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# TANNER

Accountants & Advisors

## **UTAH SYMPHONY & OPERA**

Financial Statements  
As of August 31, 2024 and 2023 and  
for the Years then Ended

Together with Independent Auditors' Report

# Utah Symphony & Opera Financial Statements

As of August 31, 2024 and 2023 and  
for the Years then Ended

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## INDEPENDENT AUDITORS' REPORT

### To The Board of Trustees Utah Symphony & Opera

#### ***Opinion***

We have audited the accompanying financial statements of the Utah Symphony & Opera (the Organization), a Utah nonprofit organization, which comprise the statements of financial position as of August 31, 2024 and 2023, 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 referred to above present fairly, in all material respects, the financial position of the Utah Symphony & Opera as of August 31, 2024 and 2023, 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 (GAAP).

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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 GAAP; 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 error or fraud.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Utah Symphony & Opera'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 GAAS 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.

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In performing an audit in accordance with GAAS, 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 Utah Symphony & Opera's internal controls. 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 Utah Symphony & Opera'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*

February 27, 2025

**Utah Symphony & Opera**  
**Statement of Financial Position**  
**August 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,562,646	\$ 1,276,650	\$ 2,839,296
Accounts and grants receivable (Note 2)	902,440	934,787	1,837,227
Contributions receivable, less than one year, net (Note 2)	229,840	84,559	314,399
Interest and dividends receivable	-	39,036	39,036
Prepaid expenses	489,674	-	489,674
Total current assets	3,184,600	2,335,032	5,519,632
Contributions receivable, over one year (Note 2)	-	275,069	275,069
Endowment contributions receivable, net (Note 2)	-	310,695	310,695
Long-term investments (Notes 3 and 4)	10,828,776	43,022,281	53,851,057
Other investments (Note 3)	57,748	-	57,748
Land, building and equipment, net (Note 5)	2,531,279	-	2,531,279
Right-of-use asset (Note 6)	458,639	-	458,639
Total assets	\$ 17,061,042	\$ 45,943,077	\$ 63,004,119
<b>Liabilities and net assets</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,225,607	\$ -	\$ 1,225,607
Line of credit (Note 7)	-	-	-
Deferred revenue	2,858,121	-	2,858,121
Current portion of operating lease liability (Note 6)	66,458	-	66,458
Total current liabilities	4,150,186	-	4,150,186
Operating lease liability, net of current portion (Note 6)	406,900	-	406,900
Total liabilities	4,557,086	-	4,557,086
Commitments and contingencies (Note 12)			
Net assets:			
Without donor restrictions (Note 8):	12,503,956	-	12,503,956
With donor restrictions:			
Time and purpose restrictions (Note 9)	-	3,234,539	3,234,539
Permanently restricted (Note 10)	-	42,708,538	42,708,538
Total net assets	12,503,956	45,943,077	58,447,033
Total liabilities and net assets	\$ 17,061,042	\$ 45,943,077	\$ 63,004,119

**Utah Symphony & Opera**  
**Statement of Financial Position**  
**August 31, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,736,649	\$ 468,762	\$ 3,205,411
Accounts and grants receivable (Note 2)	868,348	684,528	1,552,876
Contributions receivable, less than one year, net (Note 2)	14,442	794,120	808,562
Interest and dividends receivable	-	10,188	10,188
Prepaid expenses	588,027	-	588,027
Total current assets	<u>4,207,466</u>	<u>1,957,598</u>	<u>6,165,064</u>
Contributions receivable, over one year (Note 2)	-	314,782	314,782
Endowment contributions receivable, net (Note 2)	-	470,864	470,864
Long-term investments (Notes 3 and 4)	11,243,568	37,968,151	49,211,719
Other investments (Note 3)	57,748	-	57,748
Land, building and equipment, net (Note 5)	2,652,814	-	2,652,814
Right-of-use asset (Note 6)	526,602	-	526,602
Total assets	<u>\$ 18,688,198</u>	<u>\$ 40,711,395</u>	<u>\$ 59,399,593</u>
<b>Liabilities and net assets</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,501,371	\$ -	\$ 1,501,371
Line of credit (Note 7)	-	-	-
Deferred revenue	2,776,686	-	2,776,686
Current portion of operating lease liability (Note 6)	56,524	-	56,524
Total current liabilities	<u>4,334,581</u>	<u>-</u>	<u>4,334,581</u>
Operating lease liability, net of current portion (Note 6)	478,583	-	478,583
Total liabilities	<u>4,813,164</u>	<u>-</u>	<u>4,813,164</u>
Commitments and contingencies (Note 12)			
Net assets:			
Without donor restrictions (Note 8):	13,875,034	-	13,875,034
With donor restrictions:			
Time and purpose restrictions (Note 9)	-	3,140,048	3,140,048
Permanently restricted (Note 10)	-	37,571,347	37,571,347
Total net assets	<u>13,875,034</u>	<u>40,711,395</u>	<u>54,586,429</u>
Total liabilities and net assets	<u>\$ 18,688,198</u>	<u>\$ 40,711,395</u>	<u>\$ 59,399,593</u>

