



Financial Statements
June 30, 2016 and 2015

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

Salt Lake Art Center, dba Utah Museum of Contemporary Art

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June 30, 2016 and 2015

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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, 2016 and 2015 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, 2016 and 2015, 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 not been able to consistently produce positive results from operations in prior years, has a significant net deficiency in unrestricted net assets, and used restricted funds to pay down its line of credit balance. 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.

Eide Bailly LLP

Salt Lake City, Utah
May 11, 2017

Salt Lake Art Center, dba Utah Museum of Contemporary Art
 Statements of Financial Position
 June 30, 2016 and 2015

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 210,092	\$ 200,238
Grants receivable and promises to give	161,852	128,261
Other receivables	16,159	215
Prepaid expenses and other	1,540	24,290
Inventory	3,862	2,183
Total current assets	393,505	355,187
Property and Equipment, Net	31,037	41,903
Investments	280,989	467,889
Permanent Art Collection	261,858	279,589
Total assets	\$ 967,389	\$ 1,144,568
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 37,266	\$ 35,508
Accrued liabilities	35,587	35,583
Total current liabilities	72,853	71,091
Line of Credit	240,440	422,806
Total liabilities	313,293	493,897
Net Assets		
Unrestricted	(304,631)	(375,157)
Permanent art collection	261,858	279,589
Total unrestricted net assets	(42,773)	(95,568)
Temporarily restricted	261,191	310,561
Permanently restricted	435,678	435,678
Total net assets	654,096	650,671
	\$ 967,389	\$ 1,144,568

Salt Lake Art Center, dba Utah Museum of Contemporary Art
 Statements of Activities
 Year Ended June 30, 2016 and 2015

	2016	2015
Unrestricted Public Support and Revenue		
Public support	\$ 375,888	\$ 297,659
In-kind contributions	146,457	164,080
Revenue		
Gift shop sales	7,714	11,443
School	10,461	21,993
Investment income, net of fees	279	272
Total public support and revenue	540,799	495,447
Art sales	22,706	17,193
Less commissions paid on art sales	(20,815)	(3,220)
Net revenue from art sales	1,891	13,973
Special events	93,707	105,841
Less costs of direct benefits to donors	(54,850)	(58,764)
Net revenue from special events	38,857	47,077
Gain (loss) on disposal of assets	29,414	(2,188)
Other	3,750	50
Net assets released from restrictions	334,074	317,254
Total unrestricted public support and revenue	948,785	871,613
Program services expenses		
Exhibits	344,415	321,038
Public education	235,847	241,716
School	25,313	24,361
Total program services expenses	605,575	587,115
Supporting services expenses		
Management and general	174,807	148,530
Fundraising	115,608	183,643
Total supporting services expenses	290,415	332,173
Total program and supporting services expenses	895,990	919,288
Change in Unrestricted Net Assets	52,795	(47,675)

Salt Lake Art Center, dba Utah Museum of Contemporary Art
 Statements of Activities
 Year Ended June 30, 2016 and 2015

	2016	2015
Temporarily Restricted Net Assets		
Public support	284,677	226,753
Investment income, net of fees	27	340
Net assets released from restrictions	(334,074)	(317,254)
Change in Temporarily Restricted Net Assets	(49,370)	(90,161)
Change in Net Assets	3,425	(137,836)
Net Assets, Beginning of Year	650,671	788,507
Net Assets, End of Year	\$ 654,096	\$ 650,671

Salt Lake Art Center, dba Utah Museum of Contemporary Art
Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services Expenses				Supporting Services Expenses			Total Expenses
	Exhibits	Public Education	School	Total	Management and General	Fundraising	Total	
Bank charges	\$ 1,547	\$ 1,318	\$ 42	\$ 2,907	\$ 1,375	\$ 823	\$ 2,198	\$ 5,105
Bookstore expenses	-	5,859	-	5,859	-	6	6	5,865
Depreciation	4,595	4,087	132	8,814	1,398	2,454	3,852	12,666
Dues and subscriptions	400	-	-	400	495	1,065	1,560	1,960
Equipment rental and maintenance	3,572	3,199	95	6,866	1,013	1,780	2,793	9,659
Exhibition expense	79,763	1,975	-	81,738	-	-	-	81,738
Facility expense	45,957	42,073	1,317	89,347	34,954	24,549	59,503	148,850
Gala expense	-	-	-	-	-	54,850	54,850	54,850
Insurance	3,047	4,908	87	8,042	674	1,627	2,301	10,343
Interest	3,703	3,294	106	7,103	1,127	1,978	3,105	10,208
Other	2,476	1,620	-	4,096	23,551	116	23,667	27,763
Outside services - contractors	13,040	19,070	-	32,110	28,161	18,000	46,161	78,271
Outside services - instructors	-	-	19,315	19,315	-	-	-	19,315
Payroll and related costs	146,908	132,608	4,014	283,530	47,977	76,743	124,720	408,250
Printing and postage	2,107	17	-	2,124	515	1,544	2,059	4,183
Promotions and marketing	30,091	8,354	205	38,650	22,027	5,602	27,629	66,279
Supplies	2,102	3,801	-	5,903	3,297	136	3,433	9,336
Telephone	-	-	-	-	6,373	-	6,373	6,373
Travel	5,107	3,664	-	8,771	1,870	-	1,870	10,641
Total expenses	344,415	235,847	25,313	605,575	174,807	191,273	366,080	971,655
Less commissions paid on art sales	-	-	-	-	-	(20,815)	(20,815)	(20,815)
Less cost of direct benefits to donors	-	-	-	-	-	(54,850)	(54,850)	(54,850)
Total expenses included in the expense section on the statement of activities	\$ 344,415	\$ 235,847	\$ 25,313	\$ 605,575	\$ 174,807	\$ 115,608	\$ 290,415	\$ 895,990

