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PROACTIVE INSIGHT

UTAH SYMPHONY | UTAH OPERA

Financial Statements
As of August 31, 2019 and 2018 and
for the Years then Ended

Together with Independent Auditors' Report

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Utah Symphony & Opera

Financial Statements

As of August 31, 2019, and 2018 and

For the Years then Ended

Contents

| | |
|--|------|
| Independent Auditors' Report..... | 1-2 |
| Audited Financial Statements | |
| Statements of Financial Position | 3-4 |
| Statements of Activities | 5-6 |
| Statements of Cash Flows | 7 |
| Notes to Financial Statements | 8-25 |



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INDEPENDENT AUDITORS' REPORT

The Board of Trustees Utah Symphony & Opera

We have audited the accompanying financial statements of Utah Symphony & Opera (the Organization), a Utah nonprofit organization, which comprise the statements of financial position as of August 31, 2019 and 2018, the related statements of activities and cash flows for the years then ended, and the related notes to 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 the financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' 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 audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditors consider 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 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 Utah Symphony & Opera as of August 31, 2019 and 2018, 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.

Adoption of New Accounting Standard

As further described in Note 1 to the financial statements, during the year ended August 31, 2019, the Organization adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*.

Tanner LLC

February 7, 2020

Utah Symphony & Opera
Statement of Financial Position

August 31, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------|
| Assets | | | |
| Cash and cash equivalents | \$ 370,139 | \$ 1,245,021 | \$ 1,615,160 |
| Accounts and grants receivable <i>(Note 2)</i> | 795,065 | 788,104 | 1,583,169 |
| Contributions receivable, less than one year, net <i>(Note 2)</i> | 5,241,740 | 726,575 | 5,968,315 |
| Interest and dividends receivable | - | 4,797 | 4,797 |
| Prepaid expenses | 670,158 | - | 670,158 |
| Contributions receivable, over one year <i>(Note 2)</i> | - | 979,512 | 979,512 |
| Endowment contributions receivable, net <i>(Note 2)</i> | - | 624,141 | 624,141 |
| Long-term investments <i>(Notes 3 and 4)</i> | 1,452,493 | 30,778,016 | 32,230,509 |
| Other investments <i>(Note 3)</i> | 57,748 | - | 57,748 |
| Land, building and equipment, net <i>(Note 5)</i> | 3,671,985 | - | 3,671,985 |
| Total assets | \$ 12,259,328 | \$ 35,146,166 | \$ 47,405,494 |
| Liabilities and net assets | | | |
| Liabilities: | | | |
| Accounts payable and accrued expenses | \$ 1,662,659 | \$ 49 | \$ 1,662,708 |
| Line of credit <i>(Note 6)</i> | 378,539 | - | 378,539 |
| Deferred revenue | 2,612,803 | - | 2,612,803 |
| Note payable <i>(Note 7)</i> | 50,000 | - | 50,000 |
| Total liabilities | 4,704,001 | 49 | 4,704,050 |
| Commitments and contingencies <i>(Note 12)</i> | | | |
| Net assets: | | | |
| Without donor restrictions: | | | |
| Designated <i>(Note 8)</i> | 7,514,090 | - | 7,514,090 |
| Undesignated | 41,237 | - | 41,237 |
| With donor restrictions: | | | |
| Time and purpose restrictions <i>(Note 9)</i> | - | 4,823,266 | 4,823,266 |
| Permanently restricted <i>(Note 10)</i> | - | 30,322,851 | 30,322,851 |
| Total net assets | 7,555,327 | 35,146,117 | 42,701,444 |
| Total liabilities and net assets | \$ 12,259,328 | \$ 35,146,166 | \$ 47,405,494 |

Utah Symphony & Opera
Statement of Financial Position

August 31, 2018

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 519,202 | \$ 927,331 | \$ 1,446,533 |
| Accounts and grants receivable (Note 2) | 790,396 | 692,847 | 1,483,243 |
| Contributions receivable, less than one year, net (Note 2) | 212,896 | 2,276,721 | 2,489,617 |
| Interest and dividends receivable | – | 69,075 | 69,075 |
| Prepaid expenses | 602,718 | – | 602,718 |
| Contributions receivable, over one year (Note 2) | – | 1,574,259 | 1,574,259 |
| Endowment contributions receivable, net (Note 2) | – | 735,701 | 735,701 |
| Long-term investments (Notes 3 and 4) | 2,525,712 | 31,096,755 | 33,622,467 |
| Other investments (Note 3) | 57,748 | – | 57,748 |
| Land, building and equipment, net (Note 5) | 3,716,185 | – | 3,716,185 |
| Total assets | <u>\$ 8,424,857</u> | <u>\$ 37,372,689</u> | <u>\$ 45,797,546</u> |
| Liabilities and net assets | | | |
| Liabilities: | | | |
| Accounts payable and accrued expenses | \$ 1,678,176 | \$ – | \$ 1,678,176 |
| Line of credit (Note 6) | 976,527 | – | 976,527 |
| Deferred revenue | 2,282,845 | – | 2,282,845 |
| Note payable (Note 7) | 100,000 | – | 100,000 |
| Total liabilities | <u>5,037,548</u> | <u>–</u> | <u>5,037,548</u> |
| Commitments and contingencies (Note 12) | | | |
| Net assets: | | | |
| Without donor restrictions: | | | |
| Designated (Note 8) | 3,156,408 | – | 3,156,408 |
| Undesignated | 230,901 | – | 230,901 |
| With donor restrictions: | | | |
| Time and purpose restrictions (Note 9) | – | 6,238,177 | 6,238,177 |
| Permanently restricted (Note 10) | – | 31,134,512 | 31,134,512 |
| Total net assets | <u>3,387,309</u> | <u>37,372,689</u> | <u>40,759,998</u> |
| Total liabilities and net assets | <u>\$ 8,424,857</u> | <u>\$ 37,372,689</u> | <u>\$ 45,797,546</u> |