# Utah Symphony & Opera

## Statement of Activities

Year Ended August 31, 2024

	Without Donor Restrictions			With Donor Restrictions		Total
	Operating	Board Designated	Total	Time and Purpose Restrictions	Permanently Restricted	
Revenues:						
Performance revenues	\$ 7,561,308	\$ -	\$ 7,561,308	\$ -	\$ -	\$ 7,561,308
Government grants and fees:						
Awarded	4,587,461	-	4,587,461	934,787	-	5,522,248
Released from restriction	688,540	-	688,540	(688,540)	-	-
Total government grants and fees	5,276,001	-	5,276,001	246,247	-	5,522,248
Contributions:						
Awarded	8,623,104	-	8,623,104	1,264,341	226,531	10,113,976
In-kind	489,306	-	489,306	-	-	489,306
Released from restriction and reclassified	1,212,250	-	1,212,250	(1,212,250)	-	-
Total contributions	10,324,660	-	10,324,660	52,091	226,531	10,603,282
Other:						
Set and costume rentals	339,444	-	339,444	-	-	339,444
Other income	116,896	-	116,896	-	-	116,896
Investment income, net of transfers (Notes 1 and 3)	2,119,733	1,066,454	3,186,187	(214,382)	4,910,660	7,882,465
Total other	2,576,073	1,066,454	3,642,527	(214,382)	4,910,660	8,338,805
Total revenues	25,738,042	1,066,454	26,804,496	83,956	5,137,191	32,025,643
Expenses (Note 13):						
Program expenses	24,180,130	-	24,180,130	-	-	24,180,130
Management and general	2,807,645	-	2,807,645	-	-	2,807,645
Fundraising	1,144,014	43,785	1,187,799	(10,535)	-	1,177,264
Total expenses	28,131,789	43,785	28,175,574	(10,535)	-	28,165,039
Change in net assets before reserve transfer						
	(2,393,747)	1,022,669	(1,371,078)	94,491	5,137,191	3,860,604
Operating reserve transfer	2,433,000	(2,433,000)	-	-	-	-
Change in net assets	39,253	(1,410,331)	(1,371,078)	94,491	5,137,191	3,860,604
Net assets at beginning of the year	3,528,617	10,346,417	13,875,034	3,140,048	37,571,347	54,586,429
Net assets at end of the year	\$ 3,567,870	\$ 8,936,086	\$ 12,503,956	\$ 3,234,539	\$ 42,708,538	\$ 58,447,033

# Utah Symphony & Opera

## Statement of Activities

Year Ended August 31, 2023

	Without Donor Restrictions			With Donor Restrictions		Total
	Operating	Board Designated	Total	Time and Purpose Restrictions	Permanently Restricted	
Revenues:						
Performance revenues	\$ 7,096,814	\$ -	\$ 7,096,814	\$ -	\$ -	\$ 7,096,814
Government grants and fees:						
Awarded	5,242,258	-	5,242,258	688,540	-	5,930,798
Released from restriction	825,049	-	825,049	(825,049)	-	-
Total government grants and fees	6,067,307	-	6,067,307	(136,509)	-	5,930,798
Contributions:						
Awarded	6,117,084	174,489	6,291,573	1,249,266	448,932	7,989,771
In-kind	562,995	-	562,995	-	-	562,995
Released from restriction and reclassified	3,213,071	-	3,213,071	(3,213,071)	-	-
Total contributions	9,893,150	174,489	10,067,639	(1,963,805)	448,932	8,552,766
Other:						
Set and costume rentals	249,937	-	249,937	-	-	249,937
Other income	207,243	-	207,243	-	-	207,243
Investment income, net of transfers (Notes 1 and 3)	1,751,665	528,381	2,280,046	(163,255)	1,877,043	3,993,834
Total other	2,208,845	528,381	2,737,226	(163,255)	1,877,043	4,451,014
Total revenues	25,266,116	702,870	25,968,986	(2,263,569)	2,325,975	26,031,392
Expenses (Note 13):						
Program expenses	23,925,263	-	23,925,263	-	-	23,925,263
Management and general	2,656,963	-	2,656,963	-	-	2,656,963
Fundraising	1,190,029	9,268	1,199,297	(21,890)	-	1,177,407
Total expenses	27,772,255	9,268	27,781,523	(21,890)	-	27,759,633
Change in net assets before reserve transfer	(2,506,139)	693,602	(1,812,537)	(2,241,679)	2,325,975	(1,728,241)
Operating reserve transfer	2,510,000	(2,510,000)	-	-	-	-
Change in net assets	3,861	(1,816,398)	(1,812,537)	(2,241,679)	2,325,975	(1,728,241)
Net assets at beginning of the year	3,524,756	12,162,815	15,687,571	5,381,727	35,245,372	56,314,670
Net assets at end of the year	\$ 3,528,617	\$ 10,346,417	\$ 13,875,034	\$ 3,140,048	\$ 37,571,347	\$ 54,586,429



