Consolidated Financial Statements
August 31, 2019 and 2018

Utah Film Center

Independent Auditor's Report

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

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Utah Film Center, which comprise the consolidated statements of financial position as of August 31, 2019 and 2018, 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.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Utah Film Center as of August 31, 2019 and 2018, 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.

Eide Bailly LLP

Salt Lake City, Utah
January 14, 2020

	2019	2018
Assets		
Current Assets		
Cash	$ 265,576	$ 242,894
Restricted cash - fiscal sponsorship	1,512,574	1,598,500
Contributions receivable, net	423,926	418,749
Prepaid expenses	6,492	25,449
Total current assets	2,208,568	2,285,592
Property and Equipment, Net	87,474	117,816
Investments	477,703	506,653
	$ 2,773,745	$ 2,910,061
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 12,870	$ 6,558
Grants payable	1,551,252	1,641,016
Capital lease obligations, current portion	4,042	3,884
Deferred revenue	-	9,200
Other current liabilities	48,834	43,168
Total current liabilities	1,616,998	1,703,826
Long-Term Liabilities		
Capital lease obligations, less current portion	3,849	7,891
Total liabilities	1,620,847	1,711,717
Net Assets		
Without donor restrictions	260,272	275,406
With donor restrictions	892,626	922,938
Total net assets	1,152,898	1,198,344
	$ 2,773,745	$ 2,910,061

	2019	2018
Change in Net Assets without Donor Restrictions		
Public support and revenue		
Contributions	$ 9,407,322	$ 8,340,313
In-kind contributions	161,778	147,817
Government grants and contracts	465,244	421,557
Program fees	29,898	44,887
Net investment return	53,483	104,813
Interest	1,580	1,255
Other	16,896	45,513
Gross special events revenue	93,945	116,976
Less cost of direct benefits to donors	(20,830)	(92,002)
Net special events revenue	73,115	24,974
Net assets released from donor restrictions	777,381	826,155
Total public support and revenue	10,986,697	9,957,284
Program Service Expenses		
Core programming	265,574	319,150
Festivals	294,878	322,829
Utah Film Circuit	1,914	51,241
Education	379,380	306,151
Artist Foundry	184,159	31,899
Fiscal Sponsorship	9,208,623	8,083,251
Total program service expenses	10,334,528	9,114,521
Supporting Service Expenses		
Management and general	536,448	478,473
Fundraising	130,855	173,310
Total supporting service expenses	667,303	651,783
Total expenses	11,001,831	9,766,304
Change in Net Assets without Donor Restrictions	(15,134)	190,980
Change in Net Assets with Donor Restrictions		
Contributions	747,069	720,406
Net assets released from restrictions	(777,381)	(826,155)
Change in Temporarily Restricted Net Assets	(30,312)	(105,749)
Change in Net Assets	(45,446)	85,231
Net Assets, Beginning of Year	1,198,344	1,113,113
Net Assets, End of Year	$ 1,152,898	$ 1,198,344

