

Utah Council for Citizen Diplomacy

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

For the Years Ended December 31, 2018 and 2017



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Independent Accountant's Review Report

To the Board of Directors

UTAH COUNCIL FOR CITIZEN DIPLOMACY

We have reviewed the accompanying financial statements of **Utah Council for Citizen Diplomacy** (a nonprofit organization), which comprise the statements of financial position as of **December 31, 2018 and 2017**, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Larson & Company PC

Salt Lake City, Utah
May 20, 2019

UTAH COUNCIL FOR CITIZEN DIPLOMACY
 Statements of Financial Position
 As of December 31, 2018 and 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 308,080	\$ 264,653
Pledges receivable	-	-
TOTAL CURRENT ASSETS	308,080	264,653
TOTAL ASSETS	\$ 308,080	\$ 264,653
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ -	\$ -
TOTAL CURRENT LIABILITIES	-	-
NET ASSETS		
Net assets without donor restrictions	308,080	264,653
TOTAL NET ASSETS	308,080	264,653
TOTAL LIABILITIES AND NET ASSETS	\$ 308,080	\$ 264,653

UTAH COUNCIL FOR CITIZEN DIPLOMACY

Statements of Activities

For the years ended December 31, 2018 and 2017

	2018	2017
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUES		
Contributions	\$ 102,275	\$ 86,106
Grants	171,785	196,261
Special events, net of direct benefit to donors of \$9,984 for 2018	10,290	8,159
In-kind contributions	32,000	32,000
Program revenues	69,202	76,362
Other revenues	6,077	16,953
TOTAL SUPPORT AND REVENUES	391,629	415,841
 EXPENSES		
Program expenses	278,120	249,962
Management and general	42,930	46,779
Fundraising	27,152	27,742
TOTAL EXPENSES	348,202	324,483
 INCREASE IN NET ASSETS	43,427	91,358
 NET ASSETS, BEGINNING OF YEAR	264,653	173,295
 NET ASSETS, END OF YEAR	\$ 308,080	\$ 264,653

See Accompanying Notes and Accountants' Review Report

UTAH COUNCIL FOR CITIZEN DIPLOMACY

Statement of Functional Expenses
For the Year Ended December 31, 2018

	<u>Supporting services</u>			<u>Total Expenses</u>
	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	
Employee Salaries and Wages	\$ 107,214	\$ 20,103	\$ 6,701	\$ 134,017
Pension Plan Contributions	13,775	2,583	861	17,219
Other Employee Benefits	8,348	1,565	522	10,435
Payroll Taxes	41,040	7,695	2,565	51,299
Accounting Fees	-	6,525	-	6,525
Bank Fees	-	34	-	34
Advertising and Promotion	466	-	-	466
Office Expenses	1,235	232	77	1,544
Information Technology	2,054	385	128	2,568
Conferences, Conventions, and Meetings	11,641	-	-	11,641
Payments to Affiliates	870	-	-	870
Travel and Accomodation	78,318	-	-	78,318
Insurance	2,594	486	162	3,242
Other Expenses	10,566	3,322	16,136	30,024
Total functional expenses	\$ 278,120	\$ 42,930	\$ 27,152	\$ 348,202

See Accompanying Notes and Accountants' Review Report

UTAH COUNCIL FOR CITIZEN DIPLOMACY
 Statements of Cash Flows
 For the years ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 43,427	\$ 91,358
(Increase) decrease in operating assets:		
Prepaid expenses	-	-
Pledges receivable	-	6,640
Increase (decrease) in operating liabilities:		
Accrued expenses	-	-
	43,427	97,998
NET CASH FLOWS FROM OPERATING ACTIVITIES		
	43,427	97,998
NET INCREASE CASH AND CASH EQUIVALANTS		
	43,427	97,998
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	264,653	166,655
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 308,080	\$ 264,653

SUPPLEMENTAL INFORMATION

Cash paid:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

UTAH COUNCIL FOR CITIZEN DIPLOMACY

Notes to the Financial Statements
For the Years ended December 31, 2018 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Utah Council for Citizen Diplomacy (UCCD) (the “Organization”) is an independent, nonpartisan, nonprofit 501(c)(3) organization dedicated to promoting global understanding and respect between the people of Utah and other nations. Since 1967, UCCD has been Utah’s leader in international professional and cultural exchange, and works as a nonprofit sector partner with the U.S. Department of State’s International Visitor Leadership Program. Each year, UCCD welcomes nearly 500 emerging leaders from around the world to Utah for short-term professional and cultural exchanges. UCCD is a member of Global Ties U.S. and the Utah chapter of the World Affairs Councils of America (WACA). More information is available at www.utahdiplomacy.org.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis in accordance with ASU-2016-14, Not-for-Profit Entities (Topic 958); Presentation of Financial Statement for Not-for-Profit Entities which was adopted for the year ended December 31, 2018. All amounts in the comparative financial statements have been stated retrospectively. The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

UTAH COUNCIL FOR CITIZEN DIPLOMACY

Notes to the Financial Statements

For the Years ended December 31, 2018 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

UCCD maintains its cash and cash equivalent balances at a financial institution located in Salt Lake City, Utah. The deposits may exceed their federally insured limits of \$250,000 established by the Federal Deposit Insurance Corporation. The UCCD has not experienced any losses related to these accounts and management believes it is not exposed to any significant credit risk on these balances.

