



Utah Capital Investment Corporation

Helping Utah companies secure private capital

Annual Report for 2021

Structure:

Independent quasi-public nonprofit corporation

Economic Development¹:

93 Utah Companies have received investment capital from portfolio funds

10,299 new Utah jobs added from portfolio companies since inception

19 Utah Companies have received investment capital *facilitated* from economic development plan activities

4,221 new Utah jobs created by companies *facilitated* from economic development plan activities

Portfolio Performance¹:

7% net internal rate of return including financing and administrative costs since inception

\$266 million investment distributions since fund inception

\$44 million net asset value

Cash Proceeds Distributed:

\$ 20 mm (6/30/21 PMT)
\$ 15 mm (6/30/22 PMT)

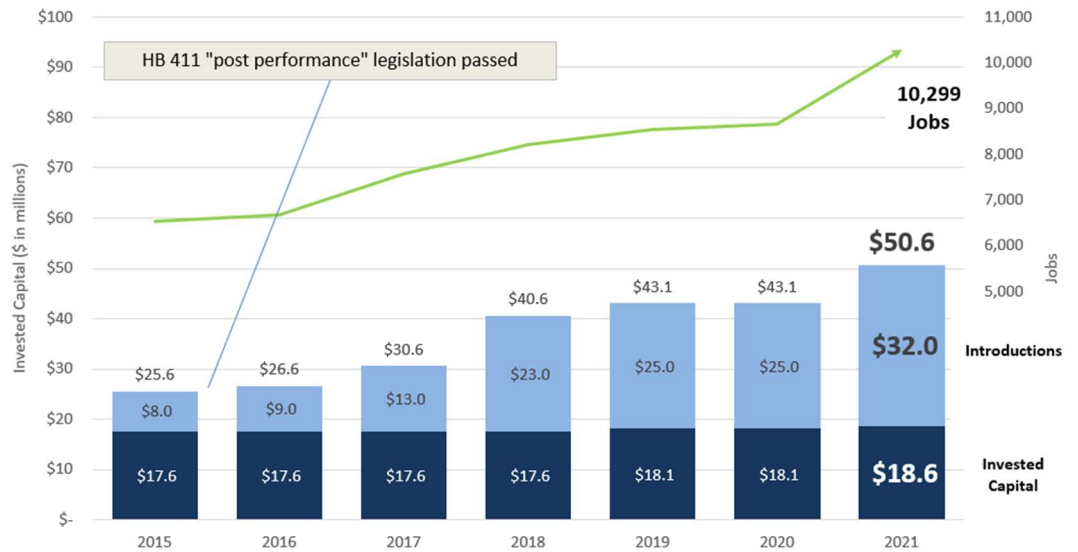
Administrative Costs:

\$869 k for the YE 12/31/21
- \$343 k aggregate compensation (2 employees, incl. benefits)
- \$300 k investment allocation manager
- \$224 k econ development, office, legal, audit)
- 2 k business travel expense

The Utah Capital Investment Corporation (“UCIC” or “Utah Capital”) was established in 2006 “to **increase the availability of venture capital and private equity** for emerging [startups], expanding [growth], and restructuring [private equity] enterprises in Utah ... [to] create new [high-paying] jobs ... [and] diversify the state’s economic base” (*historical code* 63N-6-102).

- **\$19 million invested into 93 Utah companies** by Utah Capital portfolio funds. These investee companies have generated approximately **10,300 Utah jobs**.

- Out-of-state institutional investors have invested another **\$32 million into 19 Utah companies as a result of facilitating activities since the HB 411 “post-performance” legislation was passed in 2015**. This created approximately **4,200 additional jobs**.



Sample of Utah companies funded in 2021 through investment or inductions:



* Utah Capital Investment Corporation is an independent quasi-public nonprofit corporation, self-funded from investment returns.

¹ Economic development and portfolio performance are reported inception-to-date and as of December 31, 2021. Distributions are valued at the time of distribution. Investing, companies, 3rd party introductions, etc. reporting adheres to legislative Rule R357-7 of the Utah Venture Capital Act [Section 63N-6]. Economic development plan, consulting sessions and events supported are available upon request.

UTAH CAPITAL INVESTMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Utah Capital Investment Corporation
Cottonwood Heights, Utah**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Utah Capital Investment Corporation (a Utah Non-Profit Corporation), which comprise the statements of financial position, as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah Capital Investment Corporation as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Utah Capital Investment Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Utah Capital Investment Corporation's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 1, 2022, on our consideration of Utah Capital Investment Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing and not to provide an opinion on the effectiveness of Utah Capital Investment Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Utah Capital Investment Corporation's internal control over financial reporting and compliance.

