COLUMBUS

Entrepreneurs of the Human Spirit™

Columbus Foundation, Inc.

Financial Statements

And

Independent Auditor's Report

As of June 30, 2015

And for the year then ended

Columbus Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Columbus Foundation, Inc.
Salt Lake City, Utah

Financial Statements

We have audited the accompanying financial statements of Columbus Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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 this financial statement 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 statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 statement referred to above presents fairly, in all material respects, the financial position of Columbus Foundation, Inc. as of June 30, 2015, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Shaw & Co PC

Bountiful, Utah
December 30, 2015

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Columbus Foundation, Inc.

Statement of Financial Position

June 30, 2015

ASSETS	
Current assets	
Cash and cash equivalents	$ 1,293,471
Accounts receivable, including promises to give	1,151,363
Inventory	38,532
Prepaid expenses	38,794
Total current assets	2,522,160
Property and equipment, at cost	6,910,094
Less: accumulated depreciation and amortization	(2,234,294)
Property and equipment, net	4,675,800
Deferred costs, net	58,728
Restricted cash	255,855
Promises to give, net	780,479
Investments, restricted	84,476
Beneficial interest in assets held by others	33,793
Total assets	$ 8,411,291
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	$ 162,479
Accrued salaries and benefits	1,072,708
Accrued expenses and other liabilities	323
Current portion of long-term debt	129,000
Total current liabilities	1,364,510
Long-term debt, less current portion	1,556,750
Total Liabilities	2,921,260
Net assets	
Unrestricted	3,951,722
Temporarily restricted	1,412,825
Permanently restricted	125,484
Total net assets	5,490,031
Total liabilities and net assets	$ 8,411,291

See accompanying notes to financial statements.

Columbus Foundation, Inc.
Statement of Activities
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Revenues				
Fees for service	$ 2,234,759	$ -	$ -	$ 2,234,759
Contract revenue	1,155,719	-	-	1,155,719
Rental income	272,386	-	-	272,386
Other income	8,264	-	-	8,264
Interest income	909	-	-	909
Change in value of beneficial interest	863	-	-	863
Realized gain on investments	1,698	-	-	1,698
Unrealized gain on investments	(1,216)	-	-	(1,216)
Total revenues	3,673,382	-	-	3,673,382
Support				
Government grants	727,124	-	-	727,124
Contributions	142,827	513,015	-	655,842
In-kind contributions	400,968	-	-	400,968
Net assets released from restrictions	117,682	(117,682)	-	-
Total support	1,388,601	395,333	-	1,783,934
Total revenues and support	5,061,983	395,333	-	5,457,316
EXPENSES				
Program services	3,078,343	-	-	3,078,343
Management and general	727,165	-	-	727,165
Fundraising	228,241	-	-	228,241
Total expenses	4,033,749	-	-	4,033,749
Change in net assets	1,028,234	395,333	-	1,423,567
Net assets, beginning of year	2,923,488	1,017,492	125,484	4,066,464
Net assets, end of year	$ 3,951,722	$ 1,412,825	$ 125,484	$ 5,490,031

See accompanying notes to financial statements.

Columbus Foundation, Inc.

