



Financial Statements
June 30, 2014 and 2013

**Salt Lake Art Center, dba Utah
Museum of Contemporary Art**

Salt Lake Art Center, dba Utah Museum of Contemporary Art

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Independent Auditor's Report

The Board of Directors
Salt Lake Art Center
dba Utah Museum of Contemporary Art
Salt Lake City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the Salt Lake Art Center dba Utah Museum of Contemporary Art (a non-profit organization), which comprise the statements of financial position as of June 30, 2014 and 2013 and the related statements of activities, functional expenses and cash flows 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 fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Salt Lake Art Center dba Utah Museum of Contemporary Art as of June 30, 2014 and 2013, 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.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Salt Lake Art Center dba Utah Museum of Contemporary Art will continue as a going concern. As discussed in Note 2 to the financial statements, the Organization has incurred significant losses from operations in prior years and has a net deficiency in unrestricted net assets. These conditions raise substantial doubt about the Organization's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Restatement

As discussed in Note 13 to the financial statements, a certain error resulting in an understatement of amounts previously reported for in-kind revenue and facility expense for the year ending June 30, 2013, was discovered by management of the Organization during the current year. Accordingly, amounts reported for in-kind revenue and facility expense have been restated in the 2013 financial statements now presented to correct the error. Our opinion is not modified with respect to that matter.

Eide Bailly LLP

Salt Lake City, Utah
March 09, 2015

Salt Lake Art Center, dba Utah Museum of Contemporary Art
 Statements of Financial Position
 June 30, 2014 and 2013

	2014	2013
Assets		
Current Assets		
Cash	\$ 176,921	\$ 183,660
Grants receivable and promises to give	252,747	102,198
Other receivables	215	215
Prepaid expenses and other	24,455	25,075
Inventory	2,134	1,240
Total current assets	456,472	312,388
Property and equipment, net	44,978	54,713
Investments	475,456	475,317
Permanent art collection	281,777	281,777
Total assets	\$ 1,258,683	\$ 1,124,195
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 13,914	\$ 18,644
Accrued liabilities	30,977	32,465
Current portion of capital lease obligation	4,461	7,978
Total current liabilities	49,352	59,087
Line of credit	420,824	410,097
Capital lease obligation, less current portion	-	4,387
Total liabilities	470,176	473,571
Net Assets		
Unrestricted	(329,670)	(354,473)
Permanent art collection	281,777	281,777
Total unrestricted net assets	(47,893)	(72,696)
Temporarily restricted	400,722	287,642
Permanently restricted	435,678	435,678
Total net assets	788,507	650,624
	\$ 1,258,683	\$ 1,124,195

Salt Lake Art Center, dba Utah Museum of Contemporary Art
 Statements of Activities
 Year Ended June 30, 2014 and 2013

	2014	2013 (restated)
Unrestricted Net Assets		
Public support	\$ 203,661	\$ 306,019
In-kind public support	262,140	184,200
Revenue:		
Gift shop sales	9,313	8,959
School	19,217	21,991
Investment income, net of fees	(204)	3,944
Realized and unrealized gain on investments	-	4,810
Art sales	20,964	24,180
Less: commissions paid on art sales	(4,762)	(7,064)
Net proceeds from art sales	16,202	17,116
Special events	352,288	146,847
Less: costs of direct benefits to donors	(50,815)	(55,785)
Net proceeds from special events	301,473	91,062
Gain on sale of equipment	3,200	3,200
Other	5,000	147
Net assets released from restrictions		
Restrictions satisfied	196,187	141,183
Total unrestricted public support and revenue	1,016,189	782,631
Program service expenses		
Exhibits	370,617	505,506
Public education	283,206	268,820
School	29,388	28,017
Total program service expenses	683,211	802,343
Supporting service expenses		
Management and general	148,524	146,559
Fundraising	159,651	148,632
Total supporting service expenses	308,175	295,191
	991,386	1,097,534
Change in Unrestricted Net Assets	24,803	(314,903)

Salt Lake Art Center, dba Utah Museum of Contemporary Art
 Statements of Activities
 Year Ended June 30, 2014 and 2013

