

Right Answers, Right Here.



TANNER

Accountants & Advisors

UTAH SYMPHONY | UTAH OPERA

Financial Statements
As of August 31, 2022 and 2021 and
for the Years then Ended

Together with Independent Auditors' Report

Utah Symphony & Opera

Financial Statements

As of August 31, 2022 and 2021 and

for the Years then Ended

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees Utah Symphony & Opera

Opinion

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, 2022 and 2021, the related statements of activities and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Utah Symphony & Opera as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Tanner LLC

March 28, 2023

Utah Symphony & Opera

Statement of Financial Position

August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 6,168,292	\$ 1,291,803	\$ 7,460,095
Accounts and grants receivable <i>(Note 2)</i>	1,024,238	825,049	1,849,287
Contributions receivable, less than one year, net <i>(Note 2)</i>	40,000	1,853,518	1,893,518
Interest and dividends receivable	–	5,501	5,501
Prepaid expenses	810,693	–	810,693
Total current assets	8,043,223	3,975,871	12,019,094
Contributions receivable, over one year <i>(Note 2)</i>	–	528,978	528,978
Endowment contributions receivable, net <i>(Note 2)</i>	–	967,949	967,949
Long-term investments <i>(Notes 3 and 4)</i>	8,221,750	35,154,301	43,376,051
Other investments <i>(Note 3)</i>	57,748	–	57,748
Land, building and equipment, net <i>(Note 5)</i>	2,643,614	–	2,643,614
Total assets	\$ 18,966,335	\$ 40,627,099	\$ 59,593,434
Liabilities and net assets			
Liabilities:			
Accounts payable and accrued expenses	\$ 932,022	\$ –	\$ 932,022
Deferred revenue	2,346,742	–	2,346,742
Note payable <i>(Note 7)</i>	–	–	–
Total current liabilities	3,278,764	–	3,278,764
Commitments and contingencies <i>(Note 13)</i>			
Net assets:			
Without donor restrictions <i>(Note 8):</i>	15,687,571	–	15,687,571
With donor restrictions:			
Time and purpose restrictions <i>(Note 9)</i>	–	5,381,727	5,381,727
Permanently restricted <i>(Note 10)</i>	–	35,245,372	35,245,372
Total net assets	15,687,571	40,627,099	56,314,670
Total liabilities and net assets	\$ 18,966,335	\$ 40,627,099	\$ 59,593,434

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
Interest and dividends receivable	-	77	77
Prepaid expenses	588,572	-	588,572
Total current assets	9,904,633	5,277,452	15,182,085
Contributions receivable, over one year (Note 2)	-	566,747	566,747
Endowment contributions receivable, net (Note 2)	-	157,578	157,578
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	2,983,926	-	2,983,926
Note payable (Note 7)	-	-	-
Total current liabilities	4,253,281	47	4,253,328
Commitments and contingencies (Note 13)			
Net assets:			
Without donor restrictions (Note 8):	15,219,686	-	15,219,686
With donor restrictions:			
Time and purpose restrictions (Note 9)	-	7,034,690	7,034,690
Permanently restricted (Note 10)	-	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 Activities

Year Ended August 31, 2022

	Without Donor Restrictions			With Donor Restrictions		
	Operating	Board Designated	Total	Time and Purpose Restrictions	Permanently Restricted	Total
Revenues:						
Performance revenues	\$ 6,562,624	\$ -	\$ 6,562,624	\$ -	\$ -	\$ 6,562,624
Government grants and fees:						
Awarded	5,828,026	-	5,828,026	825,049	-	6,653,075
Released from restriction	3,957,986	-	3,957,986	(3,957,986)	-	-
Total government grants and fees	9,786,012	-	9,786,012	(3,132,937)	-	6,653,075
Contributions:						
Awarded	7,021,767	457,671	7,479,438	2,966,882	1,409,629	11,855,949
In-kind	341,024	-	341,024	-	-	341,024
Released from restriction	1,312,621	-	1,312,621	(1,312,621)	-	-
Total contributions	8,675,412	457,671	9,133,083	1,654,261	1,409,629	12,196,973
Other:						
Set and costume rentals	369,208	-	369,208	-	-	369,208
Other income	28,033	-	28,033	-	-	28,033
Investment loss, net of transfers (Notes 1 and 3)	(13,297)	(623,100)	(636,397)	(149,459)	(4,839,121)	(5,624,977)
Total other	383,944	(623,100)	(239,156)	(149,459)	(4,839,121)	(5,227,736)
Total revenues	25,407,992	(165,429)	25,242,563	(1,628,135)	(3,429,492)	20,184,936
Expenses (Note 14):						
Program expenses	21,288,003	-	21,288,003	-	-	21,288,003
Management and general	2,424,411	-	2,424,411	-	-	2,424,411
Fundraising	1,004,239	58,025	1,062,264	24,828	-	1,087,092
Total expenses	24,716,653	58,025	24,774,678	24,828	-	24,799,506
Changes in net assets	691,339	(223,454)	467,885	(1,652,963)	(3,429,492)	(4,614,570)
Board designated operating reserve	(650,000)	650,000	-	-	-	-
Changes in net assets	41,339	426,546	467,885	(1,652,963)	(3,429,492)	(4,614,570)
Net assets at beginning of the year	3,483,417	11,736,269	15,219,686	7,034,690	38,674,864	60,929,240
Net assets at end of the year	\$ 3,524,756	\$ 12,162,815	\$ 15,687,571	\$ 5,381,727	\$ 35,245,372	\$ 56,314,670

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	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
Statements of Cash Flows
Year Ended August 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
Operating activities			
Changes in net assets	\$ 467,885	\$ (5,082,455)	\$ (4,614,570)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation expense	348,382	–	348,382
Bad debt expense	8,999	24,828	33,827
Non-cash reduction of debt	–	–	–
Interest and dividends restricted for long-term investments	(134,364)	(751,422)	(885,786)
Net unrealized and realized losses on long-term investments	770,898	5,741,719	6,512,617
Changes in operating assets and liabilities:			
Accounts and grants receivable	1,707,398	(290,605)	1,416,793
Contributions receivable	14,500	(1,714,111)	(1,699,611)
Interest and dividends receivable	–	(5,424)	(5,424)
Prepaid expenses	(222,121)	–	(222,121)
Accounts payable and accrued expenses	(337,333)	(47)	(337,380)
Deferred revenue	(637,184)	–	(637,184)
Net cash provided by (used in) operating activities	<u>1,987,060</u>	<u>(2,077,517)</u>	<u>(90,457)</u>
Investing activities			
Purchases of property and equipment	(17,695)	–	(17,695)
Net purchases of long-term investments	(2,321,999)	(436,774)	(2,758,773)
Net cash used in investing activities	<u>(2,339,694)</u>	<u>(436,774)</u>	<u>(2,776,468)</u>
Net decrease in cash and cash equivalents	(352,634)	(2,514,291)	(2,866,925)
Cash and cash equivalents:			
Beginning of the year	6,520,926	3,806,094	10,327,020
End of the year	<u>\$ 6,168,292</u>	<u>\$ 1,291,803</u>	<u>\$ 7,460,095</u>

Utah Symphony & Opera
Statements of Cash Flows
Year Ended August 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
Operating activities			
Changes 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 and grants 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 purchases of long-term investments	(4,296,602)	(278,552)	(4,575,154)
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	(482,295)	-	(482,295)
Net cash provided by 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>

Utah Symphony & Opera
Notes to Financial Statements
August 31, 2022 and 2021

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 & 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 approximately 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, 2023.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. As of August 31, 2022, there was approximately \$281,000 that was federally insured. The organization has approximately \$6,187,000 held in short-term bonds without donor restriction and \$9,043,000 held in short-term bonds with donor restrictions. The Organization manages risks in investments by diversifying its holdings. 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.

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Concentration of Credit Risk (continued)

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:

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.

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

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Fund Accounting and Net Asset Classifications (continued)

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.

Consistent with UPMIFA, the Organization seeks to maintain the purchasing power 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, endowment returns on donor-restricted endowments, net of operating distributions, remain in the investment pool as net assets with donor restrictions and endowment returns on board designated endowment funds remain in the investment pool as net assets without donor restrictions.

