



Consolidated Financial Statements
August 31, 2024 and 2023

Utah Film Center

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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, 2024 and 2023, 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, 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.

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.



Salt Lake City, Utah
February 21, 2025

Utah Film Center
Consolidated Statements of Financial Position
August 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash	\$ 1,889,948	\$ 1,335,391
Restricted cash - fiscal sponsorship	1,771,828	1,299,325
Contributions receivable, net - current portion	283,792	28,704
Prepaid expenses	21,926	5,987
Total current assets	3,967,494	2,669,407
Contributions Receivable, Net - Non-Current Portion	532,494	-
Property and Equipment, Net	3,712,622	83,163
Investments	-	627,242
	<u>\$ 8,212,610</u>	<u>\$ 3,379,812</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 136,284	\$ 42,119
Grants payable	1,876,723	1,352,516
Current maturities of note payable	135,000	-
Other current liabilities	55,233	33,733
Total current liabilities	2,203,240	1,428,368
Note Payable, Less Current Maturities	2,565,000	-
Total liabilities	4,768,240	1,428,368
Net Assets		
Without donor restrictions	2,040,723	1,753,997
With donor restrictions	1,403,647	197,447
Total net assets	3,444,370	1,951,444
	<u>\$ 8,212,610</u>	<u>\$ 3,379,812</u>

Utah Film Center
Consolidated Statements of Activities
Years Ended August 31, 2024 and 2023

	2024	2023
Change in Net Assets without Donor Restrictions		
Public support and revenue		
Contributions	\$ 18,414,096	\$ 13,297,185
In-kind contributions	427,067	66,031
Government grants and contracts	641,777	644,743
Program fees	34,539	36,400
Net investment loss	(44,454)	(374,795)
Interest	43,538	1,997
Other	28,504	21,203
Gross special events revenue	5,375	68,929
Less cost of direct benefits to donors	(2,771)	(93,006)
Net special events revenue (expense)	2,604	(24,077)
Net assets released from donor restrictions	696,137	1,306,337
Total public support and revenue	20,243,808	14,975,024
Program service expenses		
Core Programming	317,995	271,531
Festivals	292,945	281,836
Fiscal Sponsorship	17,976,871	12,568,023
Artist Foundry	103,404	45,151
Education	393,956	331,680
Total program service expenses	19,085,171	13,498,221
Supporting service expenses		
Management and general	574,580	581,459
Fundraising	297,331	169,642
Total supporting service expenses	871,911	751,101
Total expenses	19,957,082	14,249,322
Change in Net Assets without Donor Restrictions	286,726	725,702
Change in Net Assets with Donor Restrictions		
Contributions	1,902,337	241,085
Net assets released from restrictions	(696,137)	(1,306,337)
Change in Net Assets with Donor Restrictions	1,206,200	(1,065,252)
Change in Net Assets	1,492,926	(339,550)
Net Assets, Beginning of Year	1,951,444	2,290,994
Net Assets, End of Year	\$ 3,444,370	\$ 1,951,444

Utah Film Center
Consolidated Statement of Functional Expenses
Year Ended August 31, 2024

