

UTAH SYMPHONY | UTAH OPERA

Financial Statements
As of August 31, 2021 and 2020 and
for the Years then Ended

Together with Independent Auditors' Report

Utah Symphony & Opera

Financial Statements

As of August 31, 2021 and 2020 and

for the Years then Ended

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Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Trustees Utah Symphony & Opera

Report on the Financial Statements

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, 2021 and 2020, 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah Symphony & Opera as of August 31, 2021 and 2020, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended August 31, 2021, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 26, 2022, on our consideration of the Organization'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 the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*.

Tanner LLC
January 26, 2022

Utah Symphony & Opera
Statement of Financial Position
August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 6,520,926	\$ 3,806,094	\$ 10,327,020
Accounts and grants receivable (Note 2)	2,731,636	534,444	3,266,080
Contributions receivable, less than one year, net (Note 2)	63,499	936,837	1,000,336
Endowment contributions receivable, less than one year, net (Note 2)	-	66,000	66,000
Interest and dividends receivable	-	77	77
Prepaid expenses	588,572	-	588,572
Total current assets	9,904,633	5,343,452	15,248,085
Contributions receivable, over one year (Note 2)	-	566,747	566,747
Endowment contributions receivable, over one year net (Note 2)	-	91,578	91,578
Long-term investments (Notes 3 and 4)	6,536,285	39,707,824	46,244,109
Other investments (Note 3)	57,748	-	57,748
Land, building and equipment, net (Note 5)	2,974,301	-	2,974,301
Total assets	\$ 19,472,967	\$ 45,709,601	\$ 65,182,568
Liabilities and net assets			
Liabilities:			
Accounts payable and accrued expenses	\$ 1,269,355	\$ 47	\$ 1,269,402
Deferred revenue (Note 7)	2,983,926	-	2,983,926
Note payable (Note 8)	-	-	-
Total current liabilities	4,253,281	47	4,253,328
Commitments and contingencies (Note 13)			
Net assets:			
Without donor restrictions (Note 9):	15,219,686	-	15,219,686
With donor restrictions:			
Time and purpose restrictions (Note 10)	-	7,034,690	7,034,690
Permanently restricted (Note 11)	-	38,674,864	38,674,864
Total net assets	15,219,686	45,709,554	60,929,240
Total liabilities and net assets	\$ 19,472,967	\$ 45,709,601	\$ 65,182,568

Utah Symphony & Opera
Statement of Financial Position
August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 6,271,381	\$ 2,625,051	\$ 8,896,432
Accounts and grants receivable <i>(Note 2)</i>	774,043	482,027	1,256,070
Contributions receivable, less than one year, net <i>(Note 2)</i>	3,000	478,768	481,768
Endowment contributions receivable, less than one year, net <i>(Note 2)</i>	–	216,000	216,000
Interest and dividends receivable	–	130	130
Prepaid expenses	379,311	–	379,311
Total current assets	<u>7,427,735</u>	<u>3,801,976</u>	<u>11,229,711</u>
Contributions receivable, over one year <i>(Note 2)</i>	–	585,809	585,809
Endowment contributions receivable, over one year net <i>(Note 2)</i>	–	119,787	119,787
Long-term investments <i>(Notes 3 and 4)</i>	1,790,101	32,781,803	34,571,904
Other investments <i>(Note 3)</i>	57,748	–	57,748
Land, building and equipment, net <i>(Note 5)</i>	3,322,350	–	3,322,350
Total assets	<u>\$ 12,597,934</u>	<u>\$ 37,289,375</u>	<u>\$ 49,887,309</u>
Liabilities and net assets			
Liabilities:			
Accounts payable and accrued expenses	\$ 611,086	\$ 47	\$ 611,133
Deferred revenue <i>(Note 7)</i>	3,691,003	–	3,691,003
Note payable <i>(Note 8)</i>	50,000	–	50,000
Total current liabilities	<u>4,352,089</u>	<u>47</u>	<u>4,352,136</u>
Commitments and contingencies <i>(Note 13)</i>			
Net assets:			
Without donor restrictions <i>(Note 9)</i> :	8,245,845	–	8,245,845
With donor restrictions:			
Time and purpose restrictions <i>(Note 10)</i>	–	5,177,096	5,177,096
Permanently restricted <i>(Note 11)</i>	–	32,112,232	32,112,232
Total net assets	<u>8,245,845</u>	<u>37,289,328</u>	<u>45,535,173</u>
Total liabilities and net assets	<u>\$ 12,597,934</u>	<u>\$ 37,289,375</u>	<u>\$ 49,887,309</u>

See accompanying notes to financial statements

Utah Symphony & Opera

Statement of Activities

Year Ended August 31, 2021

	Without Donor Restrictions			With Donor Restrictions		
	Operating	Board Designated	Total	Time and Purpose Restrictions	Permanently Restricted	Total
Revenues:						
Performance revenues	\$ 2,382,634	\$ -	\$ 2,382,634	\$ -	\$ -	\$ 2,382,634
Government grants and fees:						
Awarded	11,137,191	-	11,137,191	3,957,986	-	15,095,177
Released from restriction	577,028	-	577,028	(577,028)	-	-
Total government grants and fees	11,714,219	-	11,714,219	3,380,958	-	15,095,177
Contributions:						
Awarded	7,002,904	309,392	7,312,296	1,188,321	50,291	8,550,908
In-kind	344,771	-	344,771	-	-	344,771
Released from restriction and reclass	2,809,120	-	2,809,120	(2,859,120)	50,000	-
Total contributions	10,156,795	309,392	10,466,187	(1,670,799)	100,291	8,895,679
Other:						
Set and costume rentals	145,016	-	145,016	-	-	145,016
Other income	18,880	-	18,880	-	-	18,880
Investment income, net of transfers (Notes 1 and 3)	2,325	447,257	449,582	185,128	6,462,341	7,097,051
Total other	166,221	447,257	613,478	185,128	6,462,341	7,260,947
Total revenues	24,419,869	756,649	25,176,518	1,895,287	6,562,632	33,634,437
Expenses (Note 14):						
Program expenses	15,428,970	-	15,428,970	-	-	15,428,970
Management and general	1,947,995	-	1,947,995	-	-	1,947,995
Fundraising	801,406	24,306	825,712	37,693	-	863,405
Total expenses	18,178,371	24,306	18,202,677	37,693	-	18,240,370
Changes in net assets	6,241,498	732,343	6,973,841	1,857,594	6,562,632	15,394,067
Board designated operating reserve	(3,250,000)	3,250,000	-	-	-	-
Changes in net assets	2,991,498	3,982,343	6,973,841	1,857,594	6,562,632	15,394,067
Net assets at beginning of the year	491,919	7,753,926	8,245,845	5,177,096	32,112,232	45,535,173
Net assets at end of the year	\$ 3,483,417	\$ 11,736,269	\$ 15,219,686	\$ 7,034,690	\$ 38,674,864	\$ 60,929,240

Utah Symphony & Opera

Statement of Activities

Year Ended August 31, 2020

	Without Donor Restrictions			With Donor Restrictions		Total
	Operating	Board Designated	Total	Time and Purpose Restrictions	Permanently Restricted	
Revenues:						
Performance revenues	\$ 4,030,673	\$ -	\$ 4,030,673	\$ -	\$ -	\$ 4,030,673
Government grants and fees:						
Awarded	5,629,759	-	5,629,759	502,028	-	6,131,787
Released from restriction	788,104	-	788,104	(788,104)	-	-
Total government grants and fees	6,417,863	-	6,417,863	(286,076)	-	6,131,787
Contributions:						
Awarded	4,856,527	85,272	4,941,799	2,009,319	93,196	7,044,314
In-kind	799,319	-	799,319	-	-	799,319
Released from restriction	1,439,498	-	1,439,498	(1,289,498)	(150,000)	-
Total contributions	7,095,344	85,272	7,180,616	719,821	(56,804)	7,843,633
Other:						
Set and costume rentals	213,184	-	213,184	-	-	213,184
Other income	49,858	-	49,858	-	-	49,858
Investment income, net of transfers (Notes 1 and 3)	1,659,607	249,845	1,909,452	(78,619)	1,846,185	3,677,018
Total other	1,922,649	249,845	2,172,494	(78,619)	1,846,185	3,940,060
Total revenues	19,466,529	335,117	19,801,646	355,126	1,789,381	21,946,153
Expenses (Note 14):						
Program expenses	16,181,910	-	16,181,910	-	-	16,181,910
Management and general	2,121,898	-	2,121,898	-	-	2,121,898
Fundraising	712,039	95,281	807,320	1,296	-	808,616
Total expenses	19,015,847	95,281	19,111,128	1,296	-	19,112,424
Changes in net assets	450,682	239,836	690,518	353,830	1,789,381	2,833,729
Net assets at beginning of the year	41,237	7,514,090	7,555,327	4,823,266	30,322,851	42,701,444
Net assets at end of the year	\$ 491,919	\$ 7,753,926	\$ 8,245,845	\$ 5,177,096	\$ 32,112,232	\$ 45,535,173