Utah Film Center

Consolidated Statement of Functional Expenses

Year Ended August 31, 2019

	Program Service Expenses							Supporting Service Expenses			
	Core Programming	Festivals	Utah Film Circuit	Education	Artist Foundry	Fiscal Sponsorship	Total	Management and General	Fundraising	Total	Total Expenses
Accounting and legal	$ -	$ -	$ -	$ -	$ 2,330	$ -	$ 2,330	$ 83,737	$ -	$ 83,737	$ 86,067
Conferences, conventions, meetings	-	-	-	1,905	-	-	1,905	69	-	69	1,974
Depreciation and amortization	233	-	-	-	4,898	-	5,131	29,470	-	29,470	34,601
Development	5,536	5,791	-	-	108	-	11,435	-	22,225	22,225	33,660
Education expenses	1,200	490	-	122,693	-	-	124,383	192	-	192	124,575
Event expenses	71,599	46,738	225	6,115	320	-	124,997	5,425	1,220	6,645	131,642
Facilities and equipment	-	5,187	-	4,387	57,215	-	66,789	79,811	8	79,819	146,608
Grantee activity	-	-	-	-	-	9,097,976	9,097,976	-	-	-	9,097,976
Guest expenses	7,116	4,317	-	2,966	-	-	14,399	30	4,148	4,178	18,577
Honoraria	60,148	1,013	-	3,500	150	-	64,811	-	1,850	1,850	66,661
Insurance	-	-	-	-	-	-	-	7,203	-	7,203	7,203
Marketing	27,077	38,841	1,600	4,063	2,399	-	73,980	23,793	6,342	30,135	104,115
Office expense	1,738	1,857	19	2,643	4,911	-	11,168	29,796	1,851	31,647	42,815
Other expense	115	512	-	4,223	495	-	5,345	70,722	9,473	80,195	85,540
Payroll and related	90,007	189,834	-	202,832	109,825	110,647	703,145	205,794	104,432	310,226	1,013,371
Reference materials	273	163	70	15,647	1,508	-	17,661	300	13	313	17,974
Staff travel	532	135	-	8,406	-	-	9,073	106	123	229	9,302
Total expenses by function	265,574	294,878	1,914	379,380	184,159	9,208,623	10,334,528	536,448	151,685	688,133	11,022,661
Less expenses included with revenues on the statement of activities											
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	(20,830)	(20,830)	(20,830)
Total expenses	$ 265,574	$ 294,878	$ 1,914	$ 379,380	$ 184,159	$ 9,208,623	$ 10,334,528	$ 536,448	$ 130,855	$ 667,303	$ 11,001,831

	Program Service Expenses							Supporting Service Expenses			
	Core Programming	Festivals	Utah Film Circuit	Education	Artist Foundry	Fiscal Sponsorship	Total	Management and General	Fundraising	Total	Total Expenses
Accounting and legal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,501	$ -	$ 19,501	$ 19,501
Conferences and conventions	-	16	-	2,215	-	-	2,231	-	-	-	2,231
Depreciation and amortization	78	-	-	-	816	-	894	28,928	-	28,928	29,822
Development	454	14,908	-	86	41	-	15,489	77	30,803	30,880	46,369
Education expenses	-	-	-	61,075	-	-	61,075	-	-	-	61,075
Event expenses	50,885	53,276	26,362	8,536	330	-	139,389	171	40,856	41,027	180,416
Facilities and equipment	2,510	-	-	-	21,294	-	23,804	73,376	4	73,380	97,184
Grantee activity	10,070	-	-	-	-	8,005,056	8,015,126	-	-	-	8,015,126
Guest expenses	12,005	3,553	100	1,832	-	-	17,490	151	1,017	1,168	18,658
Honoraria	57,944	-	550	3,000	-	-	61,494	-	500	500	61,994
Insurance	374	-	-	-	-	-	374	4,133	-	4,133	4,507
Marketing	36,708	34,314	6,575	9,178	11	-	86,786	58,229	2,451	60,680	147,466
Office expenses	6,333	7,533	286	1,780	1,180	70	17,182	34,071	14,107	48,178	65,360
Other expenses	278	11,020	32	2,164	-	1,360	14,854	9,965	30,437	40,402	55,256
Payroll and related	141,210	198,084	16,564	191,123	8,227	76,765	631,973	249,673	145,137	394,810	1,026,783
Reference materials	292	87	217	15,935	-	-	16,531	176	-	176	16,707
Staff travel	9	38	555	9,227	-	-	9,829	22	-	22	9,851
Total expenses by function	319,150	322,829	51,241	306,151	31,899	8,083,251	9,114,521	478,473	265,312	743,785	9,858,306
Less expenses included with revenues on the statement of activities											
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	(92,002)	(92,002)	(92,002)
Total expenses	$ 319,150	$ 322,829	$ 51,241	$ 306,151	$ 31,899	$ 8,083,251	$ 9,114,521	$ 478,473	$ 173,310	$ 651,783	$ 9,766,304