# Utah Symphony & Opera

## Statement of Cash Flows

Year Ended August 31, 2024

	Without Donor Restriction	With Donor Restriction	Total
<b>Operating activities</b>			
Changes in net assets	\$ (1,371,078)	\$ 5,231,682	\$ 3,860,604
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation and amortization expense	346,539	-	346,539
Amortization of ROU asset	67,963	-	67,963
Bad debt expense	1,557	(10,535)	(8,978)
Gain on disposal of assets	(9,500)	-	(9,500)
Donated stock	(270,008)	-	(270,008)
Interest and dividends on long-term investments	(396,574)	(981,210)	(1,377,784)
Net realized and unrealized gains on long-term investments	(960,688)	(5,646,124)	(6,606,812)
Expenses on long-term investments	10,036	92,095	102,131
Changes in operating assets and liabilities:			
Accounts and grants receivable	(35,649)	(250,259)	(285,908)
Contributions receivable	(215,398)	919,978	704,580
Interest and dividends receivable	-	(28,848)	(28,848)
Prepaid expenses	98,353	-	98,353
Accounts payable and accrued expenses	(275,764)	-	(275,764)
Deferred revenue	81,435	-	81,435
Operating lease liability	(61,749)	-	(61,749)
Net cash used in operating activities	<u>(2,990,525)</u>	<u>(673,221)</u>	<u>(3,663,746)</u>
<b>Investing activities</b>			
Purchases of property and equipment	(225,004)	-	(225,004)
Proceeds from sale of equipment	9,500	-	9,500
Purchases of investments	(2,430,128)	(9,909,584)	(12,339,712)
Proceeds from sale of investments	4,462,154	11,390,693	15,852,847
Net cash used in investing activities	<u>1,816,522</u>	<u>1,481,109</u>	<u>3,297,631</u>
<b>Financing activities</b>			
Proceeds from line of credit	-	-	-
Payments on line of credit	-	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,174,003)	807,888	(366,115)
Cash and cash equivalents:			
Beginning of the year	2,736,649	468,762	3,205,411
End of the year	<u>\$ 1,562,646</u>	<u>\$ 1,276,650</u>	<u>\$ 2,839,296</u>

# Utah Symphony & Opera

## Statement of Cash Flows

Year Ended August 31, 2023

	Without Donor Restriction	With Donor Restriction	Total
<b>Operating activities</b>			
Changes in net assets	\$ (1,812,537)	\$ 84,296	\$ (1,728,241)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation and amortization expense	341,542	-	341,542
Amortization of ROU asset	65,960	-	65,960
Bad debt expense	68,778	(21,890)	46,888
Interest and dividends restricted for long-term investments	356,420	806,347	1,162,767
Net realized and unrealized gains on long-term investments	(395,293)	(2,545,461)	(2,940,754)
Expenses on long-term investments	17,726	91,961	109,687
Changes in operating assets and liabilities:			
Accounts and grants receivable	142,670	140,521	283,191
Contributions receivable	(30,000)	1,792,569	1,762,569
Interest and dividends receivable	-	(4,687)	(4,687)
Prepaid expenses	222,666	-	222,666
Accounts payable and accrued expenses	569,349	-	569,349
Deferred revenue	429,944	-	429,944
Operating lease liability	(57,455)	-	(57,455)
Net cash provided by (used in) operating activities	<u>(80,230)</u>	<u>343,656</u>	<u>263,426</u>
<b>Investing activities</b>			
Purchases of property and equipment	(350,742)	-	(350,742)
Purchases of investments	(7,690,120)	(9,184,749)	(16,874,869)
Proceeds from sale of investments	4,689,449	8,018,052	12,707,501
Net cash used in investing activities	<u>(3,351,413)</u>	<u>(1,166,697)</u>	<u>(4,518,110)</u>
<b>Financing activities</b>			
Proceeds from line of credit	300,000	-	300,000
Payments on line of credit	(300,000)	-	(300,000)
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(3,431,643)	(823,041)	(4,254,684)
Cash and cash equivalents:			
Beginning of the year	6,168,292	1,291,803	7,460,095
End of the year	<u>\$ 2,736,649</u>	<u>\$ 468,762</u>	<u>\$ 3,205,411</u>

# Utah Symphony & Opera

## Notes to Financial Statements

### 1. Significant Accounting Policies

#### Description of Business and Operations

The Utah Symphony & Opera (the 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 the 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.