Utah Symphony & Opera

Statement of Activities

Year Ended August 31, 2019

| | Without Donor Restrictions | | | With Donor Restrictions | | Total |
|---|----------------------------|------------------|--------------|-------------------------------|------------------------|---------------|
| | Operating | Board Designated | Total | Time and Purpose Restrictions | Permanently Restricted | |
| Revenues: | | | | | | |
| Performance revenues | \$ 7,862,754 | \$ - | \$ 7,862,754 | \$ - | \$ - | \$ 7,862,754 |
| Government grants and fees: | | | | | | |
| Awarded | 3,647,487 | - | 3,647,487 | 938,104 | - | 4,585,591 |
| Released from restriction | 692,890 | - | 692,890 | (692,890) | - | - |
| Total government grants and fees | 4,340,377 | - | 4,340,377 | 245,214 | - | 4,585,591 |
| Contributions: | | | | | | |
| Awarded | 5,701,022 | 5,132,244 | 10,833,266 | 1,180,871 | 157,989 | 12,172,126 |
| In-kind | 1,319,570 | - | 1,319,570 | - | - | 1,319,570 |
| Released from restriction | 3,252,593 | (494,975) | 2,757,618 | (2,757,618) | - | - |
| Total contributions | 10,273,185 | 4,637,269 | 14,910,454 | (1,576,747) | 157,989 | 13,491,696 |
| Other: | | | | | | |
| Set and costume rentals | 310,309 | - | 310,309 | - | - | 310,309 |
| Other income | 62,227 | - | 62,227 | - | - | 62,227 |
| Investment income, net of transfers (Notes 1 and 3) | 1,630,482 | (113,432) | 1,517,050 | (99,206) | (969,650) | 448,194 |
| Total other | 2,003,018 | (113,432) | 1,889,586 | (99,206) | (969,650) | 820,730 |
| Total revenues | 24,479,334 | 4,523,837 | 29,003,171 | (1,430,739) | (811,661) | 26,760,771 |
| Expenses (Note 13): | | | | | | |
| Program expenses | 21,595,620 | - | 21,595,620 | - | - | 21,595,620 |
| Management and general | 2,090,079 | - | 2,090,079 | - | - | 2,090,079 |
| Fundraising | 983,299 | 166,155 | 1,149,454 | (15,828) | - | 1,133,626 |
| Total expenses | 24,668,998 | 166,155 | 24,835,153 | (15,828) | - | 24,819,325 |
| Changes in net assets | (189,664) | 4,357,682 | 4,168,018 | (1,414,911) | (811,661) | 1,941,446 |
| Net assets at beginning of the year | 230,901 | 3,156,408 | 3,387,309 | 6,238,177 | 31,134,512 | 40,759,998 |
| Net assets at end of the year | \$ 41,237 | \$ 7,514,090 | \$ 7,555,327 | \$ 4,823,266 | \$ 30,322,851 | \$ 42,701,444 |

Utah Symphony & Opera

Statement of Activities

Year Ended August 31, 2018

| | Without Donor Restrictions | | | With Donor Restrictions | | Total |
|---|----------------------------|------------------|--------------|-------------------------------|------------------------|---------------|
| | Operating | Board Designated | Total | Time and Purpose Restrictions | Permanently Restricted | |
| Revenues: | | | | | | |
| Performance revenues | \$ 7,352,736 | \$ - | \$ 7,352,736 | \$ - | \$ - | \$ 7,352,736 |
| Government grants and fees: | | | | | | |
| Awarded | 3,454,131 | - | 3,454,131 | 692,890 | - | 4,147,021 |
| Released from restriction | 890,076 | - | 890,076 | (890,076) | - | - |
| Total government grants and fees | 4,344,207 | - | 4,344,207 | (197,186) | - | 4,147,021 |
| Contributions: | | | | | | |
| Awarded | 6,200,798 | 144,700 | 6,345,498 | 3,407,998 | 45,221 | 9,798,717 |
| In-kind | 1,067,650 | - | 1,067,650 | - | - | 1,067,650 |
| Released from restriction and reclassification | 3,280,873 | (1,089,711) | 2,191,162 | (2,929,069) | 737,907 | - |
| Total contributions | 10,549,321 | (945,011) | 9,604,310 | 478,929 | 783,128 | 10,866,367 |
| Other: | | | | | | |
| Set and costume rentals | 329,575 | - | 329,575 | - | - | 329,575 |
| Other income | 71,985 | - | 71,985 | - | - | 71,985 |
| Investment income, net of transfers (Notes 1 and 3) | 1,717,907 | 93,397 | 1,811,304 | (32,801) | 1,183,775 | 2,962,278 |
| Total other | 2,119,467 | 93,397 | 2,212,864 | (32,801) | 1,183,775 | 3,363,838 |
| Total revenues | 24,365,731 | (851,614) | 23,514,117 | 248,942 | 1,966,903 | 25,729,962 |
| Expenses (Note 13): | | | | | | |
| Program expenses | 21,358,188 | - | 21,358,188 | - | - | 21,358,188 |
| Management and general | 2,130,111 | - | 2,130,111 | - | - | 2,130,111 |
| Fundraising | 1,148,368 | 165,546 | 1,313,914 | 91,557 | (5,802) | 1,399,669 |
| Total expenses | 24,636,667 | 165,546 | 24,802,213 | 91,557 | (5,802) | 24,887,968 |
| Changes in net assets before other | (270,936) | (1,017,160) | (1,288,096) | 157,385 | 1,972,705 | 841,994 |
| Loan forgiveness (Note 8) | 2,629,400 | (2,629,400) | - | - | - | - |
| Changes in net assets | 2,358,464 | (3,646,560) | (1,288,096) | 157,385 | 1,972,705 | 841,994 |
| Net assets (deficit) at beginning | (2,127,563) | 6,802,968 | 4,675,405 | 6,080,792 | 29,161,807 | 39,918,004 |
| Net assets at end of the year | \$ 230,901 | \$ 3,156,408 | \$ 3,387,309 | \$ 6,238,177 | \$ 31,134,512 | \$ 40,759,998 |

