Consolidated Financial Statements
August 31, 2020 and 2019

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 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, 2020 and 2019, 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, 2020 and 2019, 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.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, Utah Film Center has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* Accordingly, the August 31, 2019 consolidated statement of cash flows has been restated to adopt this standard. Our opinion is not modified with respect to this matter.

Eide Bailly LLP

Salt Lake City, Utah
January 11, 2021

	2020	2019
Assets		
Current Assets		
Cash	$ 594,051	$ 265,576
Restricted cash - fiscal sponsorship	711,335	1,512,574
Contributions receivable, net	123,869	423,926
Prepaid expenses	5,987	6,492
Total current assets	1,435,242	2,208,568
Property and Equipment, Net	96,580	87,474
Investments	507,071	477,703
	$ 2,038,893	$ 2,773,745
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 39,473	$ 12,870
Grants payable	785,155	1,551,252
Capital lease obligations, current portion	3,849	4,042
Other current liabilities	47,040	48,834
Total current liabilities	875,517	1,616,998
Long-Term Liabilities		
Capital lease obligations, less current portion	-	3,849
Notes payable (Note 8)	176,700	-
Total liabilities	1,052,217	1,620,847
Net Assets		
Without donor restrictions	313,839	260,272
With donor restrictions	672,837	892,626
Total net assets	986,676	1,152,898
	$ 2,038,893	$ 2,773,745

	2020	2019
Change in Net Assets without Donor Restrictions		
Public support and revenue		
Contributions	$ 9,105,972	$ 9,407,322
In-kind contributions	79,020	161,778
Government grants and contracts	192,438	465,244
Program fees	14,888	29,898
Net investment return	57,416	53,483
Interest	963	1,580
Other	36,271	16,896
Gross special events revenue	29,239	93,945
Less cost of direct benefits to donors	(14,938)	(20,830)
Net special events revenue	14,301	73,115
Net assets released from donor restrictions	807,344	777,381
Total public support and revenue	10,308,613	10,986,697
Program Service Expenses		
Core programming	223,462	265,574
Festivals	243,327	294,878
Utah Film Circuit	-	1,914
Education	127,148	379,380
Artist Foundry	172,614	244,159
Fiscal Sponsorship	8,712,873	9,208,623
Total program service expenses	9,479,424	10,394,528
Supporting Service Expenses		
Management and general	532,948	476,448
Fundraising	242,674	130,855
Total supporting service expenses	775,622	607,303
Total expenses	10,255,046	11,001,831
Change in Net Assets without Donor Restrictions	53,567	(15,134)
Change in Net Assets with Donor Restrictions		
Contributions	587,555	747,069
Net assets released from restrictions	(807,344)	(777,381)
Change in Net Assets with Donor Restrictions	(219,789)	(30,312)
Change in Net Assets	(166,222)	(45,446)
Net Assets, Beginning of Year	1,152,898	1,198,344
Net Assets, End of Year	$ 986,676	$ 1,152,898