	Program Service Expenses						Supporting Service Expenses			Total Expenses
	Core Programming	Festivals	Fiscal Sponsorship	Artist Foundry	Education	Total	Management and General	Fundraising	Total	
Accounting and legal	\$ 2,902	\$ 860	\$ 1,668	\$ -	\$ 6,000	\$ 11,430	\$ 63,069	\$ 100,785	\$ 163,854	\$ 175,284
Conferences, conventions, meetings	1,826	-	-	-	1,702	3,528	500	100	600	4,128
Depreciation and amortization	-	-	-	-	-	-	36,327	-	36,327	36,327
Development	-	545	-	312	-	857	2,099	1,257	3,356	4,213
Education expenses	-	-	-	-	88,390	88,390	-	-	-	88,390
Event expenses	19,872	62,508	-	3,302	19,978	105,660	302	926	1,228	106,888
Facilities and equipment	29,104	518	-	1,394	32,178	63,194	42,453	282	42,735	105,929
Grantee activity	-	-	17,872,277	-	-	17,872,277	-	-	-	17,872,277
Guest expenses	258	-	-	-	3,958	4,216	-	-	-	4,216
Honoraria	5,150	6,000	-	2,150	-	13,300	-	-	-	13,300
Insurance	-	-	-	-	753	753	5,603	-	5,603	6,356
Marketing	55,630	19,670	-	5,083	2,767	83,150	462	2,334	2,796	85,946
Office expense	1,566	2,194	763	3,222	7,422	15,167	47,031	5,096	52,127	67,294
Other expense	13,210	5,354	-	15,105	400	34,069	63,578	1,999	65,577	99,646
Payroll and related	183,854	194,754	102,163	72,101	216,506	769,378	312,849	187,323	500,172	1,269,550
Reference materials	514	71	-	-	78	663	290	-	290	953
Staff travel	4,109	471	-	735	13,824	19,139	17	-	17	19,156
	317,995	292,945	17,976,871	103,404	393,956	19,085,171	574,580	300,102	874,682	19,959,853
Less expenses included with revenues on the statement of activities										
Cost of direct benefits to donors	-	-	-	-	-	-	-	(2,771)	(2,771)	(2,771)
Total expenses included in the expense section on the statement of activities	\$ 317,995	\$ 292,945	\$ 17,976,871	\$ 103,404	\$ 393,956	\$ 19,085,171	\$ 574,580	\$ 297,331	\$ 871,911	\$ 19,957,082

Utah Film Center
Consolidated Statement of Functional Expenses
Year Ended August 31, 2023

	Program Service Expenses						Supporting Service Expenses			Total Expenses
	Core Programming	Festivals	Fiscal Sponsorship	Artist Foundry	Education	Total	Management and General	Fundraising	Total	
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	<u>\$ 271,531</u>	<u>\$ 281,836</u>	<u>\$ 12,568,023</u>	<u>\$ 45,151</u>	<u>\$ 331,680</u>	<u>\$ 13,498,221</u>	<u>\$ 581,459</u>	<u>\$ 169,642</u>	<u>\$ 751,101</u>	<u>\$ 14,249,322</u>

Utah Film Center
Consolidated Statements of Cash Flows
Years Ended August 31, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ 1,492,926	\$ (339,550)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	36,327	62,244
Realized and unrealized losses on operating investments	67,242	413,641
In-kind contribution of property and equipment	(350,000)	-
Changes in operating assets and liabilities		
Contributions receivable, net	(787,582)	22,942
Prepaid expenses	(15,939)	4,800
Accounts payable	94,165	5,821
Grants payable	524,207	122,732
Other current liabilities	21,500	(22,037)
Net Cash from Operating Activities	<u>1,082,846</u>	<u>270,593</u>
Investing Activities		
Purchase of property and equipment	(3,315,786)	(12,005)
Proceeds on sale of operating investments	560,000	-
Net Cash used for Investing Activities	<u>(2,755,786)</u>	<u>(12,005)</u>
Financing Activities		
Proceeds from note payable	2,700,000	-
Net Cash from Financing Activities	<u>2,700,000</u>	<u>-</u>
Net Change in Cash and Restricted Cash	1,027,060	258,588
Cash and Restricted Cash, Beginning of Year	<u>2,634,716</u>	<u>2,376,128</u>
Cash and Restricted Cash, End of Year	<u>\$ 3,661,776</u>	<u>\$ 2,634,716</u>
Cash	\$ 1,889,948	\$ 1,335,391
Restricted cash - fiscal sponsorship	<u>1,771,828</u>	<u>1,299,325</u>
Total cash and restricted cash	<u>\$ 3,661,776</u>	<u>\$ 2,634,716</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Interest	<u>\$ 61,428</u>	<u>\$ -</u>
Supplemental Disclosure of Non-cash Investing and Financing Activity		
In-kind contribution of property and equipment	<u>\$ 350,000</u>	<u>\$ -</u>

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:
 - *Utah Queer Film Festival (UQFF)* - UQFF 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 that are 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, 2024 and 2023, the Center has not recorded an allowance.

