN

The Foundation sponsors a safe harbor defined contribution 401(k) plan (the "Plan"). Under the Plan, eligible employees may elect to contribute up to 100% of their salaries, and the Foundation may elect a discretionary contribution. However, both the employee and employer contributions are limited to the maximum allowable amounts specified in the IRS Regulations. The Foundation matches 100% of the first 1% contributed to the Plan, 50% of contributions between 1% and 5%, and 100% of contributions between 5% and 6%. Eligible employees are automatically enrolled in the Plan at a 3% contribution rate unless the employee opts out of participating in the Plan. The amount contributed to the Plan by the Foundation for the year ended June 30, 2023 and 2022 was **\$5,319** and \$3,341, respectively.

## 6. CONCENTRATIONS OF RISK

The Foundation is subject to a concentration of risk in its collection of revenue. During 2023 and 2022, 100% of the Foundation's revenue came from four contracts.

The Foundation is dependent upon the continuing willingness of private enterprise donors and government entities to support the Foundation. If adequate contributions from donors are not received, the ability of the Foundation to continue future operations could be impaired.

## 7. OTHER RISKS AND UNCERTAINTIES

The Foundation maintains cash in bank accounts which at times may exceed their federally insured limits of \$250,000 set by the Federal Deposit Insurance Foundation ("FDIC"). The accounts are held by banks and brokerage firms that are well established and highly regarded. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances.

## 8. RELATED PARTY

Members of the Foundation's governing board may, from time to time, be associated, either directly or indirectly, with companies doing business with the Foundation.

**ECONOMIC DEVELOPMENT  
CORPORATION OF UTAH FOUNDATION**

Notes to the Financial Statements  
For the Years Ended June 30, 2023 and 2022

**8. RELATED PARTY (Continued)**

During the years ended June 30, 2023 and 2022, the Foundation shared management personnel and accounting services with EDCUtah. EDCUtah paid several of the expenses for the Foundation and as of June 30, 2023 and 2022 the Foundation had a related party payable of **\$901** and \$904, respectively.

**9. SUBSEQUENT EVENTS**

Subsequent events have been evaluated by management through the date of the independent auditor's report, which is the date that the report was available to be issued and noted nothing that would require disclosure.