	2014	2013 (restated)
Temporarily Restricted Net Assets		
Public support	308,924	159,181
Revenue:		
Investment income, net of fees	343	4,862
Realized and unrealized gain on investments	-	4,306
Net assets released from restrictions:		
Restrictions satisfied	(196,187)	(141,183)
Change in Temporarily Restricted Net Assets	113,080	27,166
Change in Net Assets	137,883	(287,737)
Net Assets, Beginning of Year	650,624	938,361
Net Assets, End of Year	\$ 788,507	\$ 650,624

Salt Lake Art Center, dba Utah Museum of Contemporary Art
Statement of Functional Expenses
Year Ended June 30, 2014

	Program Service Expenses				Supporting Service Expenses			Total Expenses
	Exhibits	Public Education	School	Total	Management and General	Fundraising	Total	
Bank charges	\$ 2,379	\$ 2,386	\$ 108	\$ 4,873	\$ 1,175	\$ 1,046	\$ 2,221	\$ 7,094
Bookstore expenses	-	5,170	-	5,170	-	-	-	5,170
Depreciation	8,518	8,672	392	17,582	3,249	3,801	7,050	24,632
Dues and subscriptions	-	-	-	-	861	600	1,461	1,461
Equipment rental and maintenance	2,740	2,790	126	5,656	1,976	1,223	3,199	8,855
Exhibition expense	60,293	344	-	60,637	-	55	55	60,692
Facility expense	58,679	65,266	2,692	126,637	33,161	26,093	59,254	185,891
Gala expense	-	-	-	-	-	55,577	55,577	55,577
Insurance	3,069	5,104	141	8,314	1,170	1,370	2,540	10,854
Interest	4,387	4,466	202	9,055	1,673	1,958	3,631	12,686
Other	4,325	5,958	-	10,283	4,070	13,948	18,018	28,301
Outside services - contractors	21,233	3,500	-	24,733	24,462	29,940	54,402	79,135
Outside services - instructors	-	-	18,092	18,092	-	-	-	18,092
Payroll and related costs	133,744	134,276	6,153	274,173	55,538	59,532	115,070	389,243
Printing and postage	2,720	12	-	2,732	151	3,023	3,174	5,906
Promotions and marketing	59,726	39,852	1,482	101,060	13,720	16,994	30,714	131,774
Supplies	505	1,847	-	2,352	1,087	68	1,155	3,507
Telephone	-	-	-	-	6,153	-	6,153	6,153
Travel	8,299	3,563	-	11,862	78	-	78	11,940
Total expenses	370,617	283,206	29,388	683,211	148,524	215,228	363,752	1,046,963
Less commissions paid on art sales	-	-	-	-	-	(4,762)	(4,762)	(4,762)
Less cost of direct benefits to donors	-	-	-	-	-	(50,815)	(50,815)	(50,815)
Total expenses included in the expense section on the statement of activities	\$ 370,617	\$ 283,206	\$ 29,388	\$ 683,211	\$ 148,524	\$ 159,651	\$ 308,175	\$ 991,386

Salt Lake Art Center, dba Utah Museum of Contemporary Art
Statement of Functional Expenses
Year Ended June 30, 2013