See accompanying notes to financial statements

Utah Symphony & Opera
Statements of Cash Flows

Year Ended August 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
Operating activities			
Change in net assets	\$ 6,973,841	\$ 8,420,226	\$ 15,394,067
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation expense	358,923	-	358,923
Bad debt expense	1,001	37,693	38,694
Non-cash reduction of debt	(50,000)	-	(50,000)
Interest and dividends restricted for long-term investments	(52,892)	(711,536)	(764,428)
Net unrealized and realized gains on long-term investments	(396,690)	(5,935,933)	(6,332,623)
Changes in operating assets and liabilities:			
Accounts receivable	(1,957,593)	(52,417)	(2,010,010)
Contributions receivable	(61,500)	(298,491)	(359,991)
Interest and dividends receivable	-	53	53
Prepaid expenses	(209,261)	-	(209,261)
Accounts payable and accrued expenses	658,269	-	658,269
Deferred revenue	(707,077)	-	(707,077)
Net cash provided by operating activities	<u>4,557,021</u>	<u>1,459,595</u>	<u>6,016,616</u>
Investing activities			
Purchases of property and equipment	(10,874)	-	(10,874)
Net purchase of long-term investments	<u>(4,296,602)</u>	<u>(278,552)</u>	<u>(4,575,154)</u>
Net cash used in investing activities	<u>(4,307,476)</u>	<u>(278,552)</u>	<u>(4,586,028)</u>
Financing activities			
Proceeds from line of credit	482,295	-	482,295
Payments on line of credit	<u>(482,295)</u>	<u>-</u>	<u>(482,295)</u>
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	249,545	1,181,043	1,430,588
Cash and cash equivalents:			
Beginning of the year	6,271,381	2,625,051	8,896,432
End of the year	<u>\$ 6,520,926</u>	<u>\$ 3,806,094</u>	<u>\$ 10,327,020</u>

See accompanying notes to financial statements

Utah Symphony & Opera
Statements of Cash Flows

Year Ended August 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
Operating activities			
Change in net assets	\$ 690,518	\$ 2,143,211	\$ 2,833,729
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation expense	364,887	–	364,887
Bad debt expense (recovery)	(16,321)	1,296	(15,025)
Gain on disposal of assets	(1,800)	–	(1,800)
Interest and dividends restricted for long-term investments	(85,490)	(646,297)	(731,787)
Net unrealized and realized gains on long-term investments	(308,051)	(2,637,180)	(2,945,231)
Changes in operating assets and liabilities:			
Accounts receivable	21,022	306,077	327,099
Contributions receivable	5,255,060	928,568	6,183,628
Interest and dividends receivable	–	4,667	4,667
Prepaid expenses	290,847	–	290,847
Accounts payable and accrued expenses	(1,051,573)	(2)	(1,051,575)
Deferred revenue	1,078,200	–	1,078,200
Net cash provided by operating activities	<u>6,237,299</u>	<u>100,340</u>	<u>6,337,639</u>
Investing activities			
Purchases of property and equipment	(15,252)	–	(15,252)
Proceeds from sale of equipment	1,800	–	1,800
Net proceeds from sale of long-term investments	55,933	1,279,690	1,335,623
Net cash provided by investing activities	<u>42,481</u>	<u>1,279,690</u>	<u>1,322,171</u>
Financing activities			
Proceeds from line of credit	6,970,676	–	6,970,676
Payments on line of credit	(7,349,214)	–	(7,349,214)
Net cash used in financing activities	<u>(378,538)</u>	<u>–</u>	<u>(378,538)</u>
Net increase in cash and cash equivalents	5,901,242	1,380,030	7,281,272
Cash and cash equivalents:			
Beginning of the year	370,139	1,245,021	1,615,160
End of the year	<u>\$ 6,271,381</u>	<u>\$ 2,625,051</u>	<u>\$ 8,896,432</u>

See accompanying notes to financial statements

Utah Symphony & Opera

Notes to Financial Statements

August 31, 2021 and 2020

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.