The 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 154 individuals on a full-time basis and approximately 11 individuals on a part-time basis. Members of the American Federation of Musicians Local 104 union make up approximately 56% of the total full-time employees of the Organization. The current CBA was entered into on September 1, 2023 and expired on August 31, 2027.

#### Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. As of August 31, 2024, there was approximately \$250,000 that was federally insured. The Organization has approximately \$1,887,000 held in short-term bond funds without donor restriction and \$2,542,000 held in short-term bond funds 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.

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 estimates. 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.

# Utah Symphony & Opera

## Notes to Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### 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.

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-restriction 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.

# Utah Symphony & Opera

## Notes to Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

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 \$102,000 and \$110,000 for the years ended August 31, 2024 and 2023, 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 for the year ended August 31, 2024 was 4.5% of the average market value of investments for the 12 calendar quarters ended September 30, 2022. The annual draw for the year ended August 31, 2023 was 4.25% of the average market value of investments for the 12 calendar quarters ended September 30, 2021.

The Organization has engaged Principal Group as its Investment Advisor. 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 64%. The Organization has approximately 6% of investments in a private equity investment. The remaining 30% 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 (1) seeking appropriate risk-adjusted returns, while limiting fees and expenses, (2) providing liquidity to meet forecasted cash needs, while coordinating cash withdrawals with portfolio income and (3) preserving donated capital by seeking investments to grow principal faster than the rate of inflation, while avoiding significant loss in market value, as part of a market cycle.

#### 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)

#### Recently Adopted Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13 or ASC 326). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU 2016-13.

On September 1, 2023, the Organization adopted this new accounting standard and all related amendments using the modified retrospective method. The Organization's adoption did not result in a significant impact to the opening balance of net assets and the comparative information has not been adjusted or restated. Results for reporting periods beginning after September 1, 2023, are presented under ASC 326.

#### Lease Commitments

The Organization reviews all contracts and determines if the arrangement is or contains a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. For all arrangements where it is determined that a lease exists, the related right-of-use assets and lease liabilities are recorded within the statement of financial position as either operating or finance leases. At inception or modification, the Organization calculates the present value of lease payments using the implicit rate determined from the contract or the risk-free discount rate, which is determined by using a period comparable with that of the lease term. The present value is adjusted for prepaid lease payments, lease incentives, and initial direct costs (e.g. commissions). The Organization's leases may require fixed rental payments, variable lease payments based on usage or sales and fixed non-lease costs relating to the leased asset. Variable lease payments are generally not included in the measurement of the right-of-use assets and lease liabilities. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. Fixed non-lease costs, for example common-area maintenance costs, taxes, insurance, and maintenance, are included in the measurement of the right-of-use asset and lease liability as the Organization does not separate lease and non-lease components.

#### 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.

# Utah Symphony & Opera

## Notes to Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

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.

The Organization 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 (when a time restriction ends or a purpose restriction is fulfilled) contributions are reclassified to net assets without donor restriction and reported in the statement of activities as contributions released from restriction.

The Organization rents 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 \$339,000 and \$250,000 is included on the statement of activities for the years ended August 31, 2024 and 2023, respectively.

Deferred revenue arises from 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 2024, the 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, 2024 and 2023, approximately \$699,000 and \$817,000, 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, 2024 and 2023, approximately \$935,000 and \$672,000, 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 8.08% as of August 31, 2024, and recorded in the current period as restricted revenue and contributions receivable with donor restrictions. As of August 31, 2024 and 2023, the discount on these pledges was approximately \$48,000 and \$81,000, respectively. These contributions represent unconditional promises to donate within the next one to four 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)

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:

	2024	2023
Program expenses:		
Production expenses	\$ 205,469	\$ 246,114
Advertising expenses	128,017	105,860
Management and general and fundraising expenses	155,820	211,021
	<u>\$ 489,306</u>	<u>\$ 562,995</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 (see Note 15).

#### Volunteers

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

#### Advertising Expenses

The Symphony & Opera expenses advertising costs as incurred. Amounts expensed for advertising, including in-kind expenses, were approximately \$2,206,000 and \$2,239,000 for the years ended August 31, 2024 and 2023, respectively.

#### Income Tax Status

The Internal Revenue Service has ruled that the 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 to maintain its tax-exempt qualification. As of August 31, 2024, 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 2023 financial statement presentation to conform to the 2024 presentation.

#### Subsequent Events

Management has evaluated subsequent events that have occurred through February 27, 2025, 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, 2024:

	Without Donor Restriction	With Donor Restrictions		Total
		Time and Purpose Restrictions	Permanently Restricted	
Accounts and grants receivable	\$ 902,440	\$ 934,787	\$ -	\$ 1,837,227
Contributions receivable, less than one year	229,840	84,559	-	314,399
Contributions receivable, over one year	-	275,069	-	275,069
Endowment contributions receivable	-	-	310,695	310,695
	\$ 1,132,280	\$ 1,294,415	\$ 310,695	\$ 2,737,390

During the years ended August 31, 2024 and 2023, government grants recognized as income from Salt Lake County totaled \$2,853,000 and \$2,929,000, respectively. As of August 31, 2024, receivables from Salt Lake County totaled approximately \$1,634,000 (72% of time and purpose restricted receivables and 63% of unrestricted receivables).

The net balance of accounts, grants, and contributions receivable consist of the following as of August 31, 2023:

	Without Donor Restriction	With Donor Restrictions		Total
		Time and Purpose Restrictions	Permanently Restricted	
Accounts and grants receivable	\$ 868,348	\$ 684,528	\$ -	\$ 1,552,876
Contributions receivable, less than one year	14,442	794,120	-	808,562
Contributions receivable, over one year	-	314,782	-	314,782
Endowment contributions receivable	-	-	470,864	470,864
	\$ 882,790	\$ 1,793,430	\$ 470,864	\$ 3,147,084

All accounts and contributions receivable as of August 31, 2024 are receivable within one to four years as noted below:

	Accounts, Grants and Contributions			Total
	Contributions	Endowment		
Current through August 31, 2025	\$ 2,152,067	\$ 33,000	\$	\$ 2,185,067
From September 1, 2025 to August 31, 2028	276,185	277,695		553,880
	2,428,252	310,695		2,738,947
Less estimated uncollectible receivables	(1,557)	-		(1,557)
	\$ 2,426,695	\$ 310,695	\$	\$ 2,737,390

# Utah Symphony & Opera

## Notes to Financial Statements (continued)

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

All accounts and contributions receivable as of August 31, 2023 are receivable within one to five years as noted below:

	<b>Accounts, Grants and Contributions</b>	<b>Endowment</b>	<b>Total</b>
Current through August 31, 2024	\$ 2,425,376	\$ 33,000	\$ 2,458,376
From September 1, 2024 to August 31, 2028	318,494	437,864	756,358
	2,743,870	470,864	3,214,734
Less estimated uncollectible receivables	(67,650)	-	(67,650)
	<u>\$ 2,676,220</u>	<u>\$ 470,864</u>	<u>\$ 3,147,084</u>

### 3. Investments

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

	<b>2024</b>	<b>2023</b>
Long-term investments:		
Corporate stock funds	\$ 32,540,443	\$ 30,173,301
Government bond funds	8,535,717	5,800,958
Corporate bond funds	5,466,370	8,702,014
Money market funds	4,379,099	2,285,936
Private equity	2,860,011	2,187,711
Instruments loans to musicians	69,417	61,799
	<u>\$ 53,851,057</u>	<u>\$ 49,211,719</u>
Other investments:		
Art	\$ 50,848	\$ 50,848
Real estate	6,900	6,900
	<u>\$ 57,748</u>	<u>\$ 57,748</u>

# Utah Symphony & Opera

## Notes to Financial Statements (continued)

### 3. Investments (continued)

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

	For the Year Ended, August 31, 2024				
	Without Donor Restrictions		With Donor Restrictions		
	Unrestricted	Board Designated	Time and Purpose Restricted	Permanently Restricted	Total
Interest and dividends	\$ 93,475	\$ 303,099	\$ 18,580	\$ 962,630	\$ 1,377,784
Unrealized gains	19,323	850,579	70,154	3,850,525	4,790,581
Realized gains	8,450	82,336	38,399	1,687,046	1,816,231
Management fees	(1,692)	(8,344)	(1,305)	(90,790)	(102,131)
Investment gain, before transfers	119,556	1,227,670	125,828	6,409,411	7,882,465
Transfers	2,000,177	(161,216)	(340,210)	(1,498,751)	-
Investment gain, net of transfers	\$ 2,119,733	\$ 1,066,454	\$ (214,382)	\$ 4,910,660	\$ 7,882,465

	For the Year Ended, August 31, 2023				
	Without Donor Restrictions		With Donor Restrictions		
	Unrestricted	Board Designated	Time and Purpose Restricted	Permanently Restricted	Total
Interest and dividends	\$ 87,369	\$ 269,051	\$ 20,079	\$ 786,268	\$ 1,162,767
Unrealized gains	-	270,035	49,850	1,774,241	2,094,126
Realized gains	485	124,772	18,925	702,446	846,628
Management fees	(2,758)	(14,968)	(2,109)	(89,852)	(109,687)
Investment gain, before transfers	85,096	648,890	86,745	3,173,103	3,993,834
Transfers	1,666,569	(120,509)	(250,000)	(1,296,060)	-
Investment gain, net of transfers	\$ 1,751,665	\$ 528,381	\$ (163,255)	\$ 1,877,043	\$ 3,993,834

### 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.

# Utah Symphony & Opera

## Notes to Financial Statements (continued)

### 4. Fair Value Measurements (continued)

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 or 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.

Assets measured at fair value on a recurring basis as of August 31, 2024 are summarized as follows:

	Level 1	Level 2	Level 3	Total
Corporate stock funds	\$ 32,540,443	\$ -	\$ -	\$ 32,540,443
Government bond funds	8,535,717	-	-	8,535,717
Corporate bond funds	5,466,370	-	-	5,466,370
Money market funds	4,379,099	-	-	4,379,099
Instrument loans to musicians	-	-	69,417	69,417
Total investments at fair value	\$ 50,921,629	\$ -	\$ 69,417	\$ 50,991,046
Private equity investment measured using NAV				2,860,011
Total Investments				\$ 53,851,057

Assets measured at fair value on a recurring basis as of August 31, 2023 are summarized as follows:

	Level 1	Level 2	Level 3	Total
Corporate stock funds	\$ 30,173,301	\$ -	\$ -	\$ 30,173,301
Government bond funds	5,800,958	-	-	5,800,958
Corporate bond funds	8,702,014	-	-	8,702,014
Money market funds	2,285,936	-	-	2,285,936
Instrument loans to musicians	-	-	61,799	61,799
Total investments at fair value	\$ 46,962,209	\$ -	\$ 61,799	\$ 47,024,008
Private equity investment measured using NAV				2,187,711
Total Investments				\$ 49,211,719

The following is a reconciliation of assets for which Level 3 inputs were used in determining the value for investments for the years ended August 31, 2024 and 2023:

	Private equity funds	Instrument loans to musicians
Balance as of Sept 1, 2022	\$ 1,210,106	\$ 37,446
Net gains/(losses) (realized/unrealized/interest)	352,128	2,462
Net purchases/loans and settlements/payments	625,477	21,891
Balance as of August 31, 2023	2,187,711	61,799
Net gains/(losses) (realized/unrealized/interest)	443,851	3,359
Net purchases/loans and settlements/payments	228,449	4,259
Balance as of August 31, 2024	\$ 2,860,011	\$ 69,417

# Utah Symphony & Opera

## Notes to Financial Statements (continued)

### 4. Fair Value Measurements (continued)

#### Investment Strategy for Alternative Investments Measured at NAV

The Organization employs a diversified investment strategy that includes alternative investments measured at NAV. These alternative investments include private equity and other non-traditional assets. The primary objective of these investments is to achieve long-term capital appreciation and to provide diversification benefits to the overall portfolio.

**Valuation Methodology:** The NAV of these alternative investments is determined based on the fair value of the underlying assets and liabilities as provided by the investment managers. The Organization relies on the NAV as a practical expedient for estimating fair value, which is consistent with the guidance provided by the Financial Accounting Standards Board (FASB).

**Investment Risks:** Alternative investments measured at NAV are subject to various risks, including but not limited to market risk, liquidity risk, and valuation risk. These investments may also involve a higher degree of complexity and may not be as liquid as traditional investments. The Organization conducts thorough due diligence and ongoing monitoring to manage these risks effectively.

**Redemption Terms:** The redemption terms for alternative investments measured at NAV vary by investment and may include lock-up periods, redemption gates, and other restrictions. Investors should be aware that these terms can impact the liquidity of their investment.

**Performance Measurement:** The performance of alternative investments measured at NAV is evaluated based on the NAV provided by the investment managers. The Foundation reviews these valuations periodically to ensure they are reasonable and consistent with market conditions.

### 5. Land, Building and Equipment

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

	<b>2024</b>	<b>2023</b>
Land	\$ 229,500	\$ 229,500
Building and improvements	6,100,994	5,951,398
Production sets	1,178,892	1,178,892
Hall equipment	625,990	608,602
Production equipment	453,478	453,478
Office equipment	320,259	332,978
Vehicles	155,281	98,476
Construction in process	21,046	21,912
	<u>9,085,440</u>	<u>8,875,236</u>
Less accumulated depreciation	<u>(6,554,161)</u>	<u>(6,222,422)</u>
	<u>\$ 2,531,279</u>	<u>\$ 2,652,814</u>

# Utah Symphony & Opera

## Notes to Financial Statements (continued)

### 6. Leases

The Organization leases certain office, storage and performance space, as well as lodging and equipment under operating leases. During the year ended August 31, 2024, the Organization recognized lease expense of approximately \$616,403, which consisted of \$84,779 from amortization of its right-of-use asset and accretion of its lease liability in the statement of activities, \$22,196 of short-term lease expense and \$509,428 of variable lease expenses. During the year ended August 31, 2023, the Organization recognized lease expense of approximately \$623,577, which consisted of \$84,773 from amortization of its right-of-use asset and accretion of its lease liability in the statement of activities, \$33,300 of short-term lease expense and \$505,500 of variable lease expenses. The weighted average discount rate was 3.36% with a weighted average term remaining of 5.92 years as of August 31, 2024.

As of August 31, 2024, future undiscounted cash flows of the operating lease are as follows:

<b>Years ending August 31,</b>	
2025	\$ 80,921
2026	83,343
2027	85,840
2028	88,411
2029	91,068
Thereafter	<u>93,801</u>
Total undiscounted future minimum lease payments	523,384
Less imputed interest	<u>(50,026)</u>
Present value of future operating lease liability	<u>\$ 473,358</u>

### 7. Line of Credit

The Organization has a revolving line of credit with a financial institution. As of August 31, 2024, use of the line of credit was limited to \$1,800,000 by the financial institution. The Board has permitted management to utilize this line of credit at its discretion. The line of credit is secured by \$2,543,000 of the Board Restricted Investment Fund (see Note 8) as designated by the Board. The line of credit bears interest at prime rate less 0.25% (8.08% as of August 31, 2024). The Organization had \$-0- outstanding under the line of credit as of August 31, 2024 and 2023. The line of credit matures June 2, 2025, at which time the Organization intends to apply for renewal.

Interest expense for the years ended August 31, 2024 and 2023 was \$1,727 and \$6,937, respectively. Interest expense is recorded in management and general expenses.

### 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.

# Utah Symphony & Opera

## Notes to Financial Statements (continued)

### 8. Net Assets Without Donor Restrictions (continued)

The Board Designated Fund consists of funds without donor or legal restrictions but has been set aside through Board resolutions until such time the Board removes the restrictions to utilize such funds. As of August 31, the fund consists of the following:

	2024	2023
Board Restricted Investment Fund	\$ 5,948,709	\$ 6,439,056
Utah Opera Surplus Fund	2,987,375	2,580,392
Operating Reserve Fund	2	1,283,256
Guild Operating Funds	-	43,713
<b>Total Board Designated Fund</b>	<b>\$ 8,936,086</b>	<b>\$ 10,346,417</b>

The Board has pledged \$2,543,000 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:

	2024	2023
Funds for use in future periods	\$ 1,003,628	\$ 1,448,652
Opera Production Studio Expansion	663,474	877,856
Governmental grants received for use in future periods	934,787	688,540
Deer Valley Music Festival	-	125,000
Funds for a specified purpose	632,650	-
	<b>\$ 3,234,539</b>	<b>\$ 3,140,048</b>

All amounts released from restrictions during the years ended August 31, 2024 and 2023 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, 2024 and 2023, approximately \$340,000 and \$250,000, respectively, were 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)

### 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.

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

	<b>2024</b>	<b>2023</b>
General Operations for Symphony & Opera	\$ 17,404,707	\$ 15,364,637
General Operations for Symphony	17,434,339	15,245,452
Elizabeth Brown Dee Fund for Music in the Schools	2,773,699	2,457,963
General Operations for Deer Valley Music Festival	1,256,589	1,114,585
Park City Enhancement (Capital Improvements)	1,229,044	1,090,149
Opera Ensemble/Education Programs	999,065	886,163
General Operations for Opera	927,503	820,550
Instrument Loan Fund	522,985	449,395
Symphony Chorus	160,607	142,453
	<u>\$ 42,708,538</u>	<u>\$ 37,571,347</u>

### 11. Retirement Programs

All of the Symphony musicians, except one, 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). One Symphony musician has elected to use a Section 401(k) retirement plan. The Organization contributes on behalf of each musician an amount equal to 8%, for musicians employed less than 15 years, or 9%, for musicians employed for 15 years or more, of that musician's base salary. 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 increased the contribution rate to 9.59% or 10.70%, depending on years of service. The surcharge was approximately \$124,000 and \$84,000 for the years ended August 31, 2024 and 2023, respectively. The American Rescue Plan Act of 2021 provides financial assistance to troubled multiemployer pension plans. The AFM-EPW received \$1.5 billion in relief in August 2024. The Plan will remain in "critical status" indefinitely.