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, 2024 and 2023.

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, 2024 and 2023.

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 (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

Contributed nonfinancial assets include donated professional services, donated property and equipment, and other in-kind contributions, which are recorded at the respective fair values of the goods or services received (Note 11). The Center does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, 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 unless they 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 \$86,000 and \$116,000, during the years ended August 31, 2024 and 2023, 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 facilities and equipment, which is allocated on a square footage basis, as well as payroll and related, accounting and legal, conferences, conventions, meetings, depreciation and amortization, development, education, event expenses, guest expenses, honoraria, insurance, marketing, office expense, reference materials, staff travel, and other expense, 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 consolidated 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

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Center to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of August 31, 2024 and 2023, the Center had approximately \$3,110,000 and \$1,715,000 in excess of FDIC-insured limits. To date, no losses have been experienced in any of these accounts.

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.

Subsequent Events

Management has evaluated subsequent events through February 21, 2025, the date the consolidated financial statements were available to be issued.

Recent Accounting Guidance

As of September 1, 2023, the Center adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held to maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments. The adoption of the new standard did not materially impact the Center's statements of financial position, activities, functional expenses, or cash flows.

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:

	2024	2023
Cash	\$ 1,889,948	\$ 1,335,391
Contributions receivable, net - current portion	283,792	28,704
	2,173,740	1,364,095
Less: net assets with donor restrictions and time restrictions greater than one year	(1,319,855)	(168,743)
	<u>\$ 853,885</u>	<u>\$ 1,195,352</u>

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, inputs are developed 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, considering factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Center's assessment of the quality, risk, or liquidity profile of the asset.

At August 31, 2023, 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.

During 2024, all investments were sold in exchange for \$560,000 in cash proceeds. As of August 31, 2024, there are no investments held reported at fair value.

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

	Total	Fair Value Measurements at Report Date Using		
		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 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, 2024:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)
	Ownership Interests
Balance, September 1, 2023	\$ 627,242
Net realized and unrealized losses	(67,242)
Sale of investments	(560,000)
Distributions from ownership interests in real estate limited liability companies	22,788
Withdrawals	(22,788)
Balance, August 31, 2024	\$ -

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, September 1, 2022	\$ 1,040,883
Net realized and unrealized losses	(413,641)
Distributions from ownership interest in real estate limited liability companies	38,846
Withdrawals	(38,846)
Balance, August 31, 2023	<u>\$ 627,242</u>

Note 4 - Net Investment Return (Loss)

Net investment return (loss) consists of the following for the years ended August 31, 2024 and 2023:

	2024	2023
Operating investments		
Distributions from ownership interests in real estate limited liability companies	\$ 22,788	\$ 38,846
Net realized and unrealized losses	(67,242)	(413,641)
	<u>\$ (44,454)</u>	<u>\$ (374,795)</u>

Note 5 - Contributions Receivable

Contributions receivable consist of the following at August 31, 2024 and 2023:

	2024	2023
Private Foundation	\$ 732,494	\$ -
Other	83,792	28,704
	<u>\$ 816,286</u>	<u>\$ 28,704</u>

Unconditional promises to give are estimated to be collected as follows at August 31, 2024 and 2023:

	2024	2023
Within one year	\$ 283,792	\$ 28,704
In one to five years	600,000	-
	883,792	28,704
Less discount to net present value at a rate of 4.26%	(67,506)	-
	<u>\$ 816,286</u>	<u>\$ 28,704</u>

Note 6 - Property and Equipment

Property and equipment consists of the following at August 31, 2024 and 2023:

	2024	2023
Construction in process - Building property	\$ 3,663,569	\$ -
Equipment	237,764	235,547
Furniture and fixtures	15,360	15,360
Leasehold improvements	63,419	63,419
	3,980,112	314,326
Less accumulated depreciation and amortization	(267,490)	(231,163)
	<u>\$ 3,712,622</u>	<u>\$ 83,163</u>