WSRP, LLC

Salt Lake City, Utah
September 1, 2022

UTAH CAPITAL INVESTMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 11,215	\$ 36,786
Receivable from Utah Fund of Funds, LLC	246,077	224,902
Other assets	<u>7,309</u>	<u>8,588</u>
TOTAL ASSETS	<u>\$ 264,601</u>	<u>\$ 270,276</u>
 LIABILITIES AND NET ASSETS		
Accrued liabilities	<u>221</u>	<u>5,896</u>
TOTAL LIABILITIES	221	5,896
 NET ASSETS		
Net assets without donor restrictions	<u>264,380</u>	<u>264,380</u>
TOTAL NET ASSETS	<u>264,380</u>	<u>264,380</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 264,601</u>	 <u>\$ 270,276</u>

The accompanying notes are an integral part of the financial statements.

UTAH CAPITAL INVESTMENT CORPORATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2021 and 2020

	2021	2020
REVENUES		
Management fee revenue	\$ 428,496	\$ 486,452
Miscellaneous income	-	75
TOTAL REVENUES	428,496	486,527
EXPENSES		
Mangement and general	428,496	486,527
TOTAL EXPENSES	428,496	486,527
CHANGE IN NET ASSETS	-	-
NET ASSETS, BEGINNING OF YEAR	264,380	264,380
NET ASSETS, END OF YEAR	\$ 264,380	\$ 264,380

The accompanying notes are an integral part of the financial statements.

UTAH CAPITAL INVESTMENT CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ -	\$ -
Change in operating assets and liabilities		
Receivable from Utah Fund of Funds, LLC	(21,175)	(11,272)
Other assets	1,279	(667)
Accrued liabilities	(5,675)	5,896
Accounts payable	-	(257)
Net cash from operating activities	(25,571)	(6,300)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(25,571)	(6,300)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	36,786	43,086
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 11,215	\$ 36,786

The accompanying notes are an integral part of the financial statements.

UTAH CAPITAL INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Utah Capital Investment Corporation (the Corporation) is a nonprofit organization incorporated under the laws of the State of Utah on January 29, 2004. The Corporation's only activity is to act as the Managing Member of Utah Fund of Funds, LLC (the Fund). The Fund is a \$122 million State of Utah economic development program that provides access to alternative or non-traditional capital.

Basis of Presentation

The accounting policies of the Corporation conform to accounting principles generally accepted in the United States of America (GAAP). The following policies are considered to be significant.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets representing assets received that are subject to donor (or certain grantor) restrictions.

As of December 31, 2021 and 2020, the Corporation has no net assets with donor restrictions.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

Revenue Recognition

Revenue is collected as a management fee from the Fund based on expenses incurred by the Corporation. For the years ended December 31, 2021 and 2020, management fee revenue earned was \$428,496 and \$486,452 respectively.

UTAH CAPITAL INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Advertising and Promotion

Advertising costs are expensed in the year incurred. Advertising costs of \$19 and \$337 were incurred for the years ended December 31, 2021 and 2020.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for income taxes in the accompanying financial statements. In addition, the Corporation 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. The Corporation is annually required to file a Return of Organization Exempt from Income Tax (990) with the IRS and also files an Exempt Organization Business Income Tax Return (Form 990-T). There was no material unrelated business income tax for the years ended December 31, 2021 and 2020.

Concentrations of Credit Risk

The Corporation’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits.

The Corporation maintains its cash deposits at financial institutions. At times such deposits may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Corporation received all of its management fee revenue from the Fund. Decreases in management fee revenue from the Fund could have an adverse effect on the Corporation.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2021:

Cash and cash equivalents	\$ 11,215
Receivable from Utah Fund of Funds, LLC	246,077
	\$ 257,292
	\$ 257,292

UTAH CAPITAL INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3 - RELATED PARTY TRANSACTIONS

The Corporation has an agreement with the Fund to provide management services. Under the agreement, the Corporation may charge the Fund for reasonable expenses incurred in managing the Fund. For the years ended December 31, 2021 and 2020, management fee revenue from the Fund was \$428,496 and \$486,452, respectively. As of December 31, 2021 and 2020, the Corporation had a receivable from the Fund totaling \$246,077 and \$224,902 respectively.