	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	$ 2,482	$ -	$ 1,045	$ -	$ 810	$ 4,337	$ 81,495	$ 250	$ 81,745	$ 86,082
Bad debt expense	-	-	-	-	-	-	31,243	-	31,243	31,243
Conferences, conventions, meetings	-	-	-	692	-	692	23	-	23	715
Depreciation and amortization	39	-	-	-	816	855	26,510	-	26,510	27,365
Development	495	-	-	-	24	519	91	6,801	6,892	7,411
Education expenses	-	-	-	41,320	-	41,320	15	-	15	41,335
Event expenses	45,854	65,583	12	3,015	1,583	116,047	101	5,106	5,207	121,254
Facilities and equipment	11,286	-	-	5,449	51,908	68,643	94,111	-	94,111	162,754
Grantee activity	-	-	8,608,608	-	-	8,608,608	-	-	-	8,608,608
Guest expenses	5,328	-	-	-	-	5,328	-	244	244	5,572
Honoraria	63,973	100	-	-	115	64,188	1,000	-	1,000	65,188
Insurance	-	-	-	-	-	-	6,378	-	6,378	6,378
Marketing	35,921	46,969	65	1,972	1,745	86,672	7,439	1,441	8,880	95,552
Office expense	4,411	1,890	-	330	2,645	9,276	29,492	901	30,393	39,669
Other expense	220	1,629	-	399	-	2,248	5,093	2,967	8,060	10,308
Payroll and related	53,302	126,946	103,143	113,626	65,915	462,932	248,775	239,548	488,323	951,255
Reference materials	151	70	-	635	1,587	2,443	1,144	308	1,452	3,895
Staff travel	-	140	-	5,176	-	5,316	38	46	84	5,400
Total expenses by function	223,462	243,327	8,712,873	172,614	127,148	9,479,424	532,948	257,612	790,560	10,269,984
Less expenses included with revenues on the statement of activities										
Cost of direct benefits to donors	-	-	-	-	-	-	-	(14,938)	(14,938)	(14,938)
Total expenses	$ 223,462	$ 243,327	$ 8,712,873	$ 172,614	$ 127,148	$ 9,479,424	$ 532,948	$ 242,674	$ 775,622	$ 10,255,046

	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	$ -	$ -	$ -	$ -	$ 62,330	$ -	$ 62,330	$ 23,737	$ -	$ 23,737	$ 86,067
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Conferences and conventions	-	-	-	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 expenses	1,738	1,857	19	2,643	4,911	-	11,168	29,796	1,851	31,647	42,815
Other expenses	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	244,159	9,208,623	10,394,528	476,448	151,685	628,133	11,022,661
Less expenses included with revenues on the statement of activities											
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	(20,830)	(20,830)	(20,830)
Total expenses	$ 265,574	$ 294,878	$ 1,914	$ 379,380	$ 244,159	$ 9,208,623	$10,394,528	$ 476,448	$ 130,855	$ 607,303	$ 11,001,831

	2020	As Restated 2019
Operating Activities		
Change in net assets	$ (166,222)	$ (45,446)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation and amortization	27,365	34,601
Bad debt	31,243	-
Loss on disposal of property and equipment	10,860	-
Realized and unrealized gains/losses on operating investments	(29,368)	28,950
Changes in operating assets and liabilities		
Contributions receivable, net	268,814	(5,177)
Prepaid expenses	505	18,957
Accounts payable	26,603	6,312
Grants payable	(766,097)	(89,764)
Deferred revenue	-	(9,200)
Other current liabilities	(1,794)	5,666
Net Cash used for Operating Activities	(598,091)	(55,101)
Investing Activities		
Purchase of property and equipment	(47,331)	(4,259)
Net Cash used for Investing Activities	(47,331)	(4,259)
Financing Activities		
Payments on capital lease obligations	(4,042)	(3,884)
Proceeds from note payable	176,700	-
Net Cash from (used for) Financing Activities	172,658	(3,884)
Net Change in Cash and Restricted Cash	(472,764)	(63,244)
Cash and Restricted Cash, Beginning of Year	1,778,150	1,841,394
Cash and Restricted Cash, End of Year	$ 1,305,386	$ 1,778,150
Cash	$ 594,051	$ 265,576
Restricted Cash - Fiscal Sponsorship	711,335	1,512,574
Total cash and restricted cash	$ 1,305,386	$ 1,778,150

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 9).

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, 2020 and 2019, the Center has not recorded an allowance. At August 31, 2020 and 2019, 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, 2020 and 2019.

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, 2020 and 2019.

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. Consequently, at August 31, 2020, conditional contributions approximating $59,000, for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

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 $95,000 and $104,000, during the years ended August 31, 2020 and 2019, 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.

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.