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. Due to COVID-19 the Organization furloughed the musicians May 30th. In August 2020, a waiver to the CBA was agreed upon which reduced the salaries and adjusted work rules. This waiver allowed the Organization to resume operations in September 2020.

The COVID-19 pandemic has caused business disruption through mandated and voluntary closings of events. While the Symphony and Opera were able to resume performances in the year ending August 31, 2021, there is considerable uncertainty around the possibility of future performance restrictions and the potential for attendance to return to pre-pandemic levels. The related financial impact and duration cannot be reasonably estimated at this time.

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. As of August 31, 2021, the Organization had cash of approximately \$3,860,000 that exceeded federally insured limits. The organization has approximately \$6,193,000 held in short-term bonds in investment accounts. 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.

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

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Fund Accounting and Net Asset Classifications (continued)

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

Net assets with donor restriction: Represent amounts that are specifically restricted by donors for various programs in future periods. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or an event 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 9, 10, and 11 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 the original value of gift and growth in the investments as permanently restricted net assets.

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 assets 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 \$108,000 and \$68,000 for the years ended August 31, 2021 and 2020, respectively and are netted against income (loss) on investments.

The Symphony & Opera's Board of Trustees adopted a resolution to transfer between four and five percent of the value of Donor Permanently Restricted Funds and Endowment Funds Without Restriction annually for use in its operations. The Board approved a 5.0% draw for fiscal year 2020; no draw was taken for fiscal year 2021. The amounts are transferred from the respective Fund to the Operating Fund. The annual draw is based on an average of the market value of investments for the 12 completed calendar quarters preceding the fiscal year budget approval.

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 70% in fiscal year 2021 and 65% in fiscal year 2020. The balance is in fixed income, cash and cash equivalents. 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.

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.

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Revenue Recognition and Deferred Revenue

The majority of the Organization's revenue stems from donor contributions, grants, and performance ticket sales. Revenue is measured as the amount of consideration that the Organization expects to receive in exchange for goods or services. Revenue is recognized after the Organization has (1) identified the customer contract, (2) identified the performance obligation in the contract, (3) determined the transaction price, (4) allocated the transaction price to the performance obligation in the contract and 5) recognized revenue when the performance obligation has been satisfied.

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, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until 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 \$145,000 and \$213,000 is included on the statement of activities for the years ended August 31, 2021 and 2020, 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. The Organization segregates cash to cover deferred revenue in excess of prepaid expenses.

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, 2021 and 2020, approximately \$823,000 and \$745,000, respectively, was recorded as a receivable without donor restrictions and increase in grants and fees without donor restriction for amounts for which tax collections are known that will be received subsequent to year end. As of August 31, 2021 and 2020, approximately \$534,000 and \$482,000, 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)

Pledges to Contribute

Pledges to contribute over future periods are discounted to present values using the Organization's current borrowing rate and recorded in the current period as restricted revenue and contributions receivable with donor restrictions. As of August 31, 2021 and 2020, the discount on these pledges was approximately \$35,000 and \$55,000, respectively. These contributions represent unconditional promises to donate within the next one to five 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, meeting the criteria to be recorded, 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 revenues and expenses (or assets) from unrestricted in-kind contributions for the years ended August 31:

	<u>2021</u>	<u>2020</u>
Program expenses:		
Advertising expenses	\$ 276,423	\$ 696,480
Production expenses	59,458	54,075
Management and general and fundraising expenses	8,890	48,764
	<u>\$ 344,771</u>	<u>\$ 799,319</u>

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

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 \$1,050,000 and \$1,858,000 for the years ended August 31, 2021 and 2020, respectively.

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

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, 2021, 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 2020 financial statement presentation to conform to the 2021 presentation.

Subsequent Events

Management has evaluated subsequent events that have occurred through January 26, 2022, the date the financial statements were available to be issued, and determined that no additional disclosures are required to be made.