NOTE 4 - OPERATING LEASE

The Corporation leases its office space under an operating lease. The original lease agreement commenced on May 1, 2017 and terminated on May 31, 2020. The lease was renewed upon termination and is now effective through May 31, 2023. Payments are \$3,833 per month. The future minimum lease payments for the years ending December 31, are as follows:

December 31,	
2022	\$ 46,000
2023	19,167
	\$ 65,167

The expense associated with operating leases was \$27,265 and \$26,513 for the years ended December 31, 2021 and 2020, respectively. The Corporation subleased a portion of its office space to two unrelated parties during 2021, which reduced lease expense by \$27,600 for the year ended December 31, 2021. The subleases are for \$2,300 per month and expire May 23, 2023.

UTAH CAPITAL INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5 - FUNCTIONAL EXPENSES

The following schedule presents the natural classification of expenses by function for the year ended December 31, 2021.

	Program Services	Management and General	Total
Salaries	\$ -	\$ 362,159	\$ 362,159
Rent	-	27,265	27,265
Insurance	-	19,645	19,645
Office expenses	-	14,124	14,124
Taxes	-	3,744	3,744
Travel	-	1,540	1,540
Marketing	-	19	19
	\$ -	\$ 428,496	\$ 428,496

The following schedule presents expenses by function as of December 31, 2021:

Program Expenses	\$ -
Total program expenses	-
Management and General	428,496
Total functional expenses	\$ 428,496

UTAH CAPITAL INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5 - FUNCTIONAL EXPENSES (CONTINUED)

The following schedule presents the natural classification of expenses by function for the year ended December 31, 2020.

	Program Services	Management and General	Total
Salaries	\$ -	\$ 402,871	\$ 402,871
Rent	-	26,513	26,513
Insurance	-	18,275	18,275
Office expenses	-	17,263	17,263
Contract services	-	11,150	11,150
Taxes	-	9,680	9,680
Travel	-	438	438
Marketing	-	337	337
	\$ -	\$ 486,527	\$ 486,527

The following schedule presents expenses by function as of December 31, 2020.

Program Expenses	\$ -
Total program expenses	-
Management and General	486,527
Total functional expenses	\$ 486,527

NOTE 6 - SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through September 1, 2022, which is also the date which the financial statements were available to be issued. No subsequent events were noted during this evaluation that required recognition or disclosure in these financial statements.



CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**To the Board of Directors
Utah Capital Investment Corporation
Cottonwood Heights, Utah**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Utah Capital Investment Corporation (the Corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, and cash flows and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 1, 2022

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WSRP, LLC

Salt Lake City, Utah
September 1, 2022

UTAH FUND OF FUNDS, LLC

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Utah Fund of Funds, LLC
Cottonwood Heights, Utah**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Utah Fund of Funds, LLC (the Fund), which comprise the balance sheets, including the schedules of investments, as of December 31, 2021 and 2020, and the related statements of operations, member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of not disclosing the cost basis of investments on the schedules of investments as explained in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

In accordance with the Utah Venture Capital Enhancement Act of 2003 and in order to adhere to partnership agreements and maintain investing relationships with premier venture capital and private equity managers, these financial statements do not disclose the cost basis of individual investments. Accounting principles generally accepted in the United States of America require that the cost basis of individual investments exceeding 5% of the investment portfolio on the schedules of investments be disclosed.

Correction of Error

As described in Note 8 to the financial statements, the Fund corrected 2020 reporting to include two assets that were previously omitted from the 2020 financial statements. Accordingly, investments at fair value, realized gain on investments, net change in unrealized appreciation on investments, and member's equity have been restated in the 2020 financial statements now presented. Our opinion is not modified with respect to that matter.

However, in conjunction with our audit of the Fund, we have audited the associated individual investment costs that would be disclosed in the schedules of investments presented in accordance with accounting principles generally accepted in the United States of America.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 1, 2022, on our consideration of Utah Fund of Funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing and not to provide an opinion on the effectiveness of Utah Fund of Funds' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Utah Fund of Funds' internal control over financial reporting and compliance.