Statement of Functional Expenses

Year Ended June 30, 2015

	Program Services					Supporting Activities			
	Vocational Support Services	Residential Services	Supported Employment	Activities	Total	Management and General	Fundraising	Total	Total Expenses
Salaries and wages	$ 807,292	$ 568,459	$ 64,645	$ 132,611	$ 1,573,007	$ 393,081	$ 61,853	$ 454,934	$ 2,027,941
Payroll taxes	120,583	68,143	7,420	15,378	211,524	46,355	4,174	50,529	262,053
Employee benefits	61,680	56,311	10,527	20,162	148,680	6,654	3,705	10,359	159,039
Total salaries and related expenses	989,555	692,913	82,592	168,151	1,933,211	446,090	69,732	515,822	2,449,033
Contracted services	131,156	46,484	1,424	8,075	187,139	98,816	122,992	221,808	408,947
Cost of goods sold	261,312	-	-	-	261,312	-	-	-	261,312
Food	13,672	82,567	-	334	96,573	2,465	1,519	3,984	100,557
Supplies	45,035	11,319	381	4,642	61,377	17,335	15,897	33,232	94,609
Vehicles	65,661	18,266	2,786	3,433	90,146	1,702	-	1,702	91,848
Utilities	40,548	15,872	80	5,072	61,572	12,759	-	12,759	74,331
Grants	69,176	-	-	-	69,176	-	-	-	69,176
Insurance	78	2,384	-	-	2,462	46,422	-	46,422	48,884
Rent	-	32,302	-	-	32,302	-	-	-	32,302
Travel	5,738	561	494	64	6,857	9,558	15,100	24,658	31,515
Repairs and maintenance	9,918	4,417	-	55	14,390	16,161	-	16,161	30,551
Interest	-	-	-	-	-	27,097	-	27,097	27,097
Miscellaneous	12,346	12,094	-	-	24,440	-	-	-	24,440
Dues and fees	3,336	948	97	130	4,511	11,928	-	11,928	16,439
Bank charges	-	-	-	-	-	7,496	414	7,910	7,910
Total expenses before depreciation and amortization	1,647,531	920,127	87,854	189,956	2,845,468	697,829	225,654	923,483	3,768,951
Depreciation	103,500	20,700	5,175	103,500	232,875	23,287	2,587	25,874	258,749
Amortization	-	-	-	-	-	6,049	-	6,049	6,049
Total expenses	$ 1,751,031	$ 940,827	$ 93,029	$ 293,456	$ 3,078,343	$ 727,165	$ 228,241	$ 955,406	$ 4,033,749

See accompanying notes to financial statements.

Columbus Foundation, Inc.

Statement of Cash Flows
Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 1,423,567
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	264,798
Change in value of beneficial interest	(863)
Unrealized gain or loss on investment	1,216
Realized gain or loss on investment	(1,698)
Donated in-kind assets, net of liabilities (Note 2)	(382,368)
Changes in operating assets and liabilities:	
Accounts receivable, including promises to give	28,220
Prepaid expenses and other assets	(25,738)
Inventory	10,888
Accounts payable	17,078
Accrued salaries and benefits	21,272
Accrued expenses and other liabilities	(12)
Net cash provided by operating activities	1,356,360
CASH FLOWS FROM INVESTING ACTIVITIES	
Reduction in restricted cash	60,637
Purchases of property and equipment	(170,641)
Purchase of investments	(179,878)
Proceeds from sale of investments	100,259
Additions to beneficial interest in assets held by others	(32,930)
Net cash used in investing activities	(222,553)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from long-term debt issued	95,000
Principal payments on long-term debt	(114,250)
Net cash used in financing activities	(19,250)
Net change in cash	1,114,557
Cash and cash equivalents, beginning of year	178,914
Cash and cash equivalents, end of year	$ 1,293,471
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	$ 27,129
Cash paid for income taxes	$ -

See accompanying notes to financial statements.

1. ORGANIZATION

Columbus Foundation, Inc. (the "Organization") was incorporated on March 3, 1968 under the laws of the State of Utah as a 501(c)(3) nonprofit corporation. The organization supports programs and services that are offered through Columbus Community Center to individuals with intellectual and physical disabilities. These programs and services provide opportunities for individuals with disabilities to live with some level of independence in the community. Through December 31, 2014, the Organization accomplished this objective through fundraising and marketing efforts and through the ownership of facilities that it leased to Salt Lake City School District, which owned and operated Columbus Community Center. Effective January 1, 2015, the Organization acquired Columbus Community Center from Salt Lake City School District and continued to provide its services.

Vocational Training

Vocational Training is provided to Columbus Community Center clients who are able to perform a wide range of process and packaging tasks in the Columbus Production Services (CPS) warehouse, located in West Valley City. Additional training is provided in the Organization's secure shredding facility and in the Intermountain Health Care laundry facility in North Salt Lake.

Residential Services

Residential services are provided to approximately fifty clients ranging from medically fragile to reasonably independent in seven facilities located in the Salt Lake area. Some of the residential facilities are staffed 24-hours daily, while other residential facilities are staffed as needed to provide occasional assistance to clients.