	Program Service Expenses				Supporting Service Expenses			Total Expenses (restated)
	Exhibits	Public Education	School	Total	Management and General	Fundraising	Total	
Bank charges	\$ 4,010	\$ 3,276	\$ 144	\$ 7,430	\$ 2,410	\$ 1,569	\$ 3,979	\$ 11,409
Bookstore expenses	-	5,699	-	5,699	-	-	-	5,699
Depreciation	11,586	10,433	461	22,480	3,831	5,022	8,853	31,333
Dues and subscriptions	380	-	-	380	667	100	767	1,147
Equipment rental and maintenance	3,251	3,279	129	6,659	1,075	1,409	2,484	9,143
Exhibition expense	89,792	45	-	89,837	67	481	548	90,385
Facility expense	59,461	55,664	2,355	117,480	20,327	25,638	45,965	163,445
Gala expense	-	-	-	-	-	62,849	62,849	62,849
Insurance	1,996	4,845	79	6,920	660	865	1,525	8,445
Interest	4,560	4,106	182	8,848	1,508	1,976	3,484	12,332
Other	29,260	1,148	-	30,408	21,215	4,522	25,737	56,145
Outside services - contractors	21,164	5,977	-	27,141	23,136	9,846	32,982	60,123
Outside services - instructors	-	-	17,227	17,227	-	-	-	17,227
Payroll and related costs	186,664	166,879	7,440	360,983	62,717	80,810	143,527	504,510
Printing and postage	5,882	18	-	5,900	646	2,407	3,053	8,953
Promotions and marketing	68,299	1,370	-	69,669	120	13,044	13,164	82,833
Supplies	324	2,559	-	2,883	1,637	943	2,580	5,463
Telephone	275	-	-	275	6,494	-	6,494	6,769
Travel	18,602	3,522	-	22,124	49	-	49	22,173
Total expenses	505,506	268,820	28,017	802,343	146,559	211,481	358,040	1,160,383
Less commissions paid on art sales	-	-	-	-	-	(7,064)	(7,064)	(7,064)
Less cost of direct benefits to donors	-	-	-	-	-	(55,785)	(55,785)	(55,785)
Total expenses included in the expense section on the statement of activities	\$ 505,506	\$ 268,820	\$ 28,017	\$ 802,343	\$ 146,559	\$ 148,632	\$ 295,191	\$ 1,097,534

See Notes to Financial Statements

Salt Lake Art Center, dba Utah Museum of Contemporary Art
 Statements of Cash Flows
 Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Change in net assets	\$ 137,883	\$ (287,737)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	24,632	31,333
Gain on disposal of property and equipment	(3,200)	(3,200)
Net unrealized gain on investments	-	(9,116)
Changes in operating assets and liabilities		
Grants receivable and promises to give	(150,549)	91,358
Other receivables	-	1,642
Prepaid expenses and other	620	24,075
Inventory	(894)	511
Accounts payable	(4,730)	577
Accrued liabilities	(1,488)	1,272
Net Cash from (used for) Operating Activities	2,274	(149,285)
Cash Flows from Investing Activities		
Purchases of property and equipment	(14,897)	(9,475)
Proceeds from sale of equipment	3,200	3,200
(Increase) decrease in investments, net	(139)	231,334
Net Cash from (used for) Investing Activities	(11,836)	225,059
Cash Flows from Financing Activities		
Decrease in capital lease obligation	(7,904)	(7,086)
Borrowings under line of credit	10,727	151,379
Repayments on line of credit	-	(137,922)
Net Cash from Financing Activities	2,823	6,371
Net Change in Cash	(6,739)	82,145
Cash, Beginning of Year	183,660	101,515
Cash, End of Year	\$ 176,921	\$ 183,660
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Interest	\$ 12,686	\$ 12,331

Note 1 - Summary of Significant Accounting Policies

The Salt Lake Art Center dba Utah Museum of Contemporary Art (UMOCA) is a non-profit corporation organized to promote artistic values in the Salt Lake City area. UMOCA currently operates the following programs:

- Exhibits are provided to educate and expose the community to contemporary art.
- Public Education program offers tours and workshops for children to learn how to create and appreciate art as well as lecture series and symposia for adults.
- School program offers adult education classes in photography and digital imaging.

Cash

UMOCA defines cash to be all cash which is neither held for nor restricted by donors for long-term purposes. Cash restricted to capital expenditures, permanent endowment, or other long-term purposes are excluded from this definition.

Grants Receivable and Promises to Give

Grants receivable and unconditional promises to give expected to be collected within one year are recorded at net realizable value. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2014 and 2013, no allowance has been recorded.

Inventory

Inventory is comprised of program-related merchandise held for sale in the gift shop, and is stated at the lower of cost or market determined by the first-in first-out method.