Utah Symphony & Opera

Statements of Cash Flows

| | Years Ended August 31, | |
|---|------------------------|--------------|
| | 2019 | 2018 |
| Operating activities | | |
| Change in net assets | \$ 1,941,446 | \$ 841,994 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation expense | 330,116 | 286,370 |
| Bad debt expense | 13,278 | 135,352 |
| Non-cash reduction of debt | (50,000) | (50,000) |
| Gain on disposal of assets | (5,000) | (13,700) |
| Interest and dividends restricted for long-term investments | (678,567) | (738,780) |
| Net unrealized and realized gains on long-term investments | 230,373 | (2,223,498) |
| Changes in operating assets and liabilities: | | |
| Accounts and contributions receivable | (2,885,595) | (671,529) |
| Interest and dividends receivable | 64,278 | (67,416) |
| Prepaid expenses | (67,440) | (39,221) |
| Accounts payable and accrued expenses | (15,468) | 138,891 |
| Deferred revenue | 329,958 | (250,993) |
| Net cash used in operating activities | (792,621) | (2,652,530) |
| Investing activities | | |
| Purchases of property and equipment | (285,916) | (699,578) |
| Proceeds from sale of equipment | 5,000 | 13,700 |
| Net proceeds from sale of long-term investments | 1,840,152 | 2,317,505 |
| Net cash provided by investing activities | 1,559,236 | 1,631,627 |
| Financing activities | | |
| Proceeds from line of credit | 12,058,804 | 10,199,554 |
| Payments on line of credit | (12,656,792) | (9,223,027) |
| Net cash provided by (used in) financing activities | (597,988) | 976,527 |
| Net increase (decrease) in cash and cash equivalents | 168,627 | (44,376) |
| Cash and cash equivalents: | | |
| Beginning of the year | 1,446,533 | 1,490,909 |
| End of the year | \$ 1,615,160 | \$ 1,446,533 |

Utah Symphony & Opera

Notes to Financial Statements

August 31, 2019 and 2018

1. Significant Accounting Policies

Description of Business and Operations

Utah Symphony & Opera (Symphony & Opera or the Organization) was formed on July 8, 2002, when the respective Boards of Trustees (Board of Trustees or Board) for both the Utah Symphony (the Symphony) and Utah Opera Company (the Opera) voted to merge the two organizations into one operating entity. The Opera's name was then changed to Utah Symphony & Opera and the new Organization adopted the fiscal year-end of August 31. The combined Organization functions as a nonprofit corporation without affiliation with the State of Utah.

In addition to its significant cultural and educational value, the Symphony & Opera also acts as a goodwill ambassador for the State of Utah through its local, national, and international tours and helps to provide opportunities for promising young artists through its outreach programs.

Utah Symphony Guild serves as a support organization for the Symphony & Opera, which exists to increase public recognition of symphonic works and to solicit donations. The results of these fundraising activities are recorded in the Board Designated Fund.

Utah Symphony & Opera funds its operations with revenues received from ticket sales, concert presenter's fees, costume and set rentals, governmental and other grants, investment income, and contributions.

Adoption of New Accounting Standard

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU primarily addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The adoption of this ASU primarily resulted in presenting net assets according to the new classifications described in the "Fund Accounting and Net Asset Classifications" section below, adding disclosures about the liquidity and availability of the Organization's financial assets, and reporting investment income (loss) net of external and direct internal investment expenses.

Risks and Uncertainties

Risks and uncertainties are inherent with the Collective Bargaining Agreement (CBA) that the Organization has with the American Federations of Musicians, Local 104. The Organization employs approximately 148 individuals on a full-time basis and approximately 18 individuals on a part-time basis. Members of the American Federation of Musicians Local 104 union make up 60% of the total full-time employees of the Organization. The current CBA was entered into on September 1, 2018 and is set to expire August 31, 2022.

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, exceed federally insured limits. As of August 31, 2019, the Organization had cash of approximately \$1,700,000 that exceeded federally insured limits. To date, the Organization has not experienced any loss or lack of access to its cash; however, no assurance can be provided that access to the Organization's cash will not be impacted by adverse conditions in the financial markets.

Certain assets that potentially subject the Organization to concentration of credit risk consist primarily of accounts, grants, and contributions receivable. In the normal course of its activities, the Organization records receivables from customers and donors. Accordingly, the Organization performs ongoing evaluations of accounts, grants, and contributions receivable and maintains allowances for possible losses on accounts, grants, and contributions receivable, which, when realized, have been within the range of management's expectations. Credit risk pertaining to accounts, grants, and contributions receivable is comprised of numerous factors including overall economic conditions in the geographic area in which the Organization's customers and donors are located.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits, and highly liquid financial instruments with a maturity of three months or less when purchased.

Fund Accounting and Net Asset Classifications

To ensure observance of limitations and restrictions placed on the use of resources available to the Symphony & Opera, the financial records of the Organization are maintained on the accrual basis of accounting utilizing "fund accounting" and by applying the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to endowment funds. Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specific activities and objectives. Separate accounts are maintained for each fund.

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Fund Accounting and Net Asset Classifications (continued)

In the accompanying financial statements, funds with similar characteristics have been combined into the following net asset categories:

Net assets without donor restrictions: Represent the portion of expendable funds that are available for support of the Organization's operations.

Net assets with donor restrictions: Represent amounts that are specifically restricted by donors for various programs or future periods. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that the resources be maintained in perpetuity.

See Notes 8, 9, and 10 for additional discussion of these net asset categories.

Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. The State of Utah has adopted UPMIFA.

The Organization has interpreted UPMIFA as maintaining the purchasing power of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets, the original value of gifts donated to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and to maintain the fair value of the accumulated contributions.

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

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Investments

Investments in equity and debt securities are measured at fair value in the statements of financial position. Net realized and unrealized gains and losses on net assets without donor restrictions investments, including those held within the Board Designated Fund, are included in net asset without donor restrictions investment income in the statements of activities. Net realized and unrealized gains and losses on restricted net asset investments, restricted by donors or law, are included in net assets with donor restrictions investment income in the statements of activities. Realized gains and losses are determined using the specific identification method. Investment related expenses were approximately \$90,000 and \$88,000 for the years ended August 31, 2019 and 2018, respectively and are netted with income (loss) on investments.