Recently Adopted Accounting Pronouncements

Adoption of Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606
FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Center has implemented Topic 606 and has adjusted the presentation in these consolidated financial statements accordingly. The amendment has been applied retrospectively to all periods presented, with no effect on net assets.

Adoption of FASB Accounting Standards Update 2016-18
As of September 1, 2019, the Center adopted the provisions of Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* This update requires that a consolidated statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents, by including amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Retrospective application of the amendment is required. The Center has adopted this standard as management believes this presentation eliminates a diversity in practice in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. The August 31, 2019 consolidated statement of cash flows has been revised to be consistent with the new standard.

Adoption of FASB Accounting Standards Update 2018-08
The Center has implemented ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This standard assists the entity in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional.

As of September 1, 2019, the Center has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Subsequent Events
Management has evaluated subsequent events through January 11, 2021, 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:

	2020	2019
Cash	$ 552,153	$ 225,568
Contributions receivable, net	69,369	151,624
	$ 621,522	$ 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, 2020 and 2019, 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, 2020:

		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	$ 507,071	$ -	$ -	$ 507,071

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 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, 2020:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3) Ownership Interests
Balance, August 31, 2019	$ 477,703
Unrealized gains	29,368
Distributions from ownership interests in real estate limited liability companies	28,048
Withdrawals	(28,048)
Balance, August 31, 2020	$ 507,071

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, 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 interest in real estate limited liability companies	82,433
Withdrawals	(82,433)
Balance, August 31, 2019	$ 477,703

Note 4 - Net Investment Return

Net investment return consists of the following for the years ended August 31, 2020 and 2019:

	2020	2019
Operating investments		
Distributions from ownership interests in real estate limited liability companies	$ 28,048	$ 82,433
Net realized and unrealized gains (losses)	29,368	(28,950)
	$ 57,416	$ 53,483

Note 5 - Contributions Receivable

Contributions receivable consists of the following at August 31, 2020 and 2019:

	2020	2019
Salt Lake County - Zoo, Arts and Parks (ZAP)	$ 44,438	$ 118,878
Utah Office of Education - Spark	-	208,000
Festivals	-	13,952
Other	79,431	83,096
	$ 123,869	$ 423,926

Note 6 - Property and Equipment

Property and equipment consists of the following at August 31, 2020 and 2019:

	2020	2019
Equipment	$ 117,698	$ 70,367
Furniture and fixtures	15,360	37,610
Leasehold improvements	63,419	63,419
	196,477	171,396
Less accumulated depreciation	(99,897)	(83,922)
	$ 96,580	$ 87,474

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, 2020 and 2019 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 - Notes Payable

During April 2020, UFC applied for and was granted a $176,700 loan under the Paycheck Protection Program administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest at a rate of 1%, but payments are not required to begin for six months after the funding of the loan. UFC is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. While UFC intends to take measures to maximize the loan forgiveness, it cannot reasonably determine the portion of the loan that will ultimately be forgiven. However, UFC expects that based on the available guidance of the SBA, UFC has complied with the program's terms to qualify for full loan forgiveness.

Note 9 - Grants Payable

Grants payable consists of amounts payable under the Fiscal Sponsorship Program as follows for the years ended August 31, 2020 and 2019:

	2020	2019
Jane Doe Project	$ 284,148	$ 344,500
Empire of Ebony	164,500	-
Oxbelly	100,000	-
Parkland Documentary - US Kids	25,412	12
READy or Not	23,840	-
Cain, Abel and The Cowgirl	23,750	-
Chewed Gum	23,500	-
Possible Selves	22,700	-
Untitled Incest	-	285,000
The Red Dresses	-	235,000
Salt in My Soul	-	235,000
Hunting Ground	-	137,667
The Great Hack	4,750	112,324
Phoebe Snow Foundation - TBD	7,580	75,963
Waterproof	19,344	29,125
Mayor Pete	-	23,500
City Hall	-	23,500
Other	85,631	49,661
	$ 785,155	$ 1,551,252

Note 10 - 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
2021	$ 3,927	$ 69,823
2022	-	71,910
2023	-	74,081
Total minimum lease payments	3,927	$ 215,814
Less amount representing interest	(78)	
Capital lease obligation	$ 3,849	

The Center leased additional space for the Artist Foundry program on a month-to-month basis through September 2020 and now houses the program in its main office. Rent expense for all of the Center's operating leases for the years ended August 31, 2020 and 2019, was $128,600 and $118,200, respectively.