Salt Lake Art Center, dba Utah Museum of Contemporary Art
Statement of Functional Expenses
Year Ended June 30, 2015

	Program Services Expenses				Supporting Services Expenses			Total Expenses (restated)
	Exhibits	Public Education	School	Total	Management and General	Fundraising	Total	
Bank charges	\$ 1,393	\$ 1,262	\$ 34	\$ 2,689	\$ 773	\$ 984	\$ 1,757	\$ 4,446
Bookstore expenses	-	8,267	-	8,267	-	-	-	8,267
Depreciation	4,831	4,609	126	9,566	1,535	3,592	5,127	14,693
Dues and subscriptions	450	-	-	450	637	1,335	1,972	2,422
Equipment rental and maintenance	2,921	3,245	74	6,240	898	2,102	3,000	9,240
Exhibition expense	42,793	480	-	43,273	105	-	105	43,378
Facility expense	41,420	39,707	1,072	82,199	33,531	30,649	64,180	146,379
Gala expense	-	-	-	-	-	61,984	61,984	61,984
Insurance	3,230	5,168	84	8,482	1,026	2,401	3,427	11,909
Interest	3,982	3,799	104	7,885	1,265	2,960	4,225	12,110
Other	2,180	5,606	-	7,786	5,102	2,827	7,929	15,715
Outside services - contractors	20,440	10,888	-	31,328	26,568	9,811	36,379	67,707
Outside services - instructors	-	-	18,655	18,655	-	-	-	18,655
Payroll and related costs	149,187	139,487	3,881	292,555	46,765	110,894	157,659	450,214
Printing and postage	2,561	60	-	2,621	604	3,229	3,833	6,454
Promotions and marketing	37,942	12,589	331	50,862	20,078	12,661	32,739	83,601
Supplies	1,499	3,023	-	4,522	1,839	150	1,989	6,511
Telephone	-	-	-	-	6,172	-	6,172	6,172
Travel	6,209	3,526	-	9,735	1,632	48	1,680	11,415
Total expenses	321,038	241,716	24,361	587,115	148,530	245,627	394,157	981,272
Less commissions paid on art sales	-	-	-	-	-	(3,220)	(3,220)	(3,220)
Less cost of direct benefits to donors	-	-	-	-	-	(58,764)	(58,764)	(58,764)
Total expenses included in the expense section on the statement of activities	\$ 321,038	\$ 241,716	\$ 24,361	\$ 587,115	\$ 148,530	\$ 183,643	\$ 332,173	\$ 919,288

Salt Lake Art Center, dba Utah Museum of Contemporary Art
Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Operating Activities		
Change in net assets	\$ 3,425	\$ (137,836)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	12,666	14,693
(Gain) loss on disposal of assets	(29,414)	2,188
Changes in operating assets and liabilities		
Grants receivable and promises to give	(33,591)	124,486
Other receivables	(15,944)	-
Prepaid expenses and other	(1,330)	165
Inventory	(1,679)	(49)
Accounts payable	1,758	21,594
Accrued liabilities	4	4,606
	(64,105)	29,847
Net Cash from (used for) Operating Activities		
Investing Activities		
Purchases of property and equipment	(1,800)	(11,618)
Proceeds from sale of permanent collection	71,225	-
Proceeds from sales of investments	186,900	7,567
	256,325	(4,051)
Net Cash from (used for) Investing Activities		
Financing Activities		
Payments on capital lease obligation	-	(4,461)
Net change in line of credit	(182,366)	1,982
	(182,366)	(2,479)
Net Cash used for Financing Activities		
Net Change in Cash and Cash Equivalents	9,854	23,317
Cash and Cash Equivalents, Beginning of Year	200,238	176,921
Cash and Cash Equivalents, End of Year	\$ 210,092	\$ 200,238
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Interest	\$ 10,208	\$ 12,110

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 and Cash Equivalents

UMOCA defines cash and cash equivalents 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, 2016 and 2015, 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.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2016 and 2015.

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 \$24,000 and \$23,000 for the years ended June 30, 2016 and 2015, 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 May 11, 2017, the date on which the financial statements were available to be issued.