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 donor restricted 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; and
- (7) The investment policies of the Organization.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts creating a deficit. These deficits generally result when unfavorable market fluctuations occur shortly after the investment of newly established endowments.

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 \$107,000 and \$108,000 for the years ended August 31, 2022 and 2021, 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 Board Endowment Funds Without Restriction annually for use in its operations, if needed. 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. No transfer was made for fiscal years 2022 and 2021.

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Investments (continued)

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 is currently maintaining an equity target of approximately 72%. The Organization has approximately 2% in a private equity investment. 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 managing 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.

Revenue Recognition and Deferred Revenue

The majority of the Organization's revenue stems from donor contributions, grants, and performance ticket sales. Exchange revenue is measured as the amount of consideration that the Organization expects to receive in exchange for goods or services. Exchange 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

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Revenue Recognition and Deferred Revenue (continued)

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 \$369,000 and \$145,000 is included on the statement of activities for the years ended August 31, 2022 and 2021, 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 associated with future programming.

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. As of August 31, 2022 and 2021, approximately \$955,000 and \$823,000, respectively, was recorded in accounts and grants receivable without donor restrictions and increase in government 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, 2022 and 2021, approximately \$416,000 and \$534,000, 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.

Pledges to Contribute

Pledges to contribute over future periods are discounted to present values using the Organization's current borrowing rate on the line of credit, which was 5.309% as of August 31, 2022, and recorded in the current period as restricted revenue and contributions receivable with donor restrictions. As of August 31, 2022 and 2021, the discount on these pledges was approximately \$110,000 and \$35,000, 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.

Utah Symphony & Opera

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Contributions-in-Kind (continued)

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>2022</u>	<u>2021</u>
Program expenses:		
Management and general and fundraising expenses	\$ 156,404	\$ 8,890
Production expenses	107,684	59,458
Advertising expenses	76,936	276,423
	<u>\$ 341,024</u>	<u>\$ 344,771</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 \$1,572,000 and \$1,050,000 for the years ended August 31, 2022 and 2021, 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, 2022, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events that have occurred through March 28, 2023, 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 consist of the following as of August 31, 2022:

	Without Donor Restriction	With Donor Restrictions		Total
		Time and Purpose Restrictions	Permanently Restricted	
Accounts and grants receivable	\$ 1,024,238	\$ 825,049	\$ –	\$ 1,849,287
Contributions receivable, less than one year	40,000	1,853,518	–	1,893,518
Contributions receivable, over one year	–	528,978	–	528,978
Endowment contributions receivable	–	–	967,949	967,949
	<u>\$ 1,064,238</u>	<u>\$ 3,207,545</u>	<u>\$ 967,949</u>	<u>\$ 5,239,732</u>

As of August 31, 2022, approximately \$1,000,000 (27% of time and purpose restricted receivables) was receivable from Donor A.

During the year ended August 31, 2022 and 2021, government grants recognized as income from Salt Lake County totaled \$2,927,000 and \$2,800,000, respectively. As of August 31, 2022, receivables from Salt Lake County totaled approximately \$1,371,000 (\$955,000 or 90% of unrestricted receivables and 11% of time and purpose restricted receivables).

The COVID-19 pandemic has caused business disruption through mandated and voluntary closings of events. The Organization was able to resume performances in the year ending August 31, 2021, and recognized government grant revenue from CARES and Shuttered Venue Operators Grants received, as well as Employee Tax Retention Credits totaling \$4,629,000 and \$5,485,000, during the years ended August 31, 2022 and 2021, respectively. As of August 31, 2021, receivables from United States Department of the Treasury totaled approximately \$1,533,000 (47% of accounts receivable).