Effective September 1, 2002, the Symphony & Opera's Board of Trustees adopted a resolution to transfer five percent of the value of Donor Restricted Funds and Board Designated Endowment Funds annually for use in its operations. The amounts are transferred from the Permanently Restricted Fund to the Operating Fund. The annual five percent draw is based on an average of the market value of investments for the most recent 12 completed calendar quarters preceding the start of the fiscal year.

The Organization's Investment Policy states a range of 55% to 75% of investments may be equities in the investment mix of equities and fixed income. The Investment Advisor Guidelines state the equity target is 65%. The investment of funds is intended to support the long-term financial viability of the Organization. Investment objectives encompass optimizing portfolio efficiency by minimizing expected portfolio risk and seeking opportunities to reduce fees and expenses, providing liquidity to meet near term cash forecast needs while timing cash withdrawals with portfolio returns, and preserving capital by avoiding significant and sustained loss in market value.

Land, Building and Equipment

Land, building and equipment are stated at cost or estimated fair value as of the date of acquisition or gift, respectively, and include expenditures that substantially extend the useful lives of existing assets. Expenditures for normal maintenance and repairs are charged to operations as incurred. The cost of the building and equipment is being depreciated using the straight-line method over the estimated useful lives of the assets, which range from five to thirty years. The Organization has a significant amount of costumes, wigs and props that are not recorded on the statement of financial position. Expenditures for these items are expensed as incurred.

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

The Organization reviews its land, buildings, and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be impaired. If it is determined that an impairment loss has occurred, such loss is recognized in the statement of activities.

Revenue Recognition and Deferred Revenue

The majority of the Organization's revenue stems from donor contributions, grants, and performance ticket sales. Contributions are generally recognized as revenue at fair value in the period received or unconditionally pledged. Contributions of services are recognized only if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions received are considered to be available for use unless specifically restricted by the donor. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Utah Symphony & Opera records contributions as net assets with donor restrictions if they are received with donor stipulations limiting the use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, these contributions are reclassified to net assets without donor restriction and reported in the statement of activities as contributions released from restriction.

Utah Symphony & Opera rents its costumes, wigs, sets and props to individuals and other organizations across North America. It also constructs costumes and sets for other organizations. Rental and construction income of approximately \$310,000 and \$330,000 is included on the statements of activities for the years ended August 31, 2019 and 2018, respectively.

Deferred revenue arises from subscription ticket sales and advance ticket sales, including refundable gift certificates, and is recognized as revenue when the performance for which the tickets have been sold occurs.

As part of the Zoo, Arts and Parks Sales Tax Initiative passed in 1996, and reaffirmed in November 2015, Utah Symphony & Opera receives funds from Salt Lake County (the County) and records revenues based on an estimate of revenues to be collected which is provided by the State of Utah. As of August 31, 2019 and 2018, approximately \$599,000 and \$652,000, respectively, was recorded as a receivable without donor restrictions and increase in grants and fees without donor restrictions for amounts which tax collections are known that will be received subsequent to year end. As of August 31, 2019 and 2018, approximately \$788,000 and \$685,000, respectively, were recorded as a receivable with donor restrictions and increase in grants and fees with donor restrictions as the amounts for which tax collections to be received subsequent to year-end have been estimated.

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Revenue Recognition and Deferred Revenue (continued)

Periodically, the County reconciles actual sales tax receipts with payments already made to the Organization and retroactively adjusts the estimated allotment. The adjustments result from actual sales tax collections being different than originally estimated by the County for the portion of the grant which the Organization has recorded a receivable based on estimated tax collections. The Organization records these adjustments as they receive formal communication from the County. For the year ended August 31, 2019 and 2018, the Organization recorded \$4,000 and \$63,000, respectively, in revenue for adjustments to the prior year's estimate that became known subsequent to year-end.

Pledges to Contribute

Pledges to contribute over future periods are discounted to present values using the Organization's current borrowing rate and are recorded in the current period as contributions and contributions receivable with donor restrictions. As of August 31, 2019, and 2018, the discount on these pledges was approximately \$110,000 and \$254,000, respectively. These contributions represent unconditional promises to donate within the next one to six years. The Organization also records an estimate for uncollectible receivables based on historical payment experience coupled with projections and estimates of pledges and actual amounts expected to be received.

Contributions-in-Kind

The Symphony & Opera receives donated services and materials that are used in the operations of the Organization. These donated services and materials are recorded at estimated fair value.

The following is a summary of amounts that were recorded as both in-kind contributions without donor restrictions, and expenses for the years ended August 31:

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Program expenses: | | |
| Advertising expenses | \$ 1,163,703 | \$ 892,646 |
| Production expenses | 88,555 | 101,276 |
| Management and general and fundraising expenses | 67,312 | 73,728 |
| | <u>\$ 1,319,570</u> | <u>\$ 1,067,650</u> |

Certain members of the Utah Symphony & Opera's Board of Trustees, or companies affiliated with certain board members, provided in-kind contributions for advertising services.

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Volunteers

A number of volunteers have made contributions of time to the Utah Symphony & Opera's program and support functions. The value of this contributed time does not meet the criteria for recognition of contributions-in-kind and, accordingly, is not reflected in the accompanying financial statements.

Advertising Expenses

The Symphony & Opera expenses advertising costs as incurred. Amounts expensed for advertising, including in-kind expenses, were approximately \$2,890,000 and \$2,455,000 for the years ended August 31, 2019 and 2018, respectively.

Income Tax Status

The Internal Revenue Service has ruled that Utah Symphony & Opera qualifies under Section 501(c)(3) of the Internal Revenue Code (the IRC) and is, therefore, not subject to tax under present income tax laws on income pertaining to its exempt purposes. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is required to operate in conformity with the IRC in order to maintain its tax-exempt qualification. As of August 31, 2019, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications have been made to the 2018 financial statement presentation to conform to the 2019 presentation.