Supported Employment

Supported employment services are provided to clients to assist them in working in the community, outside of Columbus Community Center's work sites. Job coaches assess abilities and needs and work with clients and local businesses to determine appropriate jobs.

Activities

The Organization's staff provide an activities program for medically fragile and other clients who are not capable of working but are able and willing to socialize with each other. The activities program is operated in a separate building.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Date of Management's Review

Subsequent events were evaluated through December 30, 2015, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Cash and cash equivalents excludes restricted cash. Restricted cash consists of amounts permanently restricted by donors for the Peter Demirali Scholarship Fund and amounts temporarily restricted by donors for Dignity Through Work scholarships.

Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. As of June 30, 2015, cash in bank deposit accounts exceeded the FDIC insured limit of $250,000 by $1,350,825. The Organization has not experienced any losses in such accounts and believe it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus, the Organization does not accrue finance or interest charges.

Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established as of June 30, 2015 because management believes that all accounts receivable are fully collectible.

Promises to Give

Promises to give are recorded at their estimated fair value. Amounts due later than one year, if any, are recorded at the present value of estimated future cash flows. The Organization estimates the allowance based on analysis of specific donors, taking into consideration the age of past due pledges and an assessment of the donor's ability to pay. As of June 30, 2015, management of the Organization considers all promises to be collectible; therefore, no allowance has been recorded.

Inventory

The Organization maintains an inventory of drug testing kits and supplies related to servicing certain contracts. Inventory is accounted for at the lower of cost or market, using the specific identification method.

Property and Equipment

Property and equipment are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed $5,000. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation and amortization expense is provided on a straight-line basis over the estimated useful lives of the respective assets or lease terms, which range from five to thirty years. Depreciation and amortization expense for the year ended June 30, 2015, was $264,798.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amounts of the assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against the estimated undiscounted future cash flows associated with them. When future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying amounts of the assets, the assets are adjusted to their fair values.

Deferred Costs

Deferred costs consist of bond offering costs that are amortized using the straight-line method over the life of the bonds.

Investments

The Organization has adopted the provisions of FASB ASC 958-320, *Investments—Debt and Equity Securities*. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investments are permanently restricted by donors for the Peter Demirali Scholarship Fund.

Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2015, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Endowment Fund

The Organization's endowment consist of one fund established to support specific activities (including Dignity Through Work Scholarships) and general operations. The endowment consists of donor-restricted funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As of June 30, 2015, there were no such donor stipulations. Consequently, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other sources of the Organization
- The investment policies of the Organization

Classes of Net Assets

Net assets, revenues, gains, and losses are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.

b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.

c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

Revenue and Revenue Recognition

Program service revenue consists of fees for service, contract revenue, and rental income. Program service revenue is recognized when earned. Payments received in advance, if any, are deferred to the applicable period in which the related goods or services are provided.

In-Kind Contributions

In accordance with ASC 958-605-25-16, *Contributed Services*, the Organization recognizes contributions of services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

During the year ended June 30, 2015, the Organization received the following in-kind contributions:

Salt Lake City School District (See Note 15)	
Accounts receivable	$ 1,166,958
Inventory	49,420
Property and equipment	300,000
Accounts payable	(86,949)
Accrued salaries and benefits	(1,051,436)
	377,993
Other Donors	
Investments	4,375
Professional consulting	18,600
	22,975
Total in-kind contributions	$ 400,968

Volunteers contribute significant amounts of time to the Organization’s activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria.

Contributions

Unconditional promises to give are recognized as contributions when received at the net present value of the amounts expected to be collected. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor-imposed time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restriction. Contributions with donor-imposed restrictions that are met in the current reporting period are reported as unrestricted contributions. Capital campaign contributions are considered temporarily restricted until the assets are placed in service.

Estimates in the Financial Statements

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is exempt from federal income taxes 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 Organization 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. There was no unrelated business income for the year ended June 30, 2015.