Utah Symphony & Opera

Notes to Financial Statements (continued)

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

The net balance of accounts, grants, and contributions receivable consisted 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
	<u>\$ 2,795,135</u>	<u>\$ 2,038,028</u>	<u>\$ 157,578</u>	<u>\$ 4,990,741</u>

All accounts and contributions receivable as of August 31, 2022 are receivable within one to five years as noted below:

	Accounts, Grants, and Contributions	Endowment	Total
Current through August 31, 2023	\$ 3,776,787	\$ 358,000	\$ 4,134,787
From September 1, 2023 to August 31, 2028	528,978	609,949	1,138,927
	<u>4,305,765</u>	<u>967,949</u>	<u>5,273,714</u>
Less estimated uncollectible receivables	(33,982)	–	(33,982)
	<u>\$ 4,271,783</u>	<u>\$ 967,949</u>	<u>\$ 5,239,732</u>

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
	<u>4,863,319</u>	<u>157,578</u>	<u>5,020,897</u>
Less estimated uncollectible receivables	(30,156)	–	(30,156)
	<u>\$ 4,833,163</u>	<u>\$ 157,578</u>	<u>\$ 4,990,741</u>

Utah Symphony & Opera

Notes to Financial Statements (continued)

3. Investments

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

	2022	2021
Long-term investments:		
Corporate stock funds	\$ 26,812,305	\$ 27,860,403
Government bond funds	8,867,872	9,674,010
Corporate bond funds	6,361,708	7,376,113
Private equity	1,210,106	-
Money market funds	86,614	1,281,844
Instrument loans	37,446	51,739
	<u>\$ 43,376,051</u>	<u>\$ 46,244,109</u>
Other investments:		
Art	\$ 50,848	\$ 50,848
Real estate	6,900	6,900
	<u>\$ 57,748</u>	<u>\$ 57,748</u>

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

	For the Year Ended August 31, 2022				
	Without Donor Restrictions		With Donor Restrictions		
	Undesignated	Board Designated	Time and Purpose Restrictions	Permanently Restricted	Total
Interest	\$ 12,284	\$ 32,032	\$ 8,941	\$ 293,050	\$ 346,307
Dividends	4,070	86,995	13,833	448,406	553,304
	<u>16,354</u>	<u>119,027</u>	<u>22,774</u>	<u>741,456</u>	<u>899,611</u>
Unrealized gains (losses)	(29,751)	(806,124)	(197,200)	(6,388,126)	(7,421,201)
Realized gains	3,086	82,867	31,361	1,015,933	1,133,247
Management fees	(2,986)	(18,870)	(6,394)	(208,384)	(236,634)
	<u>(29,651)</u>	<u>(742,127)</u>	<u>(172,233)</u>	<u>(5,580,577)</u>	<u>(6,524,588)</u>
Investment gains (losses) before transfers	(13,297)	(623,100)	(149,459)	(4,839,121)	(5,624,977)
Transfers	-	-	-	-	-
Investment losses, net of transfers	\$ (13,297)	\$ (623,100)	\$ (149,459)	\$ (4,839,121)	\$ (5,624,977)

Utah Symphony & Opera

Notes to Financial Statements (continued)

3. Investments (continued)

	For the Year Ended August 31, 2021				
	Without Donor Restrictions		With Donor Restrictions		
	Undesignated	Board Designated	Time and Purpose Restrictions	Permanently Restricted	Total
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 gains (losses)	(3,360)	337,931	132,084	4,652,268	5,118,923
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	165,042	5,770,891	6,332,623
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

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, 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.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, determining fair value requires more judgement. Because of the inherent uncertainty of valuation, estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgement exercised by management in determining fair value is greatest for investments categorized in level 3.

Utah Symphony & Opera

Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

Assets measured at fair value on a recurring basis as of August 31, 2022 are summarized as follows:

	Level 1	Level 2	Level 3	Total
Corporate stock funds	\$ 26,812,305	\$ —	\$ —	\$ 26,812,305
Government bond funds	8,867,872	—	—	8,867,872
Corporate bond funds	6,361,708	—	—	6,361,708
Private equity funds	—	—	1,210,106	1,210,106
Money market funds	86,614	—	—	86,614
Instrument loans	—	—	37,446	37,446
Total	\$ 42,128,499	\$ —	\$ 1,247,552	\$ 43,376,051