WSRP, LLC

Salt Lake City, Utah
September 1, 2022

UTAH FUND OF FUNDS, LLC
BALANCE SHEETS
December 31, 2021 and 2020

	2021	2020
ASSETS		
Investments at fair value (cost \$25,934,262 and \$29,793,398)	\$ 44,448,874	\$ 51,020,522
Cash and cash equivalents	34,272,158	37,238,472
TOTAL ASSETS	\$ 78,721,032	\$ 88,258,994
 LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Payable to UCIC	\$ 246,077	\$ 224,902
Accrued expenses	29,200	68,061
TOTAL LIABILITIES	275,277	292,963
 MEMBER'S EQUITY	 78,445,755	 87,966,031
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ 78,721,032	\$ 88,258,994

The accompanying notes are an integral part of the financial statements.

UTAH FUND OF FUNDS, LLC
SCHEDULE OF INVESTMENTS

December 31, 2021

	<u>Percentage of Investment Portfolio</u>	<u>Interest Held</u>	<u>Fair Value</u>
Marketable Securities			
Cloudflare, Inc	3.34%		\$ 1,482,794
Other marketable securities	3.41%		1,515,322
Total marketable securities	<u>6.75%</u>		<u>2,998,116</u>
Investments in Funds			
Sorenson Capital Partners II Cont. Vehicle	19.27%	0.15%	8,568,048
TA XI	12.65%	0.25%	5,622,700
Media Technology Ventures V	7.90%	0.14%	3,510,450
SV Life Sciences IV CF	5.92%	0.63%	2,631,377
	<u>45.74%</u>		<u>20,332,575</u>
Investments in other funds	47.51%		21,118,183
Total investments in funds	<u>93.25%</u>		<u>41,450,758</u>
Total investments	<u><u>100.00%</u></u>		<u><u>\$ 44,448,874</u></u>

(Note: Investments in the schedule are shown as a percentage of total investments of \$44,448,874 and only separately disclose individual investments that represent more than 5% of total assets.)

The accompanying notes are an integral part of the financial statements.

UTAH FUND OF FUNDS, LLC
SCHEDULE OF INVESTMENTS

December 31, 2020

	Percentage of Investment Portfolio	Interest Held	Fair Value
Marketable Securities			
Cloudflare, Inc	16.77%		\$ 8,553,663
Other marketable securities	0.60%		305,705
Total marketable securities	17.37%		8,859,368
Investments in Funds			
TA XI	16.09%	0.15%	8,210,776
Sorenson Capital Partners II Cont. Vehicle	10.12%		5,163,876
Khosla Ventures III	10.04%	0.25%	5,117,599
New Enterprise Associates 13	7.11%	0.14%	3,621,039
SV Fund IV	6.63%	0.81%	3,384,704
	49.99%		25,497,994
Investments in other funds	32.66%		16,663,160
Total investments in funds	82.65%		42,161,154
Total investments	100.00%		\$ 51,020,522

(Note: Investments in the schedule are shown as a percentage of total investments of \$51,020,522 and only separately disclose individual investments that represent more than 5% of total assets.)

The accompanying notes are an integral part of the financial statements.

UTAH FUND OF FUNDS, LLC
STATEMENTS OF OPERATIONS
Years ended December 31, 2021 and 2020

	2021	2020
EXPENSES		
Management fees	\$ 428,496	\$ 486,526
Professional fees	440,861	404,202
Administrative expenses	59	511
Loan fees	-	34,472
Interest expense	-	289,292
TOTAL EXPENSES	869,416	1,215,003
NET INVESTMENT LOSS	(869,416)	(1,215,003)
REALIZED AND UNREALIZED CHANGE IN INVESTMENTS		
Realized gain on investments	14,020,031	67,259,531
Net change in unrealized appreciation on		
Investments	(2,782,512)	(18,759,175)
Interest earned	111,621	-
	11,349,140	48,500,356
Net income	\$ 10,479,724	\$ 47,285,353

The accompanying notes are an integral part of the financial statements.

UTAH FUND OF FUNDS, LLC
STATEMENTS OF MEMBER'S EQUITY
Years ended December 31, 2021 and 2020

Balance, January 1, 2020	\$ 40,680,678
Net income	47,285,353
	<hr/>
Balance, December 31, 2020	87,966,031
Net income	10,479,724
Distributions	(20,000,000)
	<hr/>
Balance, December 31, 2021	<u><u>\$ 78,445,755</u></u>

The accompanying notes are an integral part of the financial statements.