Property and Equipment

Property and equipment additions are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets ranging from three to ten years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Permanent Art Collection

The permanent art collection reflects estimated fair market value of donated items and historical cost of purchased items in accordance with generally accepted accounting principles (GAAP). UMOCA valued the permanent art collection at estimated fair market value at July 1, 1996, the date this GAAP provision became effective.

UMOCA has not attempted to determine the fair market value of the permanent art collection since July 1, 1996. The permanent art collection consists of art works which have been purchased by or were donated to UMOCA.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations. Permanent Art Collection unrestricted net assets consist of artwork held by UMOCA to be used in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of UMOCA and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by UMOCA's Board of Directors.

UMOCA reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of UMOCA. The restrictions stipulate that resources be maintained permanently but permit UMOCA to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the related services are performed. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to UMOCA's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. UMOCA records donated professional services at the respective fair values of the services received.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$24,810 and \$27,519 for the years ended June 30, 2014 and 2013, respectively.

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

UMOCA is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. UMOCA is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, UMOCA is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. UMOCA has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

UMOCA believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. UMOCA would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at 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 and those differences could be material.

Subsequent Events

Management has made an evaluation of subsequent events through March 09, 2015, the date on which the financial statements were available to be issued.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Note 2 - Going Concern and Management's Plan

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles which contemplate continuation of the Organization as a going concern. However, the Organization has incurred recurring losses from operations in prior years and has a net deficiency in unrestricted net assets. Additionally, the Organization had incurred line of credit balances of \$420,824 and \$410,097, as of June 30, 2014 and 2013, respectively, without the ability to repay the line of credit unless it were to sell its permanent art collection or use restricted net assets. During the year ended June 30, 2014, the Organization was required to begin paying a portion of the utility and maintenance costs of its rental space amounting to \$9,868, which had been previously donated to the Organization. Under the terms of its lease, UMOCA will be required to pay an increasing portion of the utility and maintenance costs each year until September 1, 2016 at which time UMOCA will be responsible for 100% of the costs, estimated to be \$79,000 per year. These factors raise substantial doubt about the Organization's ability to continue as a going concern. UMOCA must continue to increase public support and revenues and/or decrease expenses in order to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

Management believes it can increase public support and revenues through fundraising and new grants. Management plans to decrease expenses by increasing the amount of time each exhibit is displayed and by seeking out lower cost exhibits. Management is confident that it will be successful in continuing UMOCA's mission.

Note 3 - Fair Value Measurements

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the entity develops inputs using the best information available in the circumstances.

Salt Lake Art Center, dba Utah Museum of Contemporary Art

Notes to Financial Statements

June 30, 2014 and 2013

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to UMOCA's assessment of the quality, risk or liquidity profile of the asset or liability.

The following tables present assets measured at fair value on a recurring basis, at June 30, 2014 and 2013:

Assets at Fair Value at June 30, 2014				
Assets	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	\$ 444,683	\$ -	\$ -	\$ 444,683
Investment fund	-	30,773	-	30,773
Total Assets at Fair Value	\$ 444,683	\$ 30,773	\$ -	\$ 475,456
Assets at Fair Value at June 30, 2013				
Assets	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	444,466	\$ -	\$ -	\$ 444,466
Investment fund	-	30,851	-	30,851
Total Assets at Fair Value	\$ 444,466	\$ 30,851	\$ -	\$ 475,317

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2014 and 2013:

	2014	2013
Furniture and fixtures	\$ 10,554	\$ 10,554
Leasehold improvements	132,453	132,453
Equipment	150,807	137,954
	293,814	280,961
Less accumulated depreciation and amortization	(248,836)	(226,248)
	\$ 44,978	\$ 54,713

UMOCA leases certain equipment under a capital lease agreement. Capitalized lease equipment totaled \$22,726 at June 30, 2014 and 2013, with accumulated amortization at June 30, 2014 and 2013 totaling \$18,938 and \$11,363, respectively.