Subsequent Events

Management has evaluated subsequent events that have occurred through February 7, 2020, the date the financial statements were available to be issued and determined that no additional disclosures are required to be made.

Utah Symphony & Opera

Notes to Financial Statements (continued)

2. Accounts, Grants, and Contributions Receivable

The net balance of accounts, grants, and contributions receivable consists of the following as of August 31, 2019:

| | Without Donor Restrictions | With Donor Restrictions | | Total |
|--|----------------------------|-------------------------------|------------------------|---------------------|
| | | Time and Purpose Restrictions | Permanently Restricted | |
| Accounts and grants receivable | \$ 795,065 | \$ 788,104 | \$ - | \$ 1,583,169 |
| Contributions receivable, less than one year | 5,241,740 | 726,575 | - | 5,968,315 |
| Contributions receivable, over one year | - | 979,512 | - | 979,512 |
| Endowment contributions receivable | - | - | 624,141 | 624,141 |
| | \$ 6,036,805 | \$ 2,494,191 | \$ 624,141 | \$ 9,155,137 |

As of August 31, 2019, approximately \$4,971,000 or 82% of receivables without donor restriction was a bequest from Donor A. This receivable was collected subsequent to year end. Also, \$594,000 (1% of receivables without donor restriction, 4% of time and purpose restricted receivables and 71% of permanently restricted receivables) was receivable from Donor B and approximately \$1.1 million (45% of time and purpose restricted receivables) was receivable from Donor C.

During the year ended August 31, 2019, government grants received from Salt Lake County totaled \$2.4 million. As of August 31, 2019, receivables from Salt Lake County totaled approximately \$1.4 million (32% of time and purpose restricted receivables and 10% of receivables without donor restriction).

The net balance of accounts, grants, and contributions receivable consist of the following as of August 31, 2018:

| | Without Donor Restrictions | With Donor Restrictions | | Total |
|--|----------------------------|-------------------------------|------------------------|---------------------|
| | | Time and Purpose Restrictions | Permanently Restricted | |
| Accounts and grants receivable | \$ 790,396 | \$ 692,847 | \$ - | \$ 1,483,243 |
| Contributions receivable, less than one year | 212,896 | 2,276,721 | - | 2,489,617 |
| Contributions receivable, over one year | - | 1,574,259 | - | 1,574,259 |
| Endowment contributions receivable | - | - | 735,701 | 735,701 |
| | \$ 1,003,292 | \$ 4,543,827 | \$ 735,701 | \$ 6,282,820 |

Utah Symphony & Opera

Notes to Financial Statements (continued)

2. Accounts, Grants, and Contributions Receivable (continued)

All accounts and contributions receivable as of August 31, 2019 are receivable within one to six years as noted below:

| | Accounts, Grants, and Contributions | Endowment | Total |
|---|--|-------------------|---------------------|
| Current through August 31, 2020 | \$ 7,588,553 | \$ 333,000 | \$ 7,921,553 |
| From September 1, 2020 to August 31, 2025 | 979,652 | 291,141 | 1,270,793 |
| | 8,568,205 | 624,141 | 9,192,346 |
| Less estimated uncollectible receivables | (37,209) | - | (37,209) |
| | \$ 8,530,996 | \$ 624,141 | \$ 9,155,137 |

All accounts and contributions receivable as of August 31, 2018 are receivable within one to seven years as noted below:

| | Accounts, Grants, and Contributions | Endowment | Total |
|---|--|-------------------|---------------------|
| Current through August 31, 2019 | \$ 4,024,788 | \$ 333,000 | \$ 4,357,788 |
| From September 1, 2019 to August 31, 2025 | 1,589,917 | 402,701 | 1,992,618 |
| | 5,614,705 | 735,701 | 6,350,406 |
| Less estimated uncollectible receivables | (67,586) | - | (67,586) |
| | \$ 5,547,119 | \$ 735,701 | \$ 6,282,820 |

3. Investments

The following is a summary of investments as of August 31:

| | 2019 | 2018 |
|------------------------|----------------------|----------------------|
| Long-term investments: | | |
| Corporate stocks | \$ 18,950,289 | \$ 22,531,247 |
| Corporate bonds | 6,198,391 | 5,697,914 |
| Government bonds | 3,686,813 | 5,266,999 |
| Instrument loans | 62,764 | 84,358 |
| Money market | 3,332,252 | 41,949 |
| | \$ 32,230,509 | \$ 33,622,467 |
| Other investments: | | |
| Art | \$ 50,848 | \$ 50,848 |
| Real estate | 6,900 | 6,900 |
| | \$ 57,748 | \$ 57,748 |

Utah Symphony & Opera

Notes to Financial Statements (continued)

3. Investments (continued)

Major categories of the Symphony & Opera's investment income (losses) are summarized as follows:

| | For the Year Ended August 31, 2019 | | | | |
|--|------------------------------------|---------------------|-------------------------------|------------------------|-------------------|
| | Without Donor Restrictions | | With Donor Restrictions | | Total |
| | Undesignated | Board Designated | Time and Purpose Restrictions | Permanently Restricted | |
| Interest | \$ 1,756 | \$ 21,011 | \$ 8,285 | \$ 234,803 | |
| Dividends | 3,684 | 32,642 | 13,497 | 362,889 | 412,712 |
| | <u>5,440</u> | <u>53,653</u> | <u>21,782</u> | <u>597,692</u> | <u>678,567</u> |
| Unrealized losses | (17,926) | (91,353) | (32,782) | (957,055) | (1,099,116) |
| Realized gains | 13,996 | 73,290 | 30,833 | 840,717 | 958,836 |
| Management fees | (6,831) | (7,694) | (2,601) | (72,967) | (90,093) |
| | <u>(10,761)</u> | <u>(25,757)</u> | <u>(4,550)</u> | <u>(189,305)</u> | <u>(230,373)</u> |
| Net investment gains (losses) before transfers | (5,321) | 27,896 | 17,232 | 408,387 | 448,194 |
| Transfers * | 1,635,803 | (141,328) | (116,438) | (1,378,037) | — |
| Investment income (losses), net of transfers | <u>\$ 1,630,482</u> | <u>\$ (113,432)</u> | <u>\$ (99,206)</u> | <u>\$ (969,650)</u> | <u>\$ 448,194</u> |