	2019	2018
Operating Activities		
Change in net assets	$ (45,446)	$ 85,231
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation and amortization	34,601	29,822
Realized and unrealized gains/losses on operating investments	28,950	(31,653)
Changes in operating assets and liabilities		
Contributions receivable	(5,177)	(60,567)
Prepaid expenses	18,957	3,794
Accounts payable	6,312	812
Grants payable	(89,764)	(24,656)
Deferred revenue	(9,200)	9,200
Other current liabilities	5,666	(16,873)
Net Cash used for Operating Activities	(55,101)	(4,890)
Investing Activities		
Change in restricted cash - fiscal sponsorship	85,926	44,153
Purchase of property and equipment	(4,259)	(23,290)
Proceeds on sale of property and equipment	-	500
Net Cash from Investing Activities	81,667	21,363
Financing Activities		
Payments on capital lease obligations	(3,884)	(3,732)
Net Cash used for Financing Activities	(3,884)	(3,732)
Net Change in Cash	22,682	12,741
Cash, Beginning of Year	242,894	230,153
Cash, End of Year	$ 265,576	$ 242,894

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.

- Utah Film Circuit – The Utah Film Circuit provides Utah's under-served communities with access to the best independent, international and documentary films that they would otherwise not have an opportunity to see. UFC works closely with locally based groups, who select, promote and coordinate programming for their specific community, based on UFC's core programming. UFC discontinued this program during the year ended August 31, 2019.

- 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 8).

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 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, 2019 and 2018, the Center has not recorded an allowance. At August 31, 2019 and 2018, 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, 2019 and 2018.

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, 2019 and 2018.

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

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions receivable are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Center's 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. The Center records donated professional services at the respective fair values of the services received (Note 11).

Advertising Costs

Advertising costs are expensed as incurred, and approximated $104,000 and $147,000, during the years ended August 31, 2019 and 2018, 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, depreciation, and amortization, which are 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the 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. 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.

Adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14

As of July 1, 2018, Utah Film Center adopted the provisions of FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit- Entities*. The Center believes the standard improves the usefulness and understandability of the Center's consolidated financial statement reporting. Accordingly, the accompanying consolidated financial statements and related notes follow the net asset classification, presentation, and disclosure requirements prescribed by the ASU. This new standard should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption the disclosure about liquidity and availability of resources. The Center has elected not to present comparative information for the disclosure about liquidity and availability of resources.

Subsequent Events

Management has evaluated subsequent events through January 14, 2020, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity

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 statement of financial position date, comprise the following:

	Balance
Cash	$ 225,568
Contributions receivable, net	151,624
	$ 377,192

In addition, the Center has a line-of-credit available from a bank for up to $100,000 (Note 7).

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, 2019 and 2018, 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, 2019:

		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	$ 477,703	$ -	$ -	$ 477,703

The following table presents assets measured at fair value on a recurring basis at August 31, 2018:

		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	$ 506,653	$ -	$ -	$ 506,653

Below 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, 2019.

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)
	Ownership Interests
Balance, August 31, 2018	$ 506,653
Unrealized losses	(28,950)
Distributions from ownership interests in real estate limited liability companies	82,433
Withdrawals	(82,433)
Balance, August 31, 2019	$ 477,703

Below 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, 2018.

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)
	Ownership Interests
Balance, August 31, 2017	$ 475,000
Contributed ownership interests	31,653
Distributions from ownership interest in real estate limited liability companies	73,160
Withdrawals	(73,160)
Balance, August 31, 2018	$ 506,653

Note 4 - Net Investment Return

Net investment return consists of the following for the years ended August 31, 2019 and 2018:

	2019	2018
Operating investments		
Distributions from ownership interests in real estate limited liability companies	$ 82,433	$ 73,160
Net realized and unrealized gains (losses)	(28,950)	31,653
	$ 53,483	$ 104,813

Note 5 - Contributions Receivable

Contributions receivable consists of the following at August 31, 2019 and 2018:

	2019	2018
Salt Lake County - Zoo, Arts and Parks (ZAP)	$ 118,878	$ 96,388
Utah Office of Education - Spark	208,000	200,000
Festivals	13,952	3,718
Other	83,096	118,643
	$ 423,926	$ 418,749

Note 6 - Property and Equipment

Property and equipment consists of the following at August 31, 2019 and 2018:

	2019	2018
Equipment	$ 70,367	$ 66,108
Furniture and fixtures	37,610	37,610
Leasehold improvements	63,419	63,419
	171,396	167,137
Less accumulated depreciation	(83,922)	(49,321)
	$ 87,474	$ 117,816

Note 7 - 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, 2019 and 2018 totals $0, bearing interest at a variable interest rate. The agreement requires the Center to comply with certain financial and non-financial covenants.