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
Government bond funds	9,674,010	—	—	9,674,010
Corporate bond funds	7,376,113	—	—	7,376,113
Money market funds	1,281,844	—	—	1,281,844
Instrument loans	—	—	51,739	51,739
Total	\$ 46,192,370	\$ —	\$ 51,739	\$ 46,244,109

Level 3 assets are summarized as below:

	Private Equity Funds	Instrument Loans
Balance as of September 1, 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
Total gains/(losses) (realized/unrealized/interest)	362,422	2,188
Net purchases/loans and settlements/payments	847,684	(16,481)
Balance as of August 31, 2022	\$ 1,210,106	\$ 37,446

Utah Symphony & Opera

Notes to Financial Statements (continued)

5. Land, Building and Equipment

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

	<u>2022</u>	<u>2021</u>
Land	\$ 229,500	\$ 229,500
Building and improvements	5,816,783	5,811,024
Production sets	2,039,286	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	28,389	30,778
	<u>9,591,999</u>	<u>9,574,304</u>
Less accumulated depreciation	<u>(6,948,385)</u>	<u>(6,600,003)</u>
	<u>\$ 2,643,614</u>	<u>\$ 2,974,301</u>

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 \$402,000 and \$166,000 for the years ended August 31, 2022 and 2021, respectively.

6. Line of Credit

The Organization has a revolving line of credit with a financial institution. The line of credit is secured by \$2,356,000 of the Board Restricted Investment Fund (see footnote 8) as designated by the Board. As of August 31, 2022, 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% (5.309% as of August 31, 2022). The Organization had \$-0- outstanding under the line of credit as of August 31, 2022 and 2021. The line of credit matures June 2, 2023, at which time the Organization intends to apply for renewal.

Interest expense for the years ended August 31, 2022 and 2021 was \$503 and \$1,423, respectively. Cash paid for interest was \$503 and \$153 for the years ended August 31, 2022 and 2021, 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. 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 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. 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. The principal balance of the note payable as of August 31, 2021 was \$-0-. Through fiscal 2021, the Organization has provided in-kind services sufficient to cover all interest expense associated with this note. The promissory note was collateralized by a deed of trust granting a security interest in the real property owned by the Organization.

8. 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>2022</u>	<u>2021</u>
Board Restricted Investment Fund	\$ 5,948,692	\$ 5,855,140
Operating Reserve Fund	3,707,406	3,250,027
Utah Opera Surplus Fund	2,456,909	2,585,733
Guild Operating Funds	49,808	45,369
Total Board Designated Fund	<u>\$ 12,162,815</u>	<u>\$ 11,736,269</u>

The Board has pledged \$2,356,000 of the Board Designated Fund as security on the line of credit; certain of these 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.

9. 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>2022</u>	<u>2021</u>
Funds for use in future periods	\$ 2,375,492	\$ 1,238,424
Opera Production Studio Expansion	1,041,111	1,190,571
Funds for a specified purpose	868,785	105,000
Governmental grants received for use in future periods	825,049	3,957,986
Deer Valley Music Festival	271,290	542,709
	<u>\$ 5,381,727</u>	<u>\$ 7,034,690</u>

Utah Symphony & Opera

Notes to Financial Statements (continued)

9. Time and Purpose Restricted Net Assets (continued)

All amounts released from restrictions during the years ended August 31, 2022 and 2021 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 net assets with donor restrictions 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, 2022 and 2021, now funds were transferred from the Opera Production Studio Expansion Purpose 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 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:

	<u>2022</u>	<u>2021</u>
General Operations for Symphony	\$ 14,259,217	\$ 16,324,425
General Operations for Symphony & Opera	14,068,322	15,670,957
Elizabeth Brown Dee Fund for Music in the Schools	2,321,043	1,856,379
General Operations for Opera	1,104,365	838,511
General Operations for Deer Valley Music Festival	1,061,205	1,213,550
Park City Enhancement (Capital Improvements)	1,037,943	1,186,948
Opera Ensemble/Education Programs	843,723	964,847
Instrument Loan Fund	413,924	464,146
Symphony Chorus	135,630	155,101
	<u>\$ 35,245,372</u>	<u>\$ 38,674,864</u>

Utah Symphony & Opera

Notes to Financial Statements (continued)

11. PPP Loan Forgiveness

During January 2021 and April 2020, the Organization obtained loans of \$2,000,000 and \$2,809,400, 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 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 PPP loans and recognized grant revenue of \$2,757,405 during the year ended August 31, 2021.