Leased property under capital leases at August 31, 2020 and 2019, is as follows:

	2020	2019
Equipment	$ 19,385	$ 19,385
Less accumulated amortization	(15,536)	(11,494)
	$ 3,849	$ 7,891

Note 11 - Net Assets with Donor Restrictions

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

	2020	2019
Subject to Expenditure for Specified Purpose		
Office rent	$ 507,071	$ 477,703
Core programming	41,898	38,498
Promises to give, the proceeds from which have been restricted by donors for		
Environmental	7,000	-
Spark	-	208,000
Tumbleweeds Film Festival	-	12,000
Damn These Heels!	-	1,952
Sundance Kids	-	2,500
Utah Film Circuit	-	350
	555,969	741,003
Subject to the Passage of Time (proceeds are not restricted by donors)		
Salt Lake County - Zoo, Arts and Parks (ZAP)	44,438	118,878
Other contributions receivable	72,430	32,745
	$ 116,868	$ 151,623

Note 12 - Donated Professional Services, Materials, and Facilities

The Center received donated professional services, materials, and facilities as follows for the year ended August 31, 2020:

	Program Services	Management and General	Fundraising and Development	Total
Honoraria	$ 52,975	$ 825	$ -	$ 53,800
Other	4,361	9,882	5,757	20,000
Marketing	4,735	406	79	5,220
	$ 62,071	$ 11,113	$ 5,836	$ 79,020

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

Note 13 - Related Party Transactions

During the years ended August 31, 2020 and 2019, the Center leased office space from an entity that is affiliated with certain members of the Board of Directors of the Foundation (see Note 10). Rent expense relating to this lease for the years ended August 31, 2020 and 2019, totals $67,800 and $65,800, respectively. The Center's investments totaling $507,071 and $477,703 at August 31, 2020 and 2019, respectively, represent equity interests in companies also affiliated with certain members of the Board of Directors of the Foundation.

Note 14 - Restatement Resulting from Change in Accounting Policy

As disclosed in Note 1, the Center adopted the provisions of ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* as of September 1, 2019. The following is a summary of the effects of the change in accounting policy in the Center's August 31, 2019, consolidated statement of cash flow.

	As Previously Reported	Change in Accounting Principle	As Restated
Investing Activities			
Change in restricted cash - fiscal sponsorship	$ 85,926	$ (85,926)	$ -
Net Cash form (used for) Investing Activities	81,667	(85,926)	(4,259)
Net Change in Cash	22,682	(22,682)	-
Cash, Beginning of Period	242,894	(242,894)	-
Cash, End of Period	265,576	(265,576)	-
Net Change in Cash and Restricted Cash	-	(63,244)	(63,244)
Cash and Restricted Cash, Beginning of Period	-	1,841,394	1,841,394
Cash and Restricted Cash, End of Period	-	1,778,150	1,778,150

Note 15 - Contingencies

The Center has been impacted by the outbreak of the novel Coronavirus pandemic, or Covid-19, which has significantly increased risk and uncertainties in the global economy including the community in which the Center operates. As a result, the Center could potentially see reductions in public donations and government contracts as well as material fluctuations in the value of investments. A significant loss of funding could require the Center to respond with changes in its operations including reductions of personnel or reductions to the Center's programs. The Center is closely monitoring the pandemic and its effects on the organization and the community on an ongoing basis.