Note 5 - Line of Credit

UMOCA has a revolving line of credit with Merrill Lynch, secured by permanently restricted investment assets held at Merrill Lynch. Borrowings under the line bear interest at the 3-Month LIBOR rate plus 2.375%, (2.53% at June 30, 2014 and 2013). Accrued interest is due monthly. Line of credit does not expire as long as secured deposit collateral is maintained.

Note 6 - Rental Commitments

During the years ended June 30, 2014 and 2013, UMOCA leased its facility from Salt Lake County. The 12-month calendar year lease requires an annual payment of \$1, plus a portion of utility and maintenance costs. Accordingly, an in-kind donation totaling \$169,076 and \$160,000 and was recorded during the years ended June 30, 2014 and 2013, approximating the fair market value of rent and utility and maintenance costs for the facility provided by Salt Lake County.

Note 7 - Capital Lease Obligation

UMOCA entered into a capital lease obligation requiring monthly payments of \$750 through January 2015, with imputed interest at 11.4%. The equipment was capitalized based on the fair market value of the equipment when acquired and the future minimum lease payments have been recorded as a liability.

Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Payments</u>
2015	\$ 4,461
Total future minimum lease payments	4,601
Less: Amounts representing interest	<u>(140)</u>
Present value of future minimum lease payments	4,461
Less current portion	<u>4,461</u>
Long-term portion	<u>\$ -</u>

Note 8 - Endowments

UMOCA's endowment (the Endowment) consists of approximately five individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain unrestricted net assets designated for quasi-endowment by the Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

UMOCA's Board of Directors has interpreted the Utah Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2014 and 2013, there were no such donor stipulations. As a result of this interpretation, UMOCA classifies as permanently restricted net assets (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts) and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by UMOCA in a manner consistent with the standard of prudence prescribed by UPMIFA. UMOCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes 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 resources of the organization
- The investment policies of the organization

UMOCA has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. At June 30, 2014 and 2013, all Endowment earnings had been appropriated for support of UMOCA's programs.

Changes in the Endowment for the years ending June 30, 2014 and 2013 are as follows:

Salt Lake Art Center, dba Utah Museum of Contemporary Art
Notes to Financial Statements
June 30, 2014 and 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at June 30, 2012	227,468	34,389	435,678	697,535
Distributions				
Appropriation of endowment assets persuant to spending-rate policy	(240,140)	-	-	(240,140)
Transfers				
Due to temporarily restricted	3,918			3,918
Due from unrestricted		(3,918)		(3,918)
Investment fees	(601)	(735)	-	(1,336)
Investment returns				
Dividends and interest	4,545	5,597	-	10,142
Unrealized gains and losses	4,810	4,306	-	9,116
Endowment net assets at June 30, 2013	-	39,639	435,678	475,317
Transfers				
Due to temporarily restricted	204			204
Due from unrestricted		(204)		(204)
Investment fees	(451)	-	-	(451)
Investment returns				
Dividends and interest	247	343	-	590
Unrealized gains and losses	-	-	-	-
Endowment net assets at June 30, 2014	<u>\$ -</u>	<u>\$ 39,778</u>	<u>\$ 435,678</u>	<u>\$ 475,456</u>

Note 9 - Restricted Net Assets

Temporarily Restricted

Temporarily restricted net assets at June 30, 2014 and 2013, consist of:

	<u>2014</u>	<u>2013</u>
Exhibits	\$ 119,075	\$ 110,721
Development	25,000	25,000
Other	80,150	54,159
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	176,497	97,762
	<u>\$ 400,722</u>	<u>\$ 287,642</u>

Permanently Restricted

Permanently restricted net assets at June 30, 2014 and 2013, consist of:

	2014	2013
Owen Endowment	\$ 10,000	\$ 10,000
Simpson Endowment	10,000	10,000
Utah Arts Council	30,710	30,710
Art Center Endowment Fund	369,368	369,368
General Support Endowment	15,600	15,600
	\$ 435,678	\$ 435,678

Permanently restricted net assets are contributions for which the contributor has permanently restricted the amounts for a specific use.