The Organization's Form 990, *Return of Organization Exempt from Income Tax,* for the years ending June 30, 2015, 2014, 2013, and 2012 are subject to examination by the IRS, generally for three years after they were filed. Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classifications of activities related to its exempt purpose. Management has evaluated the tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

3. ACCOUNTS RECEIVABLE, INCLUDING PROMISES TO GIVE

Accounts receivable, including promises to give, consisted of the following at June 30, 2015:

Trade accounts receivable	$ 1,038,863
Unconditional promises to give	
Non-cash	780,479
Cash	112,500
	$ 1,931,842

Non-cash promises to give represent three parcels of improved real property. Accounts receivable, including promises to give, are expected to be collected in full within one year or less. Therefore, management has determined that there is no allowance necessary.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2015:

Land	$ 1,037,876
Buildings	5,042,553
Furniture and equipment	364,820
Vehicles	464,845
	6,910,094
Less: accumulated depreciation and amortization	(2,234,294)
Property and equipment, net	$ 4,675,800

5. DEFERRED COSTS

Deferred costs consisted of the following at June 30, 2015:

Financing costs	$ 139,828
Accumulated amortization	(81,100)
	$ 58,728

6. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
Level 2	Inputs to the valuation methodology include • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Level 1

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued based on quoted NAV of the shares held by the Organization at year-end. The values of underlying common stocks, corporate bonds, and U.S. Government securities are based on the closing price reported on the active market where the individual securities are traded.

Level 3

Pooled investment funds: Valued at net asset value per unit as reported by the Community Foundation of Utah, as a practical expedient for measuring fair value. The Organization uses this practical expedient because the units do not trade in the marketplace and the Community Foundation of Utah reports all its investment assets at fair value. Redemption of pooled investment funds is restricted as described in Note 8.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2015:

	Assets at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Common stock	$ 4,030	$ -	$ -	$ 4,030
Equity mutual funds	80,446	-	-	80,446
Total investments	84,476	-	-	84,476
Pooled investment funds	-	-	33,793	33,793
Total beneficial interest in assets held by others	-	-	33,793	33,793
Totals	$ 84,476	$ -	$ 33,793	$ 118,269

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2015:

Balance at June 30, 2014	$ -
Contributions	32,929
Change in value of beneficial interest	864
Balance at June 30, 2015	$ 33,793

7. ENDOWMENT FUND

The Organization's endowment (the Endowment) was established in June 2013 by a Gift Agreement for a Peter Demirali Scholarship Fund to provide annual funding for specific activities (including Dignity Through Work scholarships) and general operations. Terms of the Gift Agreement require $100,000 to be funded by donors before December 30, 2014 and $50,000 to be funded by the Organization from unrestricted net assets before December 31, 2015. Management has already designated the amounts required to be funded by the Organization under the endowment agreement by December 31, 2015.

Endowment net asset composition by type of fund at June 30, 2015 was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Peter Demirali Scholarship Fund	$ -	$ -	$ 125,484	$ 125,484

Changes in endowment net assets for the fiscal year ending June 30, 2015 was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, June 30, 2014	$ -	$ -	$ 125,484	$ 125,484
Contributions	-	-	-	-
Investment return				
Investment income	-	564	-	564
Net appreciation	-	329	-	329
Total investment return	-	893	-	893
Appropriation of endowment assets for expenditure	-	(893)	-	(893)
Net assets, June 30, 2015	$ -	$ -	$ 125,484	$ 125,484

8. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization established the Columbus Dignity Through Work Fund through Community Foundation of Utah. The designated purpose of the fund is for the support of the charitable purposes of the Organization. Once the fund balance reaches $50,000, distributions may be made for charitable purposes in accordance with Community Foundation of Utah's spending policy. Distributions in excess of Community Foundation of Utah's spending policy may also be made to (1) acquire or renovate a capital asset, (2) meet an unexpected and nonrecurring financial need, or (3) benefit the Organization, advance its charitable purpose, and benefit the community.

At the time the fund was established, the Organization granted variance power to Community Foundation of Utah. That power gives Community Foundation of Utah the right to modify any restriction or condition on the distribution of funds if such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. At June 30, 2015, Community Foundation of Utah has not notified the Organization of any decision to exercise its variance power.