2. Accounts, Grants, and Contributions Receivable

The net balance of accounts, grants, and contributions receivable consist of the following as of August 31, 2021:

	Without Donor Restriction	With Donor Restrictions		Total
		Time and Purpose Restrictions	Permanently Restricted	
Accounts and grants receivable	\$ 2,731,636	\$ 534,444	\$ -	\$ 3,266,080
Contributions receivable, less than one year	63,499	936,837	-	1,000,336
Contributions receivable, over one year	-	566,747	-	566,747
Endowment contributions receivable	-	-	157,578	157,578
	\$ 2,795,135	\$ 2,038,028	\$ 157,578	\$ 4,990,741

Utah Symphony & Opera

Notes to Financial Statements (continued)

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

As of August 31, 2021, approximately \$586,000 (30% of time and purpose restricted receivables) was receivable from Donor A and approximately \$400,000 (18% of time and purpose restricted receivables and 2% of unrestricted receivables) was receivable from Donor B.

During the year ended August 31, 2021, government grants received from Salt Lake County totaled \$2,800,000. As of August 31, 2021, receivables from Salt Lake County totaled approximately \$1,357,000 (23% of time and purpose restricted receivables and 40% of unrestricted receivables).

The net balance of accounts, grants, and contributions receivable consist of the following as of August 31, 2020:

		With Donor Restrictions			
	Without Donor Restriction	Time and Purpose Restrictions	Permanently Restricted		Total
Accounts and grants receivable	\$ 774,043	\$ 482,027	\$ –		\$ 1,256,070
Contributions receivable, less than one year	3,000	478,768	–		481,768
Contributions receivable, over one year	–	585,809	–		585,809
Endowment contributions receivable	–	–	335,787		335,787
	\$ 777,043	\$ 1,546,604	\$ 335,787		\$ 2,659,434

All accounts and contributions receivable as of August 31, 2021 are receivable within one to four years as noted below:

	Accounts, Grants, and Contributions	Endowment	Total
Current through August 31, 2022	\$ 4,285,580	\$ 66,000	\$ 4,351,580
From September 1, 2022 to August 31, 2025	577,739	91,578	669,317
	4,863,319	157,578	5,020,897
Less estimated uncollectible receivables	(30,156)	–	(30,156)
	\$ 4,833,163	\$ 157,578	\$ 4,990,741

Utah Symphony & Opera

Notes to Financial Statements (continued)

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

All accounts and contributions receivable as of August 31, 2020 are receivable within one to five years as noted below:

	Accounts, Grants, and Contributions	Endowment	Total
Current through August 31, 2021	\$ 1,739,300	\$ 216,000	\$ 1,955,300
From September 1, 2021 to August 31, 2025	585,809	119,787	705,596
	2,325,109	335,787	2,660,896
Less estimated uncollectible receivables	(1,462)	–	(1,462)
	\$ 2,323,647	\$ 335,787	\$ 2,659,434

3. Investments

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

	2021	2020
Long-term investments:		
Corporate stock funds	\$ 27,860,403	\$ 21,796,746
Corporate bond funds	7,376,113	5,909,084
Government bond funds	9,674,010	4,230,831
Instrument loans	51,739	55,980
Money market funds	1,281,844	2,579,263
	\$ 46,244,109	\$ 34,571,904
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, 2021					
	Without Donor Restrictions		With Donor Restrictions			Total
	Undesignated	Board Designated	Time and Purpose Restrictions	Permanently Restricted		
Interest	\$ 1,880	\$ 20,916	\$ 9,335	\$ 324,833	\$	356,964
Dividends	4,699	25,397	10,751	366,617		407,464
	6,579	46,313	20,086	691,450		764,428
Unrealized gain/(losses)	(3,360)	337,931	132,084	4,652,268		5,118,924
Realized gains	188	67,896	35,924	1,218,096		1,322,104
Management fees	(1,082)	(4,883)	(2,966)	(99,473)		(108,404)
	(4,254)	400,944	165,043	5,770,891		6,332,624
Investment gains before transfers	2,325	447,257	185,128	6,462,341		7,097,051
Transfers	-	-	-	-		-
Investment income, net of transfers	\$ 2,325	\$ 447,257	\$ 185,128	\$ 6,462,341	\$	7,097,051