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 March 1, 2023 when an additional surcharge will increase the contribution rate to 9.59% or 10.70%, depending on years of service. The surcharge was approximately \$50,000 and \$38,000 for the years ended August 31, 2022 and 2021, respectively. 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 of any potential relief 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 \$965,000 and \$677,000 for the years ended August 31, 2022 and 2021, respectively.

Utah Symphony & Opera

Notes to Financial Statements (continued)

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, 2022, the Symphony & Opera had fulfilled \$455,000 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.

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, 2022			
	Program	Management and General	Fund- Raising	Total
Salaries and wages	\$ 13,923,596	\$ 1,456,911	\$ 693,147	\$ 16,073,654
Guest artists	2,936,815	-	-	2,936,815
Production	2,112,444	-	-	2,112,444
Marketing	1,572,371	-	-	1,572,371
Rent	465,716	74,082	-	539,798
Other	1,654	510,485	17,810	529,949
Depreciation	123,823	224,559	-	348,382
Cultivation events	19	-	266,284	266,303
Professional	-	158,374	18,000	176,374
Set and costume rental	151,565	-	-	151,565
Guild	-	-	58,024	58,024
Bad debts	-	-	33,827	33,827
	<u>\$ 21,288,003</u>	<u>\$ 2,424,411</u>	<u>\$ 1,087,092</u>	<u>\$ 24,799,506</u>

Utah Symphony & Opera

Notes to Financial Statements (continued)

14. Functional Expenses (continued)

	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
Rent	311,658	49,708	-	361,366
Other	214	411,359	24,580	436,153
Depreciation	132,987	225,936	-	358,923
Cultivation events	-	-	221,558	221,558
Professional	-	53,372	-	53,372
Set and costume rental	208,010	-	-	208,010
Guild	-	-	24,306	24,306
Bad debts	-	-	38,693	38,693
	<u>\$ 15,428,970</u>	<u>\$ 1,947,995</u>	<u>\$ 863,405</u>	<u>\$ 18,240,370</u>

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:

	2022	2021
Cash and cash equivalents	\$ 6,168,292	\$ 6,520,926
Time restricted cash available for general operations within one year	1,125,571	3,781,163
Investments	8,195,081	6,536,285
Promises to give, net	1,064,238	2,301,179
Total financial assets	16,553,182	19,139,553
Less amounts not available to be used within one year:		
Board designated funds	(11,486,146)	(11,736,269)
Financial assets available to be used for general expenditure within one year	<u>\$ 5,067,036</u>	<u>\$ 7,403,284</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.

Utah Symphony & Opera

Notes to Financial Statements (continued)

15. Liquidity and Availability (continued)

Operations are funded primarily from ticket sales, grants, 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, which expires June 2, 2023.

The statement of cash flows identifies the sources and uses of the Organization's cash. During the year ended August 31, 2022, the Organization used approximately \$92,000 of cash in operating activities. During the year ended August 31, 2021 operating activities generated positive cash flows of approximately \$6,017,000.

16. Related Party Transactions

During the years ended August 31, 2022 and 2021, the Organization received donations from board members totaling approximately \$2,031,000 and \$2,140,000, respectively.

During the years ended August 31, 2022 and 2021, the Organization purchased approximately \$752,000 and \$408,000, respectively, of advertising from a company owned by a board member, which included in-kind expenses of \$56,000 and \$168,000, respectively. The board member does not actively work on the Organization's account and the majority of advertising dollars noted above are passed through the advertising company to the advertising medium. Management has determined that the purchases were conducted at arms-length.

The Organization is the named beneficiary and has board membership of a foundation. During the years ended August 31, 2022 and 2021, the Organization received and recognized donations from the foundation of \$250,000 and \$250,000, respectively. Management has determined that the foundation should not be consolidated as the Organization does not exercise control over the foundation's activities.