The Organization believes that the fair value of the future cash flows to be received from its beneficial interest in assets held by the Community Foundation of Utah approximates the fair value of the underlying assets held by the Community Foundation of Utah. The assets held by the Community Foundation of Utah are entirely comprised of pooled investment funds held and managed by the Community Foundation of Utah. Fair value is based on the net asset value per share as determined by the Community Foundation of Utah and provided to the Organization. The fund consists primarily of various common and preferred stocks, asset backed obligations, mutual and index funds, government obligations, and cash equivalent funds. The investment is directed by the Community Foundation of Utah and the portfolio is designed to achieve returns consistent with the Community Foundation of Utah's adopted investment policies. At June 30, 2015, the fund had a value of $33,793, which is reported in the statement of financial position as beneficial interest in assets held by others.

9. LONG-TERM DEBT

The Organization's long-term debt consists of a bond due to Salt Lake County and an equipment loan.

Bond

On November 1, 2000, Salt Lake County issued $2,570,000 of Series 2000 Multi-Mode Variable Rate Training Facilities Revenue Bonds (the Bonds). The County then loaned the proceeds of the Bonds to the Organization (formerly known as Community Foundation for the Disabled, Inc.) for construction of production facilities and administrative offices. The Bonds are special limited obligations of the County and are payable solely out of the amounts from the Organization pursuant to the terms and provisions of the indenture and agreement. The Bonds are 2000-year serial bonds maturing in August 2025, with a variable interest rate, which was 0.23 percent as of June 30, 2015. The Organization may from time to time convert the interest rate mode for the bonds to another interest rate mode in accordance with the terms of the Bond Indenture Agreement. Payment of principal and interest on the Bonds is guaranteed by a loan agreement which provides the County with rights and title to the program revenues and is secured by the production facilities and administrative offices. Interest on the Bonds is payable monthly, with various annual installments of principal through 2025.

In connection with the bond agreements, the Organization agrees that it will not sell, assign, transfer, exchange, or otherwise dispose of the Organization's facilities, and that it will not create, incur, or permit to exist any lien with respect to the Organizations facilities, except for the lien of the bond agreements. The bonds payable are secured by the Organizations facilities and revenues. The Organization has a letter of credit agreement with a bank (equal to the outstanding bond payable balance) which requires an annual payment of 1% of the outstanding bond payable amount. Letter of credit fees are included in interest expense in the statement of functional expenses. At June 30, 2015, bond proceeds payable under this agreement totaled $1,605,000.

Equipment Loan

In August 2014, the Organization issued a note payable to private party. The note payable is non-interest-bearing and requires quarterly payments of $4,750 through August 2019. The note payable is secured by equipment costing $95,000. At June 30, 2015, the equipment loan payable under this agreement totaled $80,750.

Future Maturities

Future maturities of long-term debt are as follows:

Year Ending June 30,	
2016	$ 129,000
2017	134,000
2018	139,000
2019	149,000
2020	139,750
Thereafter	995,000
	$ 1,685,750

10. RESTRICTED NET ASSETS

Temporarily Restricted

Temporarily restricted net assets consisted of the following at June 30, 2015:

Dignity through Work Scholarships	$ 227,347
Community Employment Expansion	305,000
Promises to Give	880,478
	$ 1,412,825

Permanently Restricted

Permanently restricted net assets consisted of the following at June 30, 2015:

Peter Demirali Scholarship Fund	$ 112,984
Promises to Give	12,500
	$ 125,484

Permanently restricted net assets consist of an endowment fund restricted by donors for investment in perpetuity. Distributions from perpetual trusts and earnings on endowment funds are available for the purposes specified by the donors.

11. LEASES

Lessee Arrangements

The Organization leases six residential facilities for use in its Residential Services program. At June 30, 2015, four of these leases were under a month-to-month agreement. The remaining two residential facilities were leased under an operating lease requiring combined monthly payment of $1,460 and expiring between July and December 2015. Rent expense during the year ended June 30, 2015 was $32,302. Future minimum payments required under non-cancellable leases are as follows:

Year ending June 30,	
2016	$ 5,735
Thereafter	-
	$ 5,735

Lessor Arrangements

During July 1, 2014 through December 31, 2014, the Organization leased its office and warehouse facilities to Salt Lake City School District for Columbus Community Center's program operations. Rental income under these lease agreements totaled $170,383. The rental agreements were on month-to-month arrangements.