	For the Year Ended August 31, 2020					
	Without Donor Restrictions		With Donor Restrictions			Total
	Undesignated	Board Designated	Time and Purpose Restrictions	Permanently Restricted		
Interest	\$ 2,292	\$ 54,768	\$ 10,198	\$ 277,745	\$	345,003
Dividends	-	28,430	3,705	354,649		386,784
	2,292	83,198	13,903	632,394		731,787
Unrealized gains	(137)	286,440	33,113	2,248,849		2,568,265
Realized gains	2,199	34,975	3,646	404,308		445,128
Management fees	(3,453)	(11,973)	(1,993)	(50,743)		(68,162)
	(1,391)	309,442	34,766	2,602,414		2,945,231
Investment gains before transfers	901	392,640	48,669	3,234,808		3,677,018
Transfers	1,658,706	(142,795)	(127,288)	(1,388,623)		-
Investment income (losses), net of transfers	\$ 1,659,607	\$ 249,845	\$ (78,619)	\$ 1,846,185	\$	3,677,108

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, 2021 are summarized as follows:

	Level 1	Level 2	Level 3	Total
Corporate stock funds	\$ 27,860,403	\$ —	\$ —	\$ 27,860,403
Corporate bond funds	—	7,376,113	—	7,376,113
Government bond funds	—	9,674,010	—	9,674,010
Instrument loans	—	—	51,739	51,739
Money market funds	1,281,844	—	—	1,281,844
Total	\$ 29,142,247	\$ 17,050,123	\$ 51,739	\$ 46,244,109

Assets measured at fair value on a recurring basis as of August 31, 2020 are summarized as follows:

	Level 1	Level 2	Level 3	Total
Corporate stock funds	\$ 21,796,745	\$ —	\$ —	\$ 21,796,745
Corporate bond funds	—	5,909,084	—	5,909,084
Government bond funds	—	4,230,832	—	4,230,832
Instrument loans	—	—	55,980	55,980
Money market funds	2,579,263	—	—	2,579,263
Total	\$ 24,376,008	\$ 10,139,916	\$ 55,980	\$ 34,571,904

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, 2019	\$ 62,764
Total gains/(losses) (realized/unrealized/interest)	2,741
Net purchases/loans and settlements/payments	(9,525)
Balance as of August 31, 2020	55,980
Total gains/(losses) (realized/unrealized/interest)	2,661
Net purchases/loans and settlements/payments	(6,902)
Balance as of August 31, 2021	\$ 51,739

5. Land, Building and Equipment

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

	2021	2020
Land	\$ 229,500	\$ 229,500
Building and improvements	5,811,024	5,802,985
Production sets	2,024,961	2,024,961
Hall equipment	639,947	639,947
Office equipment	484,845	484,845
Production equipment	254,773	254,773
Vehicles	98,476	98,476
Construction in process	30,778	27,943
	9,574,304	9,563,430
Less accumulated depreciation	(6,600,003)	(6,241,080)
	\$ 2,974,301	\$ 3,322,350

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. Due to COVID-19, rental expense for these facilities was approximately \$166,000 and \$292,000 for the years ended August 31, 2021 and 2020, 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 is secured by \$2,503,000 of the Board Endowment Fund as designated by the Board. As of August 31, 2021, use of the line of credit was limited to \$2,100,000 by the financial institution. 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% (3% as of August 31, 2021). The Organization had \$-0- outstanding under the line of credit as of August 31, 2021 and 2020. The line of credit matures June 2, 2022, at which time the Organization intends to apply for renewal.

Interest expense for the years ended August 31, 2021 and 2020 was \$1,423 and \$16,993, respectively. Cash paid for interest was \$153 and \$15,489 for the years ended August 31, 2021 and 2020, respectively. Interest expense not paid in cash was on the note from Salt Lake Redevelopment Agency (see Note 8). Interest expense is recorded in management and general expenses.

7. Deferred Revenue

During January 2021 and April 2020, the Organization obtained loans of \$2,809,400 and \$2,000,000, respectively from Zions Bank under the Paycheck Protection Program (PPP), a component of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP loans are forgivable if conditions involving maintenance of payroll and employee headcount and certain other conditions are satisfied. The Organization has elected to account for the PPP loans as refundable advances under ASC 958 and considers the funds a conditional contribution (grant). The Organization received forgiveness on the first loan and recognized grant revenue of \$757,405 and \$2,051,995 during the years ended August 31, 2021 and 2020, respectively. The Organization has received forgiveness on the second loan of \$2,000,000 by the Small Business Administration (SBA). The balance of unforgiven PPP loans recorded as deferred revenue was \$0 and \$757,405 as of August 31, 2021 and 2020, respectively.