UTAH FUND OF FUNDS, LLC
STATEMENTS OF CASH FLOWS
Years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 10,479,724	\$ 47,285,353
Adjustment to reconcile net income to net cash from operating activities:		
Realized gain on investments	(14,020,031)	(67,259,531)
Net change in unrealized appreciation from investments	2,782,512	18,759,175
Purchase of investments	(4,729,535)	(475,653)
Proceeds from investments	22,538,702	55,252,127
Changes in operating assets and liabilities:		
Payable to UCIC	21,175	11,272
Accrued expenses	(38,861)	(17,323)
Net cash flows from operating activities	17,033,686	53,555,420
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	(20,000,000)	-
Principal payments on notes payable	-	(17,000,000)
Net cash used by financing activities	(20,000,000)	(17,000,000)
Net change in cash and cash equivalents	(2,966,314)	36,555,420
Cash and cash equivalents, beginning of year	37,238,472	683,052
Cash and cash equivalents, end of year	\$ 34,272,158	\$ 37,238,472
SUPPLEMENTAL CASH FLOW ITEMS		
Cash paid for interest during the year	\$ -	\$ 289,292

The accompanying notes are an integral part of the financial statements.

UTAH FUND OF FUNDS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Utah Fund of Funds, LLC (the Fund) is a limited liability company organized under the laws of the State of Utah. The Fund commenced operations on March 16, 2006. The Fund is scheduled to terminate only on the occurrence of an “Event of Dissolution” as specified in the Amended and Restated Limited Liability Company Agreement (the Agreement).

The Fund is a \$122 million State of Utah economic development program that provides access to alternative or non-traditional capital. The Fund does not invest money directly into any company but rather invests in venture capital and private equity funds that commit to establishing a working relationship with the Fund and with Utah’s start-up and business community. The Fund invests in venture capital and private equity funds located in and outside of Utah. As of December 31, 2021, the Fund’s portfolio of funds had 28 investments.

The Managing Member of the Fund is Utah Capital Investment Corporation (a Utah quasi-public nonprofit corporation) (the Managing Member, or UCIC). The Managing Member was created upon the enactment of the Utah Venture Capital Enhancement Act of 2003 to establish and provide management services to the Fund.

The accounting policies of the Fund conform to accounting principles generally accepted in the United States of America (GAAP). The following policies are considered to be significant.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

Concentrations of Credit Risk

The Fund’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits.

The Fund maintains its cash deposits at financial institutions. At times such deposits may exceed federally insured limits. The Fund has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

UTAH FUND OF FUNDS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with original maturities of three months or less.

Gains or Losses on Investments

Unrealized gains and losses on investments reflect the difference between fair value and cost basis. Realized gains and losses on investments are recognized in the period of disposal or exchange and are measured by the difference between the proceeds of the sale or the fair value at the date of distribution and the cost basis of the investment.

Allocation of Profits and Losses

The Agreement provides for profits and losses to be allocated by the Managing Member after financial obligations are met.

Income Taxes

As a limited liability company, the Fund's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision for income taxes has been included in the financial statements.

The Fund evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2021, the unrecognized tax benefits accrual was zero. The Fund will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

NOTE 2 - RELATED PARTY TRANSACTIONS

Under the Agreement, the Fund pays UCIC, management fees for reasonable expenses incurred in providing management services to the Fund. For the years ended December 31, 2021 and 2020, management fee expense to the Managing Member totaled \$428,496 and \$486,526, respectively. As of December 31, 2021 and 2020, the Fund had payables due to UCIC totaling \$246,077 and \$224,902, respectively.

UTAH FUND OF FUNDS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3 - FAIR VALUE MEASUREMENTS

The Fund uses a fair value hierarchy that prioritizes inputs used to measure fair value into three broad levels. The Fund's investments are measured at fair value using the following fair value hierarchy levels:

- Level 1- Quoted prices in active markets for identical assets or liabilities.
- Level 2- Inputs that are both significant to the fair value measurement and observable, including net asset value per share (or equivalent) for certain investment funds.
- Level 3- Inputs that are both significant to the fair value measurement and unobservable, including inputs that are not derived from market data or cannot be corroborated by market data.

The Fund invests in private investment funds. The classification level within the fair value hierarchy for investments in investment funds is determined by the Fund's ability to redeem the investment with the investee at net asset value (NAV) per share or its equivalent member units or interest in partners' capital at the measurement date. For Level 3 classification, the Fund determined that the investments in investment funds cannot be redeemed at December 31, 2021 and 2020, but may be redeemed at a future date because of a lockup period.