Office Furniture and Equipment, net

Acquisitions of office furniture and equipment in excess of \$500 and all expenditures for repairs and maintenance that materially prolong the useful lives of office furniture and equipment are capitalized. Property and equipment are stated at cost less accumulated depreciation, or if acquired by donation, at estimated fair value at the date of the donation.

Depreciation is computed over the following estimated useful lives using the straight-line method:

<u>Assets</u>	<u>Useful Lives</u>
Office furniture	5 years
Computer equipment	3-5 years

Contributions and In-kind Donations

Contributions are recognized when the donor makes a promise to give that is unconditional and are considered to be available for unrestricted use unless restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as satisfactions of restrictions.

Donations of property and equipment and goods and services are recorded as support at their estimated fair market value at the date of gift. These donations are reported as unrestricted support unless the donor has restricted the donation for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as net assets with donor restrictions reclassified to net assets without donor restrictions when placed in service.

UTAH COUNCIL FOR CITIZEN DIPLOMACY

Notes to the Financial Statements

For the Years ended December 31, 2018 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and In-kind Donations (Continued)

Contributions of professional services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation, are recorded at their fair value when received. There were no professional services donated to the Organization meet the criteria for recording in the financial records of UCCD.

Functional Allocation of Expenses

The costs of programs and supporting services has been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

UCCD qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code, and accordingly, no provision has been made for federal or state income tax. The Organization remains subject to income taxes on net income that is derived from a trade or business, regularly carried on, and not for the exempt purposes for which the Organization was granted exemption status. In the opinion of management the Organization does not have any unrelated business income subject to taxation.

ASC Topic 740, *Income Taxes*, provides guidance on how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation by management of tax positions taken or expected to be taken in preparation of the Organization's tax returns to determine if the positions are more-likely-than-not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. Tax years that remain subject to examination are 2014 forward.

UTAH COUNCIL FOR CITIZEN DIPLOMACY

Notes to the Financial Statements

For the Years ended December 31, 2018 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (“ASU No. 2014-09”), an update to FASB ASC 606, Revenue from Contracts with Customers. This update revises previous revenue recognition standards to improve guidance on recognition requirements. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard will be effective for the Organization beginning January 1, 2019. The adoption of this standard is not expected to have a material impact on the financial statements of the Organization.

In March of 2016, the FASB issued Accounting Standards Update 2016-02, Leases, which requires all leases that have a term of more than 12 months will be required to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2019. The Company does not anticipate a significant impact on the Company’s results of operations, financial position, or cash flows as a result of this new standard.

In August of 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities (the “Standard”). The Standard establishes the new financial reporting framework for not-for-profit organizations. The update will result in changes to the presentation of the statements of financial position, activities, and cash flows. The Standard is effective for years beginning after December 15, 2017. Management has retrospectively adopted this Standard for the years ended December 31, 2018 and 2017.

In November of 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230). This update requires that a statement of cash flows explain the change in cash during the period to also include restricted cash and cash equivalents. Accordingly, amounts described as restricted cash and cash equivalents will be included with unrestricted balances when reconciling the beginning-of-period and end- of –period totals shown on the statement of cash flows. The ASU is effective for years beginning after December 15, 2018. Management will implement this ASU for the year ended December 31, 2019.

UTAH COUNCIL FOR CITIZEN DIPLOMACY

Notes to the Financial Statements

For the Years ended December 31, 2018 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

In June of 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The purpose of this update is to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. The amendments in this update provide a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. The update further clarifies how a not-for-profit organization determines if it is participating in an exchange transaction. The improved guidance could result in more grants and contracts being accounted for as contributions than in current practice. The update is effective for fiscal years beginning after December 15, 2018, with an effective date of fiscal years beginning after June 15, 2018, for an organization that has issued or is a bond obligor for securities that are traded, listed or quoted on an exchange or over-the-counter market. Management is evaluating the impact of the update on the Organization's financial reporting and determining the appropriate time to implement this pronouncement.

2. IN-KIND RENT AGREEMENT

UCCD occupies office space and meeting rooms located on the campus of Westminster College, at no cost to the Organization. Under this year-to-year agreement, in-kind contributions and the related expenses totaled **\$32,000** for the years ended December 31, 2018 and 2017, respectively.

3. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the review report which is the date the financial statements were available to be issued. No events have occurred subsequent to December 31, 2018 requiring additional recording or disclosure in these financial statements.