8. 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 of 3%. The principal balance of the note payable as of August 31, 2021 and 2020 was \$-0- and \$50,000, 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 2021, the Organization performed the required concert to receive the credit. Accrued interest on the note was \$0 and \$1,504 as of August 31, 2021 and 2020, 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 2021, 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.

Utah Symphony & Opera

Notes to Financial Statements (continued)

9. Net Assets Without Donor Restrictions

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 net assets without donor restrictions section of the statements of activities.

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>2021</u>	<u>2020</u>
Board Endowment Fund	\$ 5,855,140	\$ 5,268,583
Operating Reserve Fund	3,250,027	27
Utah Opera Surplus Endowment Fund	2,585,733	2,447,768
Guild Operating Funds	45,369	37,548
	<u>\$ 11,736,269</u>	<u>\$ 7,753,926</u>

The Board has pledged \$2,503,000 of the Board Endowment Fund as security on the line of credit; the two Endowment Funds require a two-thirds vote of the Board to access the balance of these funds. Upon approval of the Executive Committee of the Board the Operating Reserve Fund can be 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.

10. Time and Purpose Restricted Net Assets

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

	<u>2021</u>	<u>2020</u>
Governmental grants received for use in future periods	\$ 3,957,986	\$ 557,028
Funds for use in future periods	1,238,424	1,886,133
Opera Production Studio Expansion	1,190,571	1,005,442
Deer Valley Music Festival	542,709	430,163
Funds for a specified purpose	105,000	1,298,330
	<u>\$ 7,034,690</u>	<u>\$ 5,177,096</u>

All amounts released from restrictions during the years ended August 31, 2021 and 2020 were released following the fulfillment of purpose or expiration of time restrictions placed on the assets.

The Opera Production Studio Expansion was completed in fiscal year 2003. The remaining funds held in Temporarily 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, 2021 and 2020, approximately \$-0- and \$127,000, respectively, was transferred from the Opera Production Studio Expansion Purpose Restricted Fund to offset costs associated with the operations and maintenance of this building.

Utah Symphony & Opera

Notes to Financial Statements (continued)

11. Permanently Restricted Net Assets

Permanently restricted net assets represent the Donor Restricted Endowment Funds of the Symphony and the Opera, which consist primarily of investments restricted in perpetuity by the donor of the assets, managed in compliance with the provisions of UPMIFA. 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 4% - 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:

	2021	2020
General Operations for Symphony	\$ 16,312,409	\$ 13,559,689
General Operations for Symphony & Opera	15,670,957	13,003,838
Elizabeth Brown Dee Fund for Music in the Schools	1,856,379	1,523,713
General Operations for Deer Valley Music Festival	1,213,550	1,008,542
Park City Enhancement (Capital Improvements)	1,186,948	986,602
Opera Ensemble/Education Programs	964,847	801,855
General Operations for Opera	838,511	696,861
Instrument Loan Fund	464,146	390,196
Symphony Chorus	155,101	128,900
Orchestra Refreshment Fund	12,016	12,036
	<u>\$ 38,674,864</u>	<u>\$ 32,112,232</u>

Utah Symphony & Opera

Notes to Financial Statements (continued)

12. 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 increased the contribution rate to 8.72% or 9.81% until September 1, 2022 when an additional surcharge will increase the contribution rate to 9.59% or 10.70%, depending on years of service. The surcharge was approximately \$38,000 for the years ended August 31, 2021 and 2020. The American Rescue Plan Act of 2021 provides financial assistance to troubled multiemployer pension plans. The AFM-EPW anticipates filing for relief in March 2023, after higher priority groups. We cannot yet assess the financial impact, if any, of these provisions on the Organization.

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 these plans, 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 \$677,000 and \$708,000 for the years ended August 31, 2021 and 2020, respectively.