The Fund, as a practical expedient, measures the fair value of its investment in private investment funds using the net asset value of the respective private investment funds. Classification within the fair value hierarchy is measured by the Fund's ability to redeem its investment with the private investment funds at the net asset value at December 31, 2021 and 2020.

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Investments	\$ 2,998,116	\$ -	\$ 41,450,758	\$ 44,448,874

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Investments	\$ 8,859,368	\$ -	\$ 42,161,154	\$ 51,020,522

UTAH FUND OF FUNDS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table includes a roll-forward of the amounts for the years ended December 31, 2021 and 2020 for investments classified within Level 3. The classification of an investment within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

Balance at December 31, 2019	\$ 57,296,640
Purchases	475,653
Proceeds	(55,252,127)
Transfers to Level 1	(8,859,368)
Gains	
Realized	67,259,531
Unrealized	(18,759,175)
Balance at December 31, 2020	<u>42,161,154</u>
Purchases	4,729,535
Proceeds	(12,381,324)
Transfers to Level 1	(3,350,008)
Gains	
Realized	13,371,908
Unrealized	(3,080,507)
Balance at December 31, 2021	<u><u>\$ 41,450,758</u></u>

All net realized and unrealized gains in the table above are reflected in the accompanying statements of operations. The fair values assigned to the investments where no market quotation exists are based upon available information and may not necessarily represent the amount that ultimately will be realized. Such estimated amounts depend on future circumstances. These estimated amounts will not be realized until the individual investments are liquidated.

UTAH FUND OF FUNDS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 4 - NOTES PAYABLE AND LINE OF CREDIT

The Fund is a \$122 million fund created by the Utah State Legislature in 2003 designed to invest in a variety of venture capital and private equity partnerships that benefit Utah. The investment capital was secured by the investments of the Fund and contingent tax credits from the State of Utah. To finance operations, the Fund obtained a loan in 2006. The original 2006 loan was refinanced in 2012 and again in 2016. The 2016 financing resulted in three new loans (Term Loan A, Term Loan B, and a revolving line of credit) on October 24, 2016. Term Loan A provided \$78 million and Term Loan B provided \$15 million, both with fixed interest rates of 4.22% and maturity dates of June 15, 2021. Although the full principal payment was due upon maturity, the Fund had been making principal and interest payments on Term Loan A. Term Loan B was fully retired in 2017. Term Loan A was fully retired in 2020. The revolving line of credit was closed in 2021. Under the terms of these loans, the Fund was required to meet the requirements of certain financial covenants. The revolving line of credit's interest rate was variable and was based on 90-day LIBOR plus 2.95%.

The Fund was created as a result of the Utah Venture Capital Enhancement Act of 2003 (UVCEA) as codified in Utah Code Annotated Sections 63N-6-101 et seq. (formerly codified in *Utah Code Annotated Sections* 63M-1-1201 et seq.) as amended, modified and replaced and including any successor statute promulgated in replacement thereof. Consistent with the UVCEA, the Utah Capital Investment Board, in consultation with the State Tax Commission, issued certificates and related contingent tax credits to be used as collateral on loans issued for the debt-based financing of investments in the Fund in 2006. The Fund's debt was refinanced in October 2016.

NOTE 5 - FINANCIAL HIGHLIGHTS

The following financial highlights are being presented in accordance with the provisions of ASC 946, Financial Services – Investment Companies, which provides guidance on reporting for investment companies.

These financial highlights may not be indicative of the future performance of the Fund.

	2021	2020
Net internal rate of return	6.51%	6.15%

UTAH FUND OF FUNDS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5 - FINANCIAL HIGHLIGHTS (CONTINUED)

Net internal rate of return is a measure of the performance of Fund's portfolio of fund investments that is equal to the internal rate of return after operating costs and carried interest have been accounted for.

	2021	2020
Operating expense ratios	1.04%	2.24%

ASC 946 requires that investment companies calculate the operating expense ratio as a percentage of average member's equity (deficit). Operating costs are inclusive of management fees, professional fees, other expenses, and interest expense. Unlike traditional investment companies, which are financed largely by equity, the Fund is financed wholly by debt facilities. The result has been a negative members' equity balance that has become positive with investment performance increases. Consequently, while investment performance has increased (and negative equity balances decrease) the Fund's operating expense ratio has decreased.

