

Salt Lake Arts Council Foundation
(A Non-profit organization and a
component unit of Salt Lake City Corporation)

Basic Financial Statements and
Report of Independent Certified Public Accountants

June 30, 2023

Osborne, Robbins, & Buhler, PLLC

	<u>Page</u>
Independent Auditor's Report	1
Required supplementary information	
Management's discussion and analysis	4
Basic financial statements	
Government-wide financial statements:	
Statement of net position	11
Statement of activities	12
Fund financial statements	
Balance sheet - governmental fund	13
Statement of revenues, expenditures and changes in fund balance - governmental fund	14
Notes to the basic financial statements	16
Required supplementary information	
Schedule of revenues, expenditures and changes in fund balance - budget and actual - general fund	31
Schedule of the Proportionate Share of the Net Pension Liability - Utah Retirement Systems	32
Schedule of Contributions - Utah Retirement Systems	33
Notes to Required Supplementary Information	34

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Salt Lake Arts Council Foundation

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of Salt Lake Arts Council Foundation (the Foundation) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Salt Lake Arts Council Foundation June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 generally accepted auditing standards and *Government Auditing Standards* will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 through 9, the budgetary comparison information on page 31 and the pension information on pages 32-34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2023, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of

that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Osborne Robbins & Baker PLLC

November 1, 2023

Salt Lake Arts Council Foundation

Management's Discussion and Analysis (Unaudited)

June 30, 2023

Our discussion and analysis of the Foundation's financial performance provides an overview of the Foundation's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Foundation's financial statements which begin on page 10.

FINANCIAL HIGHLIGHTS

- The Foundation's net position at June 30, 2023 is \$853,839 consisting of \$3,424 net investment in capital assets and unrestricted net position of \$850,415. As of June 30, 2022, the Foundation's net position was \$686,150, consisting of \$4,208 net investment in capital assets and unrestricted net position of \$681,942.
- The Foundation's net position increased by \$167,689 during 2023 and \$155,760 during 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements.

Foundation-wide Financial Statements

The Statement of Net Position presents information on all the Foundation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Foundation is improving or deteriorating.

The Statement of Activities presents information showing how the Foundation's net position changed during the year presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (such as earned but unused vacation leave).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Foundation maintains only one fund – the General Fund which is a governmental fund.

The Governmental fund financial statements differ from the Foundation-wide financial statements in that they focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Foundation's near-term financing requirements.

Salt Lake Arts Council Foundation
Management's Discussion and Analysis (Unaudited)
June 30, 2023

FINANCIAL ANALYSIS OF THE FOUNDATION

To begin our analysis, a summary of the Foundation's Net Position is presented in Table A-1.

As noted earlier, net position may serve, over time, as a useful indicator of the Foundation's financial position. The Foundation shows a total net position of \$853,839 as of June 30, 2023 and \$686,942 as of June 30, 2022. The increase in fiscal year 2023 was primarily the result of an increase in grants and other program revenues during the year. The Foundation held two additional concerts as part of its Twilight Concert Series which resulted in additional ticket and merchandise sales. The Foundation received more grants and contributions for its Living Traditions Festival than had been anticipated and attendance at the Festival also exceeded projections, resulting in increased merchandise sales.

As of June 30, 2023, the Foundation's net position consisted of \$3,424 (\$4,208 in 2022) that represents its investment in capital assets (e.g. buildings and improvements, event equipment, and office furniture and equipment). As of June 30, 2023 and 2022, there is no debt associated with the acquisition of these assets. These assets are used by the Foundation to conduct its programs and consequently, are not available for future spending.

The Foundation has no net position subject to external restrictions.

At the end of the 2023, the Foundation reports unrestricted net position of \$850,415 compared to unrestricted net position of \$681,942 in 2022.

TABLE A-1
Statement of Net Position
June 30,

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 1,302,524	\$ 1,514,168
Capital assets	3,424	4,208
Total assets	<u>\$ 1,305,948</u>	<u>\$ 1,518,376</u>
Deferred outflows of resources	<u>\$ 106,798</u>	<u>\$ 59,892</u>
Noncurrent liabilities	\$ 122,999	\$ 45,774
Other liabilities	434,209	431,048
Total liabilities	<u>\$ 557,208</u>	<u>\$ 476,822</u>
Deferred inflows of resources	<u>\$ 1,699</u>	<u>\$ 415,296</u>
Net investment in capital assets	\$ 3,424	\$ 4,208
Unrestricted	850,415	681,942
	<u>\$ 853,839</u>	<u>\$ 686,150</u>

Salt Lake Arts Council Foundation
Management's Discussion and Analysis (Unaudited)
June 30, 2023

A summary of the Foundation's changes in net position is presented in Table A-2.

Table A-2
Revenues, Expenses and Changes in Net Position
Years ending June 30,

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues			
Program revenues			
Vendor fees	\$ 13,550	\$ 10,250	\$ 3,300
Ticket sales	59,416	-	59,416
Merchandise sales	59,879	51,224	8,655
Gallery commission	9,100	19,522	(10,422)
Operating grants and contributions	509,266	474,911	34,355
General revenues			
Grants and contributions not restricted to specific programs	256,521	296,359	(39,838)
Rental income	2,620	1,495	1,125
Interest and miscellaneous income	28,049	8,184	19,865
Transfers from Salt Lake City Corporation	1,845,553	1,339,936	505,617
Total revenues	<u>2,783,954</u>	<u>2,201,881</u>	<u>582,073</u>
Expenses			
Administration	337,836	228,641	109,195
City Arts Grants	779,802	660,757	119,045
Brown Bag/Busker Fest	113,000	85,092	27,908
Twilight Concert Series	257,634	145,255	112,379
Living Traditions Festival	632,223	672,764	(40,541)
Living Traditions Events	49,152	61,351	(12,199)
Visual Arts Exhibitions	97,711	75,898	21,813
Public Art Program	194,197	48,928	145,269
Other Program Services	153,926	66,131	87,795
Depreciation Expense	784	1,304	(520)
Total expenses	<u>2,616,265</u>	<u>2,046,121</u>	<u>570,144</u>
Change in net position	167,689	155,760	11,929
Net position at beginning of year	686,150	530,390	155,760
	<u>\$ 853,839</u>	<u>\$ 686,150</u>	<u>\$ 167,689</u>

**Salt Lake Arts Council Foundation
Management’s Discussion and Analysis (Unaudited)
June 30, 2023**

Revenues increased by approximately \$582,000 between 2023 and 2022. This increase consisted largely of grants received in connection with covid relief funding as well as an increase in funding received from Salt Lake City Corporation. In addition, as programs returned to their pre-pandemic operations, there was a corresponding increase in revenues such as vendor fees, merchandise sales and gallery commissions.

Total expenses increased during fiscal year 2023 by approximately \$570,000. Overall expenses increased by approximately \$330,000 as a result of increased staffing, funded by transfers in from Salt Lake City Corporation. The increased expenses in the City Arts Grants program are primarily associated with approximately \$260,000 in grants issued to local artists and nonprofit organizations. Expenses associated with Twilight Concert Series increased during 2023 with the addition of two additional concert dates.

BUDGETARY HIGHLIGHTS

The Foundation is required by law to adopt an annual budget. At the June board meeting, a projected budget for the upcoming year is reviewed and presented to the board for discussion and adoption.

During the year, the Foundation amended the budget two times. The first was primarily to increase the budgeted figures for transfers in from Salt Lake City Corporation and the corresponding expenditures associated with increases in staffing levels. The second was to update budgeted revenues given the increase in certain revenues earned during the year and further refine the budgeted figures for staffing expenditures funded with transfers in from Salt Lake City Corporation.

During 2023, the Foundation also adopted a fund balance reserve policy to establish guidelines for future budgeting and ensure preservation of the Foundation’s fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023, there was \$392,238 invested in capital assets, as shown in Table A-3. The Foundation did not acquire any new capital assets during 2023.

**TABLE A-3
Capital Assets at Cost**

	June 30, 2023	June 30, 2022
	<u> </u>	<u> </u>
Buildings and improvements	\$ 348,379	\$ 348,379
Event equipment	19,356	\$ 19,356
Office furniture and equipment	24,503	24,503
	<u>\$ 392,238</u>	<u>\$ 392,238</u>

Additional information on the Foundation's capital assets can be found in Note D on page 22 of this report.

**Salt Lake Arts Council Foundation
Management’s Discussion and Analysis (Unaudited)
June 30, 2023**

Long-Term Debt

As of June 30, 2023 Foundation had long-term obligations outstanding related to compensated absences due to employees totaling \$87,701.

As of June 30, 2023 the Foundation had a net pension liability of \$49,724.

The following summarizes the long-term obligations of the Foundation as of June 30, 2023 and 2022.

**TABLE A-4
Long-Term Obligations**

	June 30, 2023	June 30, 2022
Compensated absences	\$ 87,701	\$ 57,969
Net pension liability	49,724	-
	<u>\$ 137,425</u>	<u>\$ 57,969</u>

The Foundation has never issued bonds and has no bond rating.

Additional information on the Foundation's long-term debt can be found in Note E on page 22 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Foundation’s 2024 budget was prepared anticipating a reduction in the City Arts Grants program after the complete execution of a one-time, two-year grant of American Rescue Plan funds from the National Endowment for the Arts, all of which was expended in 2022 and 2023.

Salt Lake County ZAP funds available to the Foundation have been declining as the Foundation’s qualifying expenditures under the ZAP application requirements have also declined. The 2024 budget was prepared with this in mind, and the Foundation will draw on fund balance to mitigate the reduction as needed. