Consolidated Financial Statements
August 31, 2023 and 2022

Utah Film Center

Independent Auditor's Report

To the Board of Directors
Utah Film Center
Salt Lake City, Utah

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Utah Film Center, which comprise the consolidated statements of financial position as of August 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Utah Film Center as of August 31, 2023 and 2022, 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.

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Utah Film Center 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated financial statements.

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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Utah Film Center'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Utah Film Center'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.

Eide Bailly LLP

Salt Lake City, Utah
January 19, 2024

	2023	2022
Assets		
Current Assets		
Cash	$ 1,335,391	$ 1,009,314
Restricted cash - fiscal sponsorship	1,299,325	1,366,814
Contributions receivable, net	28,704	51,646
Prepaid expenses	5,987	10,787
Total current assets	2,669,407	2,438,561
Property and Equipment, Net	83,163	133,402
Investments	627,242	1,040,883
	$ 3,379,812	$ 3,612,846
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 42,119	$ 36,298
Grants payable	1,352,516	1,229,784
Other current liabilities	33,733	55,770
Total current liabilities	1,428,368	1,321,852
Net Assets		
Without donor restrictions	1,753,997	1,028,295
With donor restrictions	197,447	1,262,699
Total net assets	1,951,444	2,290,994
	$ 3,379,812	$ 3,612,846

	2023	2022
Change in Net Assets without Donor Restrictions		
Public support and revenue		
Contributions	$ 13,297,185	$ 10,562,260
In-kind contributions	66,031	72,614
Government grants and contracts	644,743	622,293
Program fees	36,400	14,222
Net investment return (loss)	(374,795)	432,846
Interest	1,997	455
Other	21,203	10,711
Gross special events revenue	68,929	19,067
Less cost of direct benefits to donors	(93,006)	(41,739)
Net special events expense	(24,077)	(22,672)
Net assets released from donor restrictions	1,306,337	630,629
Total public support and revenue	14,975,024	12,323,358
Program service expenses		
Core Programming	271,531	320,736
Festivals	281,836	200,399
Fiscal Sponsorship	12,568,023	10,617,309
Artist Foundry	45,151	25,578
Education	331,680	297,164
Total program service expenses	13,498,221	11,461,186
Supporting service expenses		
Management and general	581,459	481,429
Fundraising	169,642	126,907
Total supporting service expenses	751,101	608,336
Total expenses	14,249,322	12,069,522
Change in Net Assets without Donor Restrictions	725,702	253,836
Change in Net Assets with Donor Restrictions		
Contributions	241,085	1,103,200
Net assets released from restrictions	(1,306,337)	(630,629)
Change in Net Assets with Donor Restrictions	(1,065,252)	472,571
Change in Net Assets	(339,550)	726,407
Net Assets, Beginning of Year	2,290,994	1,564,587
Net Assets, End of Year	$ 1,951,444	$ 2,290,994

	Program Service Expenses						Supporting Service Expenses			
	Core Programming	Festivals	Fiscal Sponsorship	Artist Foundry	Education	Total	Management and General	Fundraising	Total	Total Expenses
Accounting and legal	$ 5,591	$ 205	$ 3,468	$ 264	$ -	$ 9,528	$ 38,638	$ 3,160	$ 41,798	$ 51,326
Conferences, conventions, meetings	100	-	-	-	-	100	10	-	10	110
Depreciation and amortization	-	-	-	-	-	-	62,244	-	62,244	62,244
Development	177	599	-	-	55	831	8,691	5,485	14,176	15,007
Education expenses		-	-	-	87,321	87,321	-	-	-	87,321
Event expenses	21,319	58,113	-	127	43,923	123,482	11,223	62,270	73,493	196,975
Facilities and equipment	2,363	1,396	-	62	10,273	14,094	86,604	73	86,677	100,771
Grantee activity	-	-	12,463,250	-	-	12,463,250	-	-	-	12,463,250
Guest expenses	-	2,380	-	-	3,022	5,402	-	410	410	5,812
Honoraria	7,924	2,395	-	-	800	11,119	100	630	730	11,849
Insurance	-	-	-	-		-	9,334	-	9,334	9,334
Marketing	64,766	38,677	-	1,014	2,039	106,496	6,523	3,066	9,589	116,085
Office expense	2,337	1,557	12	3,499	4,136	11,541	45,120	6,543	51,663	63,204
Other expense	400	1,503	-		1,677	3,580	8,465	18,049	26,514	30,094
Payroll and related	162,177	174,998	101,293	39,937	175,417	653,822	304,361	162,875	467,236	1,121,058
Reference materials	138	13	-		-	151	146		146	297
Staff travel	4,239	-	-	248	3,017	7,504	-	87	87	7,591
	271,531	281,836	12,568,023	45,151	331,680	13,498,221	581,459	262,648	844,107	14,342,328
Less expenses included with revenues on the statement of activities Cost of direct benefits to donors	-	-	-	-	-	-	-	(93,006)	(93,006)	(93,006)
Total expenses included in the expense section on the statement of activities	$ 271,531	$ 281,836	$ 12,568,023	$ 45,151	$ 331,680	$ 13,498,221	$ 581,459	$ 169,642	$ 751,101	$ 14,249,322

	Core Programming	Festivals	Fiscal Sponsorship	Artist Foundry	Education	Total	Management and General	Fundraising	Total	Total Expenses
Accounting and legal	$ 3,961	$ -	$ 2,737	$ 350	$ 7,135	$ 14,183	$ 92,390	$ 7,431	$ 99,821	$ 114,004
Conferences, conventions, meetings	-	-	-	-		-	14	-	14	14
Depreciation and amortization	-	-	-	-	-	-	34,933	-	34,933	34,933
Development	-		-	-	87	87	389	782	1,171	1,258
Education expenses	194		-	-	63,357	63,551	-	-	-	63,551
Event expenses	36,093	28,691	-	4	16,488	81,276	535	34,853	35,388	116,664
Facilities and equipment	2,375	125	-	20	23,888	26,408	55,844	-	55,844	82,252
Grantee activity	-	-	10,533,209	-	-	10,533,209	-	-	-	10,533,209
Guest expenses	-		-	-	1,567	1,567	-	-	-	1,567
Honoraria	4,100		-	-	750	4,850	-	-	-	4,850
Insurance	-	-	-	-	3,220	3,220	8,111	-	8,111	11,331
Marketing	121,506	17,149		1,000	32,154	171,809	889	8,819	9,708	181,517
Office expense	1,435	847	45	2,056	3,767	8,150	42,318	662	42,980	51,130
Other expense	4,283	824	-	2,519	1,010	8,636	2,766	657	3,423	12,059
Payroll and related	143,883	152,763	81,318	19,618	140,334	537,916	243,100	115,241	358,341	896,257
Reference materials	518	-	-	11		529	140	170	310	839
Staff travel	2,388	-	-	-	3,407	5,795	-	31	31	5,826
	320,736	200,399	10,617,309	25,578	297,164	11,461,186	481,429	168,646	650,075	12,111,261
Less expenses included with revenues on the statement of activities										
Cost of direct benefits to donors	-	-	-	-	-	-	-	(41,739)	(41,739)	(41,739)
Total expenses included in the expense section on the statement of activities	$ 320,736	$ 200,399	$ 10,617,309	$ 25,578	$ 297,164	$ 11,461,186	$ 481,429	$ 126,907	$ 608,336	$ 12,069,522

	2023	2022
Operating Activities		
Change in net assets	$ (339,550)	$ 726,407
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	62,244	34,933
Realized and unrealized (gains) losses on operating investments	413,641	(396,312)
Changes in operating assets and liabilities		
Contributions receivable, net	22,942	(910)
Prepaid expenses	4,800	(3,800)
Accounts payable	5,821	(7,626)
Grants payable	122,732	535,294
Other current liabilities	(22,037)	(25,346)
Net Cash from Operating Activities	270,593	862,640
Investing Activities		
Purchase of property and equipment	(12,005)	(94,401)
Net Cash used for Investing Activities	(12,005)	(94,401)
Net Change in Cash and Restricted Cash	258,588	768,239
Cash and Restricted Cash, Beginning of Year	2,376,128	1,607,889
Cash and Restricted Cash, End of Year	$ 2,634,716	$ 2,376,128
Cash	$ 1,335,391	$ 1,009,314
Restricted cash - fiscal sponsorship	1,299,325	1,366,814
Total cash and restricted cash	$ 2,634,716	$ 2,376,128

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Utah Film Center (UFC) is a nonprofit corporation organized to bring the world of film to local audiences through free community screenings and discussions, outreach programs, and visiting artists and professionals. UFC also acts as a fiscal sponsor for select film projects. UFC emphasizes social content and artistic excellence and presents documentary, independent, and dramatic cinema year-round. UFC collaborates with various educational and community organizations to promote a diversity of ideas, to provide forums for underrepresented groups, and to develop new audiences for film.

UFC currently operates the following programs:

- Core Programming – UFC's core programming includes regular screenings of the best independent and international films. Many screenings feature a post-screening discussion with the filmmaker, a topic expert, or a panel of experts. Through its core programming, UFC encourages dialogue about current social, cultural, and economic issues. Efforts are made to partner with and reach out to interested nonprofit, business, and community organizations to help build audiences for each screening.

- Festivals – UFC annually presents two specialty film festivals:

  - *Damn These Heels! LGBT Film Festival* - Damn These Heels! is a community event that illuminates LGBT issues, ideas, hopes and yearnings through the power of film.

  - *Tumbleweeds Film Festival for Children and Youth* - Tumbleweeds is the only festival of its kind in the intermountain west and provides children ages 4-14 with access to films from around the world.

- Education – UFC offers multiple development services and training of K-12 educators on how to integrate film making and the media arts into educational settings. UFC works closely with community partners to fund and offer its education programs.

- Artist Foundry – The Artist Foundry was created to fill a need and empower local independent filmmakers to create fresh cinematic stories through community, resources, and infrastructure.

- Fiscal Sponsorship – UFC acts as a fiscal sponsor for select film projects that are consistent with its mission, that emphasize social content and artistic excellence, including documentary, independent and dramatic films. Through the fiscal sponsorship program, UFC can ensure funding agencies and contributors that funds are well managed and spent according to their guidelines.

- Utah Film Support Foundation (the Foundation) is a separate nonprofit organization established solely to hold investments and to assist in funding UFC's operating rent costs. The Foundation is governed by a separate Board of Directors, the majority of which are appointed by UFC's Board of Directors. The Board of Directors of the Foundation authorizes supporting distributions to UFC or on behalf of UFC.

Principles of Consolidation

The consolidated financial statements include the accounts of Utah Film Center and Utah Film Support Foundation because the Utah Film Center has both control and an economic interest in the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as “the Center.”

Restricted Cash

Restricted cash is restricted by the UFC’s Board of Directors for use in the fiscal sponsorship program including the payment of grants payable (Note 7).

Contributions Receivable

The Center records contributions receivable expected to be collected within one year at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. Management determines an allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. At August 31, 2023 and 2022, the Center has not recorded an allowance. At August 31, 2023 and 2022, the Center’s contributions receivable are all expected to be collected within one year.

Property and Equipment

Property and equipment additions over $500 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Center reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended August 31, 2023 and 2022.

Investments

The Center records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the consolidated statements of financial position. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment, management, and custodial fees.

Grants Payable

Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. The Center has no conditional grants at August 31, 2023 and 2022.

Net Assets

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

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

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Center reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

The Center recognizes program fee revenue from ticket sales at the time of admission. The Center records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Center's government contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Donated Services and In-Kind Contributions

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions, which are recorded at the respective fair values of the goods or services received (Note 10). The Center does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Advertising Costs

Advertising costs are expensed as incurred, and approximated $116,000 and $182,000, during the years ended August 31, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Center is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Center is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Center has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Center to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments of Credit Risk

The Center manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Center has not experienced losses in any of these accounts. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At August 31, 2023, the Center had approximately $1,715,000 in excess of FDIC-insured limits.

Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Center's mission. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Center and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Center.

Adoption of Accounting Standards Codification Topic 842

Effective September 1, 2022, the Center adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Center elected to apply the guidance as of September 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the consolidated statement of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Center has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Center accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. The adoption of the new standard did not materially impact the Center's Consolidated Statements of Financial Position, Activities or Cash Flows and there was no cumulative effect adjustment to net assets.

Subsequent Events

Management has evaluated subsequent events through January 19, 2024, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and Availability

The Center operates on a balanced budget and regularly monitors liquidity to meet its operating needs and other contractual commitments while also striving to maximize its mission. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2023	2022
Cash	$ 1,335,391	$ 1,009,314
Contributions receivable, net	28,704	51,646
	1,364,095	1,060,960
Less: net assets with donor restrictions	(168,743)	(170,171)
	$ 1,195,352	$ 890,789

In addition, the Center has a line-of-credit available from a bank for up to $100,000 (Note 6).

Note 3 - Fair Value Measurements and Disclosures

The Center reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Center develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

At August 31, 2023 and 2022, investment assets are valued based on appraised values of the underlying assets invested in or values determined by management based on operating cash flows and an applied market based rate of capitalization expected to be used by a potential buyer of the investment and are classified within Level 3.

The following table presents assets measured at fair value on a recurring basis at August 31, 2023:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Ownership interests in real estate limited liability companies	$ 627,242	$ -	$ -	$ 627,242

The following table presents assets measured at fair value on a recurring basis at August 31, 2022:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Ownership interests in real estate limited liability companies	$ 1,040,883	$ -	$ -	$ 1,040,883

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended August 31, 2023:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)
	Ownership Interests
Balance, August 31, 2022	$ 1,040,883
Unrealized losses	(413,641)
Distributions from ownership interests in real estate limited liability companies	38,846
Withdrawals	(38,846)
Balance, August 31, 2023	$ 627,242

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended August 31, 2022:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)
	Ownership Interests
Balance, August 31, 2021	$ 644,571
Unrealized gains	396,312
Distributions from ownership interest in real estate limited liability companies	36,534
Withdrawals	(36,534)
Balance, August 31, 2022	$ 1,040,883

Note 4 - Net Investment Return (Loss)

Net investment return (loss) consists of the following for the years ended August 31, 2023 and 2022:

	2023	2022
Operating investments		
Distributions from ownership interests in real estate limited liability companies	$ 38,846	$ 36,534
Net realized and unrealized gains (losses)	(413,641)	396,312
	$ (374,795)	$ 432,846

Note 5 - Property and Equipment

Property and equipment consists of the following at August 31, 2023 and 2022:

	2023	2022
Equipment	$ 235,547	$ 223,542
Furniture and fixtures	15,360	15,360
Leasehold improvements	63,419	63,419
	314,326	302,321
Less accumulated depreciation and amortization	(231,163)	(168,919)
	$ 83,163	$ 133,402

Note 6 - Line of Credit

The Center has a $100,000 revolving line of credit with Zions Bank, secured by accounts receivable. The line of credit balance as of August 31, 2023 and 2022 totals $0, and bears interest at a variable interest rate. The agreement requires the Center to comply with certain financial and non-financial covenants.

Note 7 - Grants Payable

Grants payable consists of amounts payable under the Fiscal Sponsorship Program as follows for the years ended August 31, 2023 and 2022:

	2023	2022
Inn Between-5	$ 147,958	$ -
Great Salt Lake	144,000	-
Image of The Black	142,500	-
Harvest-6	116,000	-
Untitled Artist Project-5	95,000	-
Kelly Slater Project-5	95,000	-
Caity-6	94,000	-
Cookie Queen-6	85,000	-
Gauchos-6	82,250	-
Fran-6	47,180	-
Faith-5	41,488	-
Another Body-6	-	662,700
Goddessey-6	-	141,000
Emile Weaver- 6	94	84,600
Feline- 6	-	63,920
Chewed Gum-6	-	47,000
Real Lava	21,383	46,989
Other	240,663	183,575
	$ 1,352,516	$ 1,229,784

Note 8 - Leases

The Center leases office space under a short-term lease expiring in 2024 from an entity that is affiliated with certain members of the Board of Directors of the Foundation (see Note 11).

The future minimum lease payments for 2024 total $76,304.

Rent expense for all of the Center's leases for the years ended August 31, 2023 and 2022, was $76,185 and $73,703, respectively.

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
Subject to Expenditure for Specified Purpose		
Office rent	$ -	$ 1,040,883
Festival - Damn These Heels!	33,242	7,757
Festival - Sundance Kids	4,880	4,880
Core programming	130,621	157,534
	168,743	1,211,054
Subject to the Passage of Time		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditure until received	28,704	51,645
	$ 197,447	$ 1,262,699

Note 10 - Donated Professional Services, Materials, and Facilities

The Center received donated professional services, materials, and facilities as follows for the year ended August 31, 2023:

	Program Services	Management and General	Fundraising and Development	Total
Honoraria	$ 94	$ 1	$ 5	$ 100
Event expenses - venue	2,812	256	1,417	4,485
Other	136	322	688	1,146
Marketing	55,319	3,388	1,593	60,300
	$ 58,361	$ 3,967	$ 3,703	$ 66,031

The Center received donated professional services, materials, and facilities as follows for the year ended August 31, 2022:

	Program Services	Management and General	Fundraising and Development	Total
Event expenses - venue	$ 2,435	$ 16	$ 1,044	$ 3,495
Other	1,804	578	137	2,519
Marketing	63,038	326	3,236	66,600
	$ 67,277	$ 920	$ 4,417	$ 72,614

Contributed honororia services are provided by specially trained film experts or film celebrities who assist in making film presentations at the Center's film showings or similar activities. Contributed honoraria services are generally used in program services and are recognized at fair value based on current rates for paid honoraria services.

Contributed marketing services are provided by local radio stations or publications who provide publicity for the Center's activities. Contributed marketing services are used in program services and are recognized at fair value based on current rates for similar marketing services.

All gifts-in-kind received during the years ended August 31, 2023 and 2022 were unrestricted.

Note 11 - Related Party Transactions

During the years ended August 31, 2023 and 2022, the Center leased office space from an entity that is affiliated with certain members of the Board of Directors of the Foundation (see Note 8). Rent expense relating to this lease for the years ended August 31, 2023 and 2022, totals $76,185 and $73,703, respectively.

The Center's investments totaling $627,242 and $1,040,883 at August 31, 2023 and 2022, respectively, represent equity interests in companies also affiliated with certain members of the Board of Directors of the Foundation.