# Utah Symphony & Opera

## Notes to Financial Statements (continued)

### 11. Retirement Programs (continued)

The cost to the Symphony & Opera of contributions to the above retirement programs incurred by the Operating Fund was approximately \$765,000 and \$703,000 for the years ended August 31, 2024 and 2023, respectively.

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 Organization has discretion on making additional contributions to full-time non-union member's retirement accounts. During August 31, 2024 and 2023, the Organization contributed approximately \$-0- and \$100,000, respectively. The contributed funds are held in individual accounts with an outside manager.

### 12. Commitments and Contingencies

The Organization has entered into employment agreements with certain members of management. The terms of each agreement are different. Each agreement includes some combination of base salary, bonus potential, vacation benefits, severance, and non-competition agreements.

### 13. Functional Expenses

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

	Year Ended August 31, 2024			Total
	Program	Management and General	Fundraising	
Salaries and wages	\$ 16,049,831	\$ 1,585,112	\$ 797,522	\$ 18,432,465
Guest Artists	3,194,395	-	-	3,194,395
Marketing	2,206,125	-	-	2,206,125
Production	1,930,310	-	4,571	1,934,881
Other	1,074	721,411	35,391	757,876
Rent	529,812	84,779	-	614,591
Depreciation	118,225	228,314	-	346,539
Cultivation Events	-	-	317,089	317,089
Set and Costume Rental	127,208	-	-	127,208
Professional	23,150	188,029	-	211,179
Guild	-	-	43,785	43,785
Bad Debts	-	-	(21,094)	(21,094)
	<u>\$ 24,180,130</u>	<u>\$ 2,807,645</u>	<u>\$ 1,177,264</u>	<u>\$ 28,165,039</u>

# Utah Symphony & Opera

## Notes to Financial Statements (continued)

### 13. Functional Expenses (continued)

	Year Ended August 31, 2023			Total
	Program	Management and General	Fundraising	
Salaries and wages	\$ 14,855,001	\$ 1,434,343	\$ 622,850	\$ 16,912,194
Guest Artists	3,326,951	-	-	3,326,951
Marketing	2,238,899	-	-	2,238,899
Production	2,716,973	-	-	2,716,973
Other	3,920	606,416	34,863	645,199
Rent	523,679	84,773	-	608,452
Depreciation	120,244	221,298	-	341,542
Cultivation Events	344	-	476,758	477,102
Set and Costume Rental	116,852	-	-	116,852
Professional	22,400	296,913	-	319,313
Guild	-	-	9,268	9,268
Bad Debts	-	13,220	33,668	46,888
	<u>\$ 23,925,263</u>	<u>\$ 2,656,963</u>	<u>\$ 1,177,407</u>	<u>\$ 27,759,633</u>

### 14. Liquidity and Availability

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

	2024	2023
Cash and cash equivalents	\$ 1,562,646	\$ 2,736,649
Time restricted cash available for general operations within one year	929,150	413,762
Investments	10,828,776	11,243,568
Promises to give, note	1,132,280	882,790
Total financial assets	14,452,852	15,276,769
Less amounts not available to be used within one year:		
Board Designated funds	(8,936,086)	(10,346,417)
Financial assets available to be used for general expenditure within one year	<u>\$ 5,516,766</u>	<u>\$ 4,930,352</u>

The Organization regularly monitors liquidity 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, 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 7, the Organization has \$1,800,000 available under its line of credit agreement with a bank, which expires June 2, 2025.

# Utah Symphony & Opera

## Notes to Financial Statements (continued)

### 14. Liquidity and Availability (continued)

The statement of cash flows identifies the sources and uses of the Organization's cash. During the year ended August 31, 2024, the organization used approximately \$3,664,000 of cash in operating activities. During the year ended August 31, 2023, operating activities generated positive cash flows of approximately \$263,000.

### 15. Related Party Transactions

During the years ended August 31, 2024 and 2023, the Organization received donations from board members totaling approximately \$1,299,000 and \$1,375,000, respectively.

During the years ended August 31, 2024 and 2023, the Organization purchased approximately \$1,365,000 and \$1,322,000, respectively, of advertising from a company owned by a board member, which included in-kind expenses of \$128,000 and \$106,000, respectively. The board member does not actively work on the Organization's account and the majority of advertising dollars noted above merely passed through the advertising company to the advertising medium. Management has determined that the purchases were conducted at arm's length.

The Organization is the named beneficiary and has board membership of a foundation. During the years ended August 31, 2024 and 2023, the Organization received donations and recognized revenue from the foundation of \$300,000 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.