13. 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, 2021, the Symphony & Opera had fulfilled \$375,000 of the total contract based on performances held to date. The remaining balance of the contract will be payable as performances are held in future years. 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)

14. 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, 2021			
	Program	Management and General	Fund-Raising	Total
Salaries and wages	\$ 11,291,239	\$ 1,207,620	\$ 554,070	\$ 13,052,929
Guest artists	1,302,349	-	-	1,302,349
Production	1,132,716	-	-	1,132,716
Marketing	1,049,797	-	198	1,049,995
Other	214	411,359	24,580	436,153
Rent	311,658	49,708	-	361,366
Depreciation	132,987	225,936	-	358,923
Cultivation events	-	-	221,558	221,558
Set and costume rental	208,010	-	-	208,010
Professional	-	53,372	-	53,372
Bad debts	-	-	38,693	38,693
Guild	-	-	24,306	24,306
	\$ 15,428,970	\$ 1,947,995	\$ 863,405	\$ 18,240,370

	Year Ended August 31, 2020			
	Program	Management and General	Fund-Raising	Total
Salaries and wages	\$ 10,893,291	\$ 1,189,753	\$ 592,809	\$ 12,675,853
Guest artists	1,724,826	-	-	1,724,826
Production	1,228,782	-	-	1,228,782
Marketing	1,858,039	-	461	1,858,500
Other	229	424,951	26,272	451,452
Rent	180,668	61,067	-	241,735
Depreciation	134,783	230,104	-	364,887
Cultivation events	-	-	94,441	94,441
Set and costume rental	161,292	-	-	161,292
Professional	-	210,400	20,000	230,400
Bad debts	-	5,623	(20,648)	(15,025)
Guild	-	-	95,281	95,281
	\$ 16,181,910	\$ 2,121,898	\$ 808,616	\$ 19,112,424

Utah Symphony & Opera

Notes to Financial Statements (continued)

15. 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:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 6,520,926	\$ 6,271,381
Time restricted cash available for general operations within one year	3,781,163	2,323,290
Investments	6,536,285	1,790,101
Promises to give, net	2,301,179	777,043
Total financial assets	19,139,553	11,161,815
Less amounts not available to be used within one year:		
Board designated funds	(11,736,269)	(7,753,926)
Financial assets available to be used for general expenditure within one year	\$ 7,403,284	\$ 3,407,889

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 \$2,100,000 available under its line of credit agreement with a bank and expires June 2, 2022.

The statement of cash flows identifies the sources and uses of the Organization's cash that generated positive cash flows from operating activities during the years ended August 31, 2021 and 2020 of approximately \$6,017,000 and \$6,338,000, respectively.

Schedule of Expenditures of Federal Awards

For the year ended August 31, 2021

<u>Federal Grantor/ Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA/(AL) Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of the Treasury			
Coronavirus Relief Funds	21.019	Multiple	<u>\$ 1,700,310</u>
Total Expenditures of Federal Awards			<u>\$ 1,700,310</u>

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Utah Symphony & Opera under programs of the federal government for the year ended August 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Utah Symphony & Opera, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Utah Symphony & Opera.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available and when applicable. Utah Symphony & Opera elected not to use the 10% de minimis indirect cost rate.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees Utah Symphony & Opera

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 Symphony & Opera (the Organization) which comprise the statement of financial position as of August 31, 2021, the related statements of activities and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated January 26, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tanner LLC
January 26, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Utah Symphony & Opera

Report on Compliance for the Major Federal Program

We have audited Utah Symphony & Opera's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended August 31, 2021. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organizations' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Major Federal Program

In our opinion, Utah Symphony & Opera complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2021.

Report on Internal Control over Compliance

Management of Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tanner LLC
January 26, 2022

Schedule of Findings and Questioned Costs

For the Year Ended August 31, 2021

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified that are not
considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted. ___ yes X no

Federal Awards

Internal control over federal program:

Material weakness identified? ___ yes X no

Significant deficiency(ies) identified that are not
considered to be material weaknesses? ___yes X none reported

Type of auditors' report issued on compliance for
major program: Unmodified opinion

Any audit findings disclosed that are required to be
reported in accordance with the Uniform Guidance? ___ yes X no

Identification of major program:

<u>CFDA/AL Number</u>	<u>Name of Federal Program or Cluster</u>
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21.019	Coronavirus Relief Funds
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Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? ___ yes X no

Schedule of Findings and Questioned Costs - continued

For the Year Ended August 31, 2021

Findings - Financial Statement Audit

There were no financial statement findings noted during the audit for the year ended August 31, 2021.

Schedule of Findings and Questioned Costs - continued

For the Year Ended August 31, 2021

Findings and Questioned Costs – Federal Award Program Audit

There were no federal award program findings or questioned costs noted during the audit for the year ended August 31, 2021.

Summary Schedule of Prior Audit Findings

For the Year Ended August 31, 2021

Not applicable- this is a first-time Single Audit.