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 UMOCA as a going concern. However, UMOCA has not been able to consistently produce positive results from operations in prior years, has a significant net deficiency in unrestricted net assets, and used restricted funds to pay down its line of credit balance. Additionally, UMOCA has outstanding line of credit balances of \$240,440 and \$422,806, as of June 30, 2016 and 2015, respectively, without the ability to repay the line of credit unless it were to sell its permanent art collection or use restricted net assets again. Furthermore, as noted in Note 12, UMOCA used \$186,961 of restricted funds to reduce its line of credit, thus UMOCA did not maintain a composition of assets at June 30, 2016 necessary to comply with donor restrictions. These factors raise substantial doubt about UMOCA's ability to continue as a going concern. UMOCA must continue to increase public support and revenues, decrease expenses, and/or sell more pieces of its permanent collection 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, seeking out lower cost exhibits, and selling pieces of its permanent collection as necessary. 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, 2016 and 2015

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, 2016 and 2015:

Assets at Fair Value at June 30, 2016				
Assets	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	\$ 250,050	\$ -	\$ -	\$ 250,050
Utah Public Treasurers' Investment Fund	-	30,939	-	30,939
	\$ 250,050	\$ 30,939	\$ -	\$ 280,989
Assets at Fair Value at June 30, 2015				
Assets	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	\$ 437,022	\$ -	\$ -	\$ 437,022
Utah Public Treasurers' Investment Fund	-	30,867	-	30,867
	\$ 437,022	\$ 30,867	\$ -	\$ 467,889

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2016 and 2015:

	2016	2015
Furniture and fixtures	\$ 10,554	\$ 10,554
Leasehold improvements	132,453	132,453
Equipment	156,162	154,362
Vehicles	8,062	8,062
	307,231	305,431
Less accumulated depreciation and amortization	(276,194)	(263,528)
	\$ 31,037	\$ 41,903

Note 5 - Line of Credit

UMOCA has a revolving line of credit (line) 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%, (2.56% and 2.53% at June 30, 2016 and 2015, respectively). Accrued interest is due monthly. The line of credit does not expire as long as the secured deposit collateral is maintained.

Note 6 - Rental Commitments

During the years ended June 30, 2016 and 2015, 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 \$126,682 and \$125,380 and was recorded during the years ended June 30, 2016 and 2015, approximating the fair market value of rent and utility and maintenance costs for the facility provided by Salt Lake County.

Note 7 - 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, 2016 and 2015, 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:

Salt Lake Art Center, dba Utah Museum of Contemporary Art

Notes to Financial Statements

June 30, 2016 and 2015

- 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, 2016 and 2015, all Endowment earnings had been appropriated for support of UMOCA's programs.

Changes in the Endowment for the years ending June 30, 2016 and 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at June 30, 2014	\$ -	\$ 39,778	\$ 435,678	\$ 475,456
Distributions				
Appropriation of endowment assets pursuant to spending-rate policy	-	(7,429)	-	(7,429)
Investment fees	-	(500)	-	(500)
Investment returns				
Dividends and interest	-	362	-	362
Unrealized gains and losses	-	-	-	-
Endowment net assets at June 30, 2015	-	32,211	435,678	467,889
Released from restriction	(186,961)	-	-	(186,961)
Investment fees		(140)	-	(140)
Investment returns				
Dividends and interest	-	201	-	201
Unrealized gains and losses	-	-	-	-
Endowment net assets at June 30, 2016	<u>\$ (186,961)</u>	<u>\$ 32,272</u>	<u>\$ 435,678</u>	<u>\$ 280,989</u>

Note 8 - Restricted Net Assets

Temporarily Restricted

Temporarily restricted net assets at June 30, 2016 and 2015, consist of:

	2016	2015
Exhibits	\$ 95,678	\$ 149,839
Development	16,240	12,150
Other	39,922	37,811
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	109,351	110,761
	\$ 261,191	\$ 310,561

Permanently Restricted

Permanently restricted net assets at June 30, 2016 and 2015, consist of:

	2016	2015
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 9 - Concentrations

During the years ended June 30, 2016 and 2015, UMOCA received a grant from one government agency totaling \$131,973 and \$146,142 and in-kind donations totaling \$126,682 and \$125,380 or 28% and 33% 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, 2016 and 2015, UMOCA has a Salt Lake County grant receivable from this government agency totaling \$93,172 and \$105,105, representing 58% and 82% of total grants receivable, respectively. These are considered concentrations of public support and grants receivable, respectively.

Note 10 - Related Party Transactions

UMOCA received unrestricted contributions from members of the board of trustees totaling \$50,398 and \$30,825 during the years ended June 30, 2016 and 2015. At June 30, 2016 and 2015, grants receivable and promises to give include \$2,700 and \$1,200, respectively, due from members of the board of trustees.

Note 11 - Donated Services, Materials and Facilities

UMOCA received donated facilities, professional services and materials as follows during the years ended June 30, 2016 and 2015:

	2016	2015
Facilities	\$ 126,682	\$ 125,380
Marketing	19,775	38,700
	\$ 146,457	\$ 164,080

Note 12 - Contingencies

During the year ended June 30, 2016, UMOCA used endowment funds of \$186,961 to pay down its line of credit. As a result, UMOCA did not maintain a composition of assets at June 30, 2016 necessary to comply with donor restrictions. The donor may require repayment of these funds, but the likelihood of this is uncertain.