| | For the Year Ended August 31, 2018 | | | | |
|--|------------------------------------|------------------|-------------------------------|------------------------|---------------------|
| | Without Donor Restrictions | | With Donor Restrictions | | Total |
| | Undesignated | Board Designated | Time and Purpose Restrictions | Permanently Restricted | |
| Interest | \$ 4,806 | \$ 28,623 | \$ 9,459 | \$ 238,130 | |
| Dividends | 122 | 38,215 | 16,195 | 403,230 | 457,762 |
| | <u>4,928</u> | <u>66,838</u> | <u>25,654</u> | <u>641,360</u> | <u>738,780</u> |
| Unrealized gains | 9,902 | 167,030 | 77,426 | 1,888,748 | 2,143,106 |
| Realized gains | 36,206 | 9,442 | 4,707 | 118,254 | 168,609 |
| Management fees | (4,748) | (10,029) | (2,844) | (70,596) | (88,217) |
| | <u>41,360</u> | <u>166,443</u> | <u>79,289</u> | <u>1,936,406</u> | <u>2,223,498</u> |
| Net investment gains, before transfers | 46,288 | 233,281 | 104,943 | 2,577,766 | 2,962,278 |
| Transfers* | 1,671,619 | (139,884) | (137,744) | (1,393,991) | — |
| Investment income, net of transfers | <u>\$ 1,717,907</u> | <u>\$ 93,397</u> | <u>\$ (32,801)</u> | <u>\$ 1,183,775</u> | <u>\$ 2,962,278</u> |

* The Organization transfers five percent of the Permanently Restricted Fund annually, regardless of the actual return.

Utah Symphony & Opera

Notes to Financial Statements (continued)

4. Fair Value Measurements

The Organization measures fair value using the following fair value hierarchy that prioritizes the use of inputs used in valuation techniques into the following three levels:

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2—Observable inputs other than quoted prices in active markets for identical assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Where quoted prices are available in an active market, investments are classified within level 1 of the hierarchy. If quoted prices are not available, then fair values, estimated using pricing models, quoted prices, or securities with similar characteristics are categorized within level 2 of the hierarchy. Level 3 investments are valued using a discounted cash flows and cost approach.

Assets measured at fair value on a recurring basis as of August 31, 2019 are summarized as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------|----------------------|---------------------|------------------|----------------------|
| Corporate stocks | \$ 18,950,289 | \$ — | \$ — | \$ 18,950,289 |
| Corporate bonds | — | 6,198,391 | — | 6,198,391 |
| Government bonds | — | 3,686,813 | — | 3,686,813 |
| Instrument loans | — | — | 62,764 | 62,764 |
| Money market fund | 3,332,252 | — | — | 3,332,252 |
| Total | \$ 22,282,541 | \$ 9,885,204 | \$ 62,764 | \$ 32,230,509 |

Assets measured at fair value on a recurring basis as of August 31, 2018 are summarized as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------|----------------------|----------------------|------------------|----------------------|
| Corporate stocks | \$ 22,531,247 | \$ — | \$ — | \$ 22,531,247 |
| Corporate bonds | — | 5,697,914 | — | 5,697,914 |
| Government bonds | — | 5,266,999 | — | 5,266,999 |
| Instrument loans | — | — | 84,358 | 84,358 |
| Money market fund | 41,949 | — | — | 41,949 |
| Total | \$ 22,573,196 | \$ 10,964,913 | \$ 84,358 | \$ 33,622,467 |

Utah Symphony & Opera

Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

Level 3 assets are summarized as below:

| | Instrument Loans |
|---|-----------------------------|
| Balance as of September 1, 2017 | \$ 82,397 |
| Total gains/(losses) (realized/unrealized/interest) | 3,710 |
| Net purchases/loans and settlements/payments | (1,749) |
| Balance as of August 31, 2018 | 84,358 |
| | |
| Total gains/(losses) (realized/unrealized/interest) | 3,716 |
| Net purchases/loans and settlements/payments | (25,310) |
| Balance as of August 31, 2019 | \$ 62,764 |

5. Land, Building and Equipment

Land, building and equipment as of August 31, are summarized as follows:

| | 2019 | 2018 |
|-------------------------------|---------------------|--------------|
| Land | \$ 229,500 | \$ 229,500 |
| Building and improvements | 5,802,984 | 5,802,984 |
| Office equipment | 484,845 | 448,845 |
| Hall equipment | 639,947 | 675,790 |
| Production equipment | 254,773 | 230,157 |
| Production sets | 2,024,961 | 1,809,173 |
| Vehicles | 95,513 | 95,513 |
| Construction in process | 30,654 | 21,632 |
| | 9,563,177 | 9,313,594 |
| Less accumulated depreciation | (5,891,192) | (5,597,409) |
| | \$ 3,671,985 | \$ 3,716,185 |

Utah Symphony & Opera uses the facilities of Abravanel Hall and the Capitol Theater under a lease agreement with Salt Lake County, which is renewable annually. Rental expense for these facilities was approximately \$419,000 and \$401,000 for the years ended August 31, 2019 and 2018, respectively.

Utah Symphony & Opera

Notes to Financial Statements (continued)

6. Line of Credit

The Organization has a revolving line of credit with a financial institution. The line of credit has a borrowing capacity equal to 95% of the Board Designated Utah Opera Surplus Endowment Fund, up to a maximum of \$2,090,000. As of August 31, 2019, the line of credit was limited to \$2,090,000. The line of credit is secured by certain assets of the Board Designated Utah Opera Surplus Endowment Fund, and the Board has permitted management to utilize this line of credit at its discretion. The line of credit bears interest at prime rate less .25% (5% as of August 31, 2019). The Organization had \$378,539 and \$976,527 outstanding under the line of credit as of August 31, 2019 and 2018. The line of credit matures July 15, 2020, at which time the Organization intends to apply for renewal.