Note 7 - Grants Payable

Grants payable consists of amounts payable under the Fiscal Sponsorship Program as follows for the years ended August 31, 2024 and 2023:

	2024	2023
Strength Film Pakistan-5	\$ 500,019	\$ -
Ask E Jean -6	150,400	-
Book Burn Project-5	107,262	-
Salt Lake Cohn -4	96,000	-
Germes-6	94,000	-
Magic, Mystery Barnes-6	94,000	-
James Carville Doc-6	84,600	-
Inn Between-5	-	147,958
Great Salt Lake	-	144,000
Image of The Black	117,500	142,500
Harvest-6	16,000	116,000
Untitled Artist Project-5	48,950	95,000
Kelly Slater Project-5	49,875	95,000
Caity-6	94,000	94,000
Cookie Queen-6	-	85,000
Gauchos-6	-	82,250
Fran-6	38,354	47,180
Faith-5	41,488	41,488
Emile Weaver- 6	94	94
Real Lava	6,370	21,383
Other	337,811	240,663
	<u>\$ 1,876,723</u>	<u>\$ 1,352,516</u>

Note 8 - Note Payable

During the year ended August 31, 2024, the Center entered into an agreement with a financial institution for a \$2,700,000 promissory note. The note matures May 31, 2029, bears interest at 7.25%, and requires monthly interest-only payments. The note also requires a principal payment of \$135,000 each year (2025 through 2028) through maturity (May 2029), at which time all unpaid principal and interest is due and payable. The loan is secured by the real property of the Center. The note payable as of August 31, 2024, is \$2,700,000.

Note 9 - Leases

The Center has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Center leases office space under a short-term lease, which expired during 2024, from an entity that is affiliated with certain members of the Board of Directors of the Foundation (see Note 12).

Short-term lease expense for all of the Center's leases for the years ended August 31, 2024 and 2023, was \$88,689 and \$76,185, respectively. There are no future minimum required lease payments related to leases.

Note 10 - Net Assets with Donor Restrictions

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

	2024	2023
	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose		
Festival - UQFF	\$ 44,569	\$ 33,242
Festival - Sundance Kids	4,880	4,880
Core programming	150,728	130,621
Capital campaign - building property	<u>1,119,678</u>	<u>-</u>
	<u>1,319,855</u>	<u>168,743</u>
Subject to the Passage of Time		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditure until received	<u>83,792</u>	<u>28,704</u>
	<u><u>\$ 1,403,647</u></u>	<u><u>\$ 197,447</u></u>

Note 11 - Contributed Nonfinancial Assets

The Center received donated professional services, materials, and facilities as follows (categorized by their functional category) for the year ended August 31, 2024:

	Program Services	Management and General	Fundraising and Development	Total
Event expenses - venue	\$ 10,068	\$ 29	\$ 88	\$ 10,185
Other	7,721	14,408	453	22,582
Marketing	42,859	238	1,203	44,300
	<u>\$ 60,648</u>	<u>\$ 14,675</u>	<u>\$ 1,744</u>	<u>\$ 77,067</u>

Additionally, for the year ended August 31, 2024, the Center received in-kind donated property and equipment totaling \$350,000.

The Center received donated professional services, materials, and facilities as follows (categorized by their functional category) 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
	<u>\$ 58,361</u>	<u>\$ 3,967</u>	<u>\$ 3,703</u>	<u>\$ 66,031</u>

Contributed honoraria 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 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, 2024 and 2023 were without donor restrictions.

Note 12 - Related Party Transactions

During the years ended August 31, 2024 and 2023, 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, 2024 and 2023, totals \$88,689 and \$76,185, respectively.

The Center's investments totaling \$0 and \$627,242 at August 31, 2024 and 2023, respectively, represent equity interests in companies also affiliated with certain members of the Board of Directors of the Foundation.