Note 8 - Grants Payable

Grants payable consists of amounts payable under the fiscal sponsorship program as follows for the years ended August 31, 2019 and 2018:

	2019	2018
Hollywood Assaults	$ 344,500	$ 579,500
Untitled Incest	285,000	285,000
The Red Dresses	235,000	-
Salt in My Soul	235,000	-
Hunting Ground	137,667	277,667
The Great Hack	112,324	15,597
Phoebe Snow Foundation - TBD	75,963	28,501
Waterproof	29,125	-
Mayor Pete	23,500	-
City Hall	23,500	-
The Radicals	-	105,450
READy or Not	-	95,000
Piper's Price	-	52,250
The Vow Film, LLC	-	50,000
Rex Lee Story	-	42,750
Bend the Arc	-	39,458
Untitled Medical Project	-	23,750
Roll Red Roll	-	23,750
Possible Selves	-	19,993
Other	49,673	2,350
	$ 1,551,252	$ 1,641,016

Note 9 - Leases

The Center leases office space under an operating lease, and equipment under a capital lease expiring at various dates through 2023.

Future minimum lease payments are as follows:

Years Ending August 31,	Capital Leases	Operating Leases
2020	$ 4,284	$ 67,793
2021	3,927	69,823
2022	-	71,910
2023	-	74,081
Total minimum lease payments	8,211	$ 283,607
Less amount representing interest	(320)	
Capital lease obligation	$ 7,891	

The Center leases additional space for the Artist Foundry program on a month-to-month basis. Rent expense for all of the Center's operating leases for the years ended August 31, 2019 and 2018, was $118,200 and $73,600, respectively.

Leased property under capital leases at August 31, 2019 and 2018, is as follows:

	2019	2018
Equipment	$ 19,385	$ 19,385
Less accumulated amortization	(11,494)	(7,610)
	$ 7,891	$ 11,775

Note 10 - Net Assets with Donor Restrictions

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

	2019	2018
Restricted by donors for		
Office rent	$ 477,703	$ 506,653
Core programming	38,498	8,949
Education	-	88,588
Promises to give, the proceeds from which have been restricted by donors for		
Spark	208,000	200,000
Tumbleweeds Film Festival	12,000	1,500
Damn These Heels!	1,952	2,218
Sundance Kids	2,500	-
Utah Film Circuit	350	350
Time restrictions (proceeds are not restricted by donors)		
Salt Lake County - Zoo, Arts and Parks (ZAP)	118,878	96,388
Other contributions receivable	32,745	18,292
	$ 892,626	$ 922,938

Note 11 - Donated Professional Services, Materials, and Facilities

The Center received donated professional services, materials, and facilities as follows for the year ended August 31, 2019:

	Program Services	Management and General	Fundraising and Development	Total
Honoraria	$ 44,334	$ -	$ 1,266	$ 45,600
Event expenses - venue	28,282	1,227	276	29,785
Other	3,668	48,531	6,501	58,700
Marketing	19,677	6,329	1,687	27,693
	$ 95,961	$ 56,087	$ 9,730	$ 161,778

The Center received donated professional services, materials, and facilities as follows for the year ended August 31, 2018:

	Program Services	Management and General	Fundraising and Development	Total
Honoraria	$ 50,434	$ -	$ 410	$ 50,844
Event expenses - venue	15,228	19	4,463	19,710
Other	3,946	2,647	8,085	14,678
Marketing	36,832	24,713	1,040	62,585
	$ 106,440	$ 27,379	$ 13,998	$ 147,817

Note 12 - Related Party Transactions

During the years ended August 31, 2019 and 2018, the Center leased office space from an entity that is affiliated with certain members of the Board of Directors of the Foundation (see Note 9). Rent expense relating to this lease for the years ended August 31, 2019 and 2018, totals $65,800 and $63,900, respectively.