Interest expense for the years ended August 31, 2019 and 2018 was \$41,807 and \$18,975, respectively. Cash paid for interest was \$39,086 and \$14,750 for the years ended August 31, 2019 and 2018, respectively. Interest expense is recorded in management and general expenses.

7. Note Payable

The note payable consists of a promissory note payable to the Redevelopment Agency of Salt Lake City with a maturity date of October 31, 2021. The note payable bears interest 3%. The principal balance of the note payable as of August 31, 2019 and 2018 was \$50,000 and \$100,000, respectively. The loan agreement allows for an annual donation in-kind to be applied against the principal balance of the loan totaling \$50,000 if the Organization performs one concert at the Gallivan Center during the year. In fiscal 2019 and 2018, the Organization performed the required concerts to receive the credit. Accrued interest on the note was \$2,721 and \$4,225 as of August 31, 2019 and 2018, respectively. The Symphony & Opera has the option of paying the interest on the note in cash or by receiving credit for value in-kind or a combination of cash and in-kind services. Through fiscal 2019, the Organization has provided in-kind services sufficient to cover all interest expense associated with this note. The promissory note is collateralized by a deed of trust granting a security interest in the real property owned by the Organization.

8. Net Assets Without Donor Restriction

Net assets without donor restrictions include amounts from the Operating Fund and from the Board Designated Fund. All general operating revenues and expenses related to the program activities of the Organization, which are included in the Operating Fund, are presented in the net asset without donor restriction section of the statements of activities.

Utah Symphony & Opera

Notes to Financial Statements (continued)

8. Net Assets Without Donor Restriction (continued)

The Board of Trustees approved lending \$3,220,000 from the Board Designated Fund to assist in financing operating deficits between December 2008 and November 2011. On September 25, 2018, the Board of Directors forgave the \$2,629,400 remaining balance of the loan.

The Board Designated Fund consists of funds without donor or legal restrictions, but through Board resolutions it has been set aside for specific purposes. As of August 31, the fund consists of the following:

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|---------------------|---------------------|
| Board Endowment | \$ 5,135,045 | \$ 630,550 |
| Utah Opera Surplus Endowment Fund | 2,309,432 | 2,391,044 |
| Guild Fund | 47,560 | 52,597 |
| Board Designated Reserve Fund | 22,053 | 82,217 |
| | <u>\$ 7,514,090</u> | <u>\$ 3,156,408</u> |

Assets underlying the Utah Opera Surplus Endowment Fund have been pledged as security on the line of credit. The Utah Opera Surplus Endowment Fund requires a two-thirds vote of the full Board to access such funds. The Board Designated Reserve Fund is used to offset any year-end deficits in the Operating Fund and for such other purposes as the Board may from time to time determine. For the years ended August 31, 2019 and 2018, there was approximately \$495,000 and \$1,090,000 transferred between the Board Designated Reserve Fund and the Operating Fund, respectively.

9. Net Assets with Donor Restrictions

As of August 31, net assets with time or purpose donor restrictions are available for the following purposes or periods:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Funds for use in future periods | \$ 2,222,116 | \$ 3,436,076 |
| Opera Production Studio Expansion | 1,084,060 | 1,183,264 |
| Governmental grants received for use in future periods | 863,104 | 692,890 |
| Funds for a specified purpose | 226,366 | 296,076 |
| Deer Valley Music Festival | 427,620 | 629,871 |
| | <u>\$ 4,823,266</u> | <u>\$ 6,238,177</u> |

All amounts released from restriction during the years ended August 31, 2019 and 2018 were released following the fulfillment of purpose or expiration of time restrictions placed on the assets.

Utah Symphony & Opera

Notes to Financial Statements (continued)

9. Net Assets with Donor Restrictions (continued)

The Opera Production Studio Expansion was completed in fiscal year 2003. The remaining funds held in Time and Purpose Restricted Net Assets represent donations received in excess of the cost of the expansion and are to be used for the operation and maintenance of the building. For the years ended August 31, 2019 and 2018, approximately \$116,000 and \$138,000, respectively, were transferred from the Opera Production Studio Expansion Temporarily Restricted Fund to offset costs associated with the operations and maintenance of this building.

10. Permanently Restricted Net Assets

Permanently restricted net assets represent the Donor Restricted Endowment Fund of the Symphony and the Opera, which consists primarily of investments and accrued investment income restricted in perpetuity by the donor of the assets. This endowment was established from donor restricted endowment contributions or grants from charitable individuals, foundations, agencies or other groups and includes matching funds raised by the Organization when the contribution or grant requires such conditions. These amounts, including the matching contributions, are restricted for permanent endowment. At its discretion, the Symphony & Opera's Board of Trustees can transfer investment income, as determined by the 5% annual draw investment policy (see Note 1), to the Operating Fund in order to fund general operations.

As of August 31, categories of permanently restricted net assets are as follows:

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------------|-----------------------------|
| General Operations for Symphony | \$ 12,710,457 | \$ 12,995,779 |
| General Operations for Symphony & Opera | 12,255,045 | 12,664,596 |
| Elizabeth Brown Dee Fund for Music in the Schools | 1,572,917 | 1,576,496 |
| General Operations for Deer Valley Music Festival | 931,981 | 984,987 |
| Park City Enhancement (Capital Improvements) | 951,499 | 965,556 |
| Opera Ensemble/Education Programs | 756,537 | 783,272 |
| General Operations for Opera | 657,477 | 680,709 |
| Instrument Loan Fund | 353,327 | 345,199 |
| Symphony Chorus | 121,611 | 125,900 |
| Orchestra Refreshment Fund | 12,000 | 12,018 |
| | <u>\$ 30,322,851</u> | <u>\$ 31,134,512</u> |

Utah Symphony & Opera

Notes to Financial Statements (continued)

11. Retirement Programs

All of the musicians are covered by the American Federation of Musicians Employers Pension and Welfare (AFM-EPW) defined benefit pension plan, which is sponsored and administered by their union (the Union Plan), or a Section 401(k) retirement plan. The Organization contributes on behalf of each musician an amount equal to 8% of that musician's salary, up to the prevailing minimum salary or 9% for musicians employed for 15 years or more. Additional contributions based upon media services are computed according to the current rates of the AFM-EPW. Assets and vested benefits are not segregated by unit within the Union Plan. As a result, it is not possible to determine the portion of the assets and vested benefits or unfunded liabilities of the Union Plan that are applicable to the Symphony musicians.