Operating expenses are comprised of interest expense, loan fees, management fees paid to UCIC, professional fees and other expenses. Interest expense and loan fees include interest and other fees paid to lenders to the Fund. Management fees paid to UCIC include UCIC staff salaries and benefits, costs to manage the investment portfolio, and costs related to driving Utah economic development. Professional fees include compensation paid to the Fund allocation manager required by legislation, and legal and accounting fees. Other expenses include taxes, bank account fees, and software.

	2021	2020
Net investment income/(loss) ratio	(1.04%)	(2.24%)

ASC 946 requires that investment companies calculate the net investment income ratio defined as net investment income divided by average members' equity (deficit). Unlike traditional investment companies who are financed largely by equity, Utah Fund of Funds, LLC is financed wholly by debt facilities. Consequently, the Fund's investment income is equal to its operating expense. Net investment income does not include realized or unrealized gains (losses) from portfolio fund investments.

UTAH FUND OF FUNDS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 - COMMITMENTS AND CONTIGENCIES

In the normal course of business, the Fund can become party to various claims, actions, and complaints. There are currently no claims, actions or complaints outstanding.

As of December 31, 2021, the Fund has uncalled capital commitments of \$4,020,424. These capital calls are determined by the underlying fund managers and can be made at any time.

NOTE 7 - SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through September 1, 2022, the date which the financial statements were available to be issued. The following event was identified for disclosure.

On June 30, 2022, the Fund transferred \$15,000,000 in accordance with S.B. 218.

NOTE 8 - PRIOR-PERIOD ADJUSTMENT

During 2020, certain private equity assets were transferred by two fund managers to newly formed continuation vehicles that were excluded from December 31, 2020 reporting. Reporting has since been updated to reflect this activity in the December 31, 2020 assets.

The effects of the prior-period adjustment are summarized in the following schedule:

	As Previously Reported	Adjustments	As Restated
Investments at Fair Value	\$ 45,355,459	\$ 5,665,063	\$ 51,020,522
Realized Gain on Investments	\$ 62,001,297	\$ 5,258,234	\$ 67,259,531
Net change in unrealized appreciation			
on investments	\$ (19,166,004)	\$ 406,829	\$ (18,759,175)
Member's Equity	\$ 82,300,968	\$ 5,665,063	\$ 87,966,031



CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Board of Directors
Utah Fund of Funds, LLC
Cottonwood Heights, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Utah Fund of Funds, LLC (the Fund), which comprise the balance sheet, including the schedule of investments, as of December 31, 2021, and the related statements of operations, member's equity, and cash flows and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 1, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-1 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Fund's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Fund's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Fund's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WSRP, LLC

Salt Lake City, Utah
September 1, 2022

UTAH FUND OF FUNDS, LLC
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year ended December 31, 2021

Finding 2021-01:

Statement of Condition As of December 31, 2021, WSRP noted two investments that were not included on the schedule of investments that should have been included.

Criteria All investments owned by the Fund should be included on the schedule of investments to comply with generally accepted accounting principles.

Cause In December 2020, the Fund's interests in two investments were transferred to new continuation vehicles. The Fund recorded the old investment vehicles at zero in alignment with the investments' periodic statements. Investment managers did not send the Fund periodic statements timely for the Fund's interests in the new continuation vehicles, and the Fund did not recognize its interests in the new vehicles until the subsequent quarters.

Effect Investments, member's equity, and unrealized gain were materially understated as of and for the year ended December 31, 2020 and required a prior-period adjustment to correct.

Recommendation We recommend that the Fund establish effective procedures to track and account for all investment activity and follow-up in instances where investment managers do not timely inform the Fund of investment activity.

Response The Fund has updated its procedures to ensure that all investment activity is tracked, recorded, and timely investigated. In August 2021, a third continuation vehicle transfer was recorded without issue.

Corrective Action Plan

Oversight Agency for Audit

Utah Fund of Funds, LLC respectfully submits the following corrective action plan for the year ended December 31, 2021.

Name of independent accounting firm: WSRP, LLC

Audit period: January 1, 2021 through December 31, 2021

The findings from the December 31, 2021 Schedule of Findings and Recommendations are discussed below.

Finding 2021-1

Comments on the Finding and Recommendation Management agrees with the finding.

Action Taken: The Fund will update procedures to ensure that all investment activity is tracked, recorded, and timely investigated.

If the Oversight Agency has questions regarding this plan, please call Bret Jepsen, Managing Director.

Sincerely yours,

Utah Fund of Funds, LLC
Bret Jepsen, Managing Director