John and Marcia Price, the major contributors of the Art Center Endowment Fund, have placed the following restrictions on their contribution:

The principal is to be placed in a perpetual fund and appropriately invested to earn the highest available rate of interest, without undue risk, and the principal will not be invaded except for emergency situations first authorized by Marcia Price, her executor, or other duly authorized representative.

The interest attributable to the donation shall be devoted to exhibitions and assemblage of regional shows, scholarships, grants to local artists, and any other special programs or projects similar to the foregoing, first approved by Marcia Price, her executor, or other authorized representative. In no event shall principal or interest be utilized for rent, utilities, overhead or similar administrative expenses, except for emergency situations described above.

Until the Art Center Endowment Fund reaches a principal sum of \$250,000, the interest on the donation shall be reinvested and not utilized for any of the foregoing purposes, except for emergency situations described above.

Other donors to the Art Center Endowment Fund have placed similar restrictions on their donations. During the year ended June 30, 2000, the Art Center Endowment Fund surpassed the principal sum of \$250,000.

Earnings from the Owen endowment are restricted for use in the ongoing maintenance of the library and furnishing books, periodicals, slides, and appropriate art objects for the library.

Earnings from the Simpson endowment are restricted to purchase banners for and maintain a sign tower in front of UMOCA's facility.

Earnings from the Utah Arts Council endowment and general support endowment are available for unrestricted use by UMOCA.

Note 10 - Concentrations

During the years ended June 30, 2014 and 2013, UMOCA received a grant from one government agency totaling \$133,716 and \$143,109 and in-kind donations totaling \$169,076 and \$160,000 or 26 and 37 percent of total public support, respectively. The grant amount represents UMOCA's allocation of the Zoo, Arts, and Parks (ZAP) sales tax amount collected in Salt Lake County. At June 30, 2014 and 2013, UMOCA has a Salt Lake County grant receivable from this government agency totaling \$100,287 and \$97,762, representing 40 and 96 percent of total grants receivable. These are considered concentrations of public support and grants receivable, respectively.

Note 11 - Related Party Transactions

UMOCA received unrestricted contributions from members of the board of trustees totaling \$97,061 and \$34,567 during the years ended June 30, 2014 and 2013. At June 30, 2014 and 2013, grants receivable and promises to give include \$7,500 and \$1,000 due from members of the board of trustees.

Note 12 - Donated Services, Materials and Facilities

UMOCA received donated facilities, professional services and materials as follows during the years ended June 30, 2014 and 2013:

	2014	2013
Facilities	\$ 169,076	\$ 160,000
Marketing	93,064	24,200
	\$ 262,140	\$ 184,200

Note 13 - Restatement

During the year ended June 30, 2014, UMOCA identified a misstatement within the prior year financial statements related to in-kind contributions and the related facility expense of utility and maintenance costs totaling approximately \$75,000. The Organization restated its previously issued financial statements to appropriately reflect the balances of in-kind revenue and facility expense for the year ended June 30, 2013.

The following is a summary of the effects of the restatement in the Organization's June 30, 2013 Statement of Activities:

Salt Lake Art Center, dba Utah Museum of Contemporary Art
Notes to Financial Statements
June 30, 2014 and 2013

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Year ended June 30, 2013			
Unrestricted Net Assets			
In-kind public support	\$ 109,200	\$ 75,000	\$ 184,200
Total unrestricted public support and revenue	707,631	75,000	782,631
Program service expenses			
Exhibits	\$ 477,772	\$ 27,734	\$ 505,506
Public education	243,845	24,975	268,820
School	26,914	1,103	28,017
Total program services	<u>748,531</u>	<u>53,812</u>	<u>802,343</u>
Supporting service expenses			
Management and general	137,386	9,173	146,559
Fundraising	136,617	12,015	148,632
Total supporting services	<u>274,003</u>	<u>21,188</u>	<u>295,191</u>
Total expenses	1,022,534	75,000	1,097,534
Change in Net Assets	(314,903)	-	(314,903)

The following is a summary of the effect of the restatement in the Organization's June 30, 2013 Statement of Functional Expenses:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Year ended June 30, 2013			
Facility expense	\$ 88,445	\$ 75,000	\$ 163,445