In March 2010, the AFM-EPW notified the Organization that it certified the plan to be in "critical status" for the plan year beginning April 1, 2010. As such, the Plan adopted a rehabilitation plan that reduces benefits paid and requires employers to pay a surcharge on contributions to the fund. The surcharge start date was June 1, 2010. This surcharge is currently 9% of contributions. The Organization has been notified of an additional 10% surcharge to take effect after the current collective bargaining agreement.

Beginning December 12, 2009, the Organization created two 401(k) retirement plans. One plan is for the benefit of full-time AFM Union members and one is for full-time non-union members. Employees may contribute a portion of their compensation to this plan, subject to limitations established by the IRC. The contributed funds are held in individual accounts with an outside manager.

The cost to the Symphony & Opera of contributions to all of the above retirement programs incurred by the Operating Fund was approximately \$665,000 and \$681,000 for the years ended August 31, 2019 and 2018, respectively.

12. Commitments and Contingencies

The Organization entered into a multi-year agreement with an entertainment agency for the right to present several of the 'films in concert' they manage. The total amount due under terms of the agreement is \$595,000, with a specified amount due following each performance. As of August 31, 2019, the Symphony & Opera had fulfilled \$340,000 of the total contract based on performances held to date. The remaining balance of the contract will be payable as performances are held through the year 2021. The contract is subject to renegotiation should attendance at the performances fall below an amount specified in the contract.

The Organization has entered into employment agreements with certain members of management. The terms of each agreement are different. However, one or all of these agreements include stipulated base salary, bonus potential, vacation benefits, severance, and non-competition agreements.

Utah Symphony & Opera

Notes to Financial Statements (continued)

13. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. All direct costs are charged to the related functional area. Indirect costs are allocated to the functional areas based on estimates made by management taking into account the nature of the expense and how it relates to the functional area. Salaries and related expenses are allocated based on the department to which the employee belongs. The Organization's significant indirect costs of rent and office costs, and depreciation and amortization are allocated to the functional areas based upon the employees who occupy the space. The Symphony and Opera's expenses by functional category are as follows:

| Year Ended August 31, 2019 | | | | |
|----------------------------|----------------------|---------------------------|---------------------|----------------------|
| | Program | Management and General | Fund- Raising | Total |
| Salaries and wages | \$ 12,907,396 | \$ 1,203,828 | \$ 619,487 | \$ 14,730,711 |
| Guest artists | 3,257,274 | — | — | 3,257,274 |
| Marketing | 2,889,823 | — | — | 2,889,823 |
| Production | 1,805,951 | — | — | 1,805,951 |
| Other | 1,962 | 522,735 | 32,337 | 557,034 |
| Set and costume rental | 179,621 | — | — | 179,621 |
| Rent | 442,803 | 67,797 | — | 510,600 |
| Cultivation events | — | — | 307,771 | 307,771 |
| Depreciation | 109,290 | 220,826 | — | 330,116 |
| Guild | — | — | 166,155 | 166,155 |
| Professional | 1,500 | 68,539 | 951 | 70,990 |
| Bad debts | — | 6,354 | 6,925 | 13,279 |
| | \$ 21,595,620 | \$ 2,090,079 | \$ 1,133,626 | \$ 24,819,325 |

| Year Ended August 31, 2018 | | | | |
|----------------------------|----------------------|---------------------------|---------------------|----------------------|
| | Program | Management and General | Fund- Raising | Total |
| Salaries and wages | \$ 13,125,340 | \$ 1,239,902 | \$ 618,588 | \$ 14,983,830 |
| Guest artists | 3,071,407 | — | — | 3,071,407 |
| Marketing | 2,454,433 | — | 178 | 2,454,611 |
| Production | 1,964,009 | — | 42,694 | 2,006,703 |
| Set and costume rental | 225,610 | — | — | 225,610 |
| Rent | 439,576 | 65,804 | — | 505,380 |
| Cultivation events | — | — | 343,991 | 343,991 |
| Depreciation | 77,813 | 208,557 | — | 286,370 |
| Guild | — | — | 165,545 | 165,545 |
| Professional | — | 53,932 | 7,700 | 61,632 |
| Bad debts | — | 256 | 135,096 | 135,352 |
| Other | — | 561,660 | 85,877 | 647,537 |
| | \$ 21,358,188 | \$ 2,130,111 | \$ 1,399,669 | \$ 24,887,968 |

Utah Symphony & Opera

Notes to Financial Statements (continued)

14. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following as of August 31, 2019:

| | | |
|--|----|--------------------|
| Cash and cash equivalents | \$ | 370,139 |
| Time restricted cash available for general operations within one year | | 820,898 |
| Investments | | 1,452,493 |
| Promises to give, net | | 6,036,805 |
| Total financial assets | | <u>8,680,335</u> |
| Less amounts not available to be used within one year: | | |
| Board designated funds | | <u>(7,514,090)</u> |
| Financial assets available to be used for general expenditure within one year | \$ | <u>1,166,245</u> |

The Organization regularly monitors liquidity in order to meet its operating needs and other contractual commitments using budgets and cash flow projections, while also striving to maximize the investment of its available funds.

Operations are funded primarily from ticket sales, donations, and earnings on investments. The Organization's receivables are due from corporate, government, foundation, and individual donors. Credit risk associated with receivables is considered to be limited because the amounts are due primarily from known donors.

As described in Note 6, the Organization has \$2,090,000 available under its line of credit agreement with a bank and expires July 15, 2020.

The statement of cash flows identifies the sources and uses of the Organizations cash that generated negative cash flows from operating activities during the year ended August 31, 2019 of approximately \$793,000.