The Organization's residential facilities are used as group homes to support the Organization's Residential Services program. The residential facilities are sublet to individuals under operating leases requiring combined monthly payments of $5,435 and expiring December 2015. The Organization also leases office space to a third party under an operating lease requiring monthly payments of $1,384 and expiring June 2017. Future minimum payments to be received under non-cancellable leases are as follows:

Year ending June 30,	
2016	$ 49,223
2017	17,028
Thereafter	-
	$ 66,251

12. RELATED-PARTY TRANSACTIONS

From July 1, 2014 through December 31, 2014, the Organization leased its office and warehouse facilities to Salt Lake City School District for Columbus Community Center's program operations, as described in Note 11.

From July 1, 2014 through December 31, 2014, the furniture and equipment owned by the Organization was used by the Salt Lake City School District for Columbus Community Center's program operations. During this period, the Organization's property and equipment was insured by Salt Lake City School District. The Organization also made contributions to the Salt Lake City School District in direct support of Columbus Community Center's program operations. Direct support of Columbus Community Center for the period from July 1, 2014 through December 31, 2014 consisted of $43,347 in Dignity through Work scholarships.

From July 1, 2014 through December 31, 2014, Salt Lake City School District allocated certain payroll and related costs to the Organization. For the period from July 1, 2014 through December 31, 2014, the Organization reimbursed Salt Lake City School District $20,678 for payroll and related costs.

At June 30, 2015, accounts payable due to Salt Lake City School District totaled $22,740.

One Salt Lake City School District board member was also a member of the board of directors of the Organization.

13. CONCENTRATIONS

During the year ended June 30, 2015, the Organization received 31% and 18% of its total revenue and support from Customer A and Agency A, respectively. As of June 30, 2015, 23% and 40% of total accounts receivable, including promises to give, was due from Customer A and Agency A, respectively. At June 30, 2015, 43%, 15%, and 14% of total accounts payable was due to Vendor A, Vendor B, and Vendor C, respectively.

14. COMMITMENTS AND CONTINGENCIES

The Organization participates in various government-assisted state programs that are subject to review and audit by grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a government audit may become a liability of the Organization. The ultimate disallowance pertaining to these regulations, if any, is estimated to be immaterial to the overall financial condition of the Organization.

The Organization may be involved in certain claims arising from the ordinary course of operations, and has purchased insurance policies to cover these risks.

The Utah Retirement System (URS) administered the retirement plan for the employees of Columbus Community Center while it was owned by Salt Lake City School District. During the year ended June 30, 2015, URS audited Salt Lake City School District's retirement plan, including the accounts of the employees of Columbus Community Center. Subsequent to year end, URS concluded that employees of Columbus Community Center were owed $688,824 in additional retirement plan contributions. The Organization included this liability in accrued salaries and benefits at June 30, 2015 and paid the obligation in full September 2015.

15. ACQUISITION

On January 1, 2015, the Organization acquired the assets and liabilities of Columbus Community Center, which was a component operation of Salt Lake City School District. The purpose of the acquisition was to continue the operations of Columbus Community Center with an increased ability to manage and control its operations and finances.

The following table summarizes the consideration paid for Columbus Community Center and the amounts of assets acquired and liabilities assumed recognized at the acquisition date.

January 1, 2015	
Consideration	$ -
Recognized amounts of identifiable assets and liabilities assumed	
Cash	$ 602,772
Accounts receivable	1,166,958
Inventory	49,420
Property and equipment	300,000
Accounts payable	(86,949)
Accrued salaries and benefits	(1,051,436)
Total identifiable net assets	$ 980,765
Inherent contribution received	$ 980,765

On the statement of activities, the inherent contribution received has been recorded as the excess of fair value of net assets acquired over consideration paid in acquisition of Columbus Community Center, an increase to unrestricted net assets. Prior to the acquisition, there were related party transactions between the Organization and Salt Lake City School District as described in Note 12.

16. RETIREMENT PLAN

As of January 1, 2015, the Organization began participating in a 401(k) retirement plan sponsored by a third party service provider that covers employees who meet certain eligibility requirements. The Organization contributes discretionary matching and profit sharing contributions for eligible employees. The Organization's contribution to the Plan during the year ended June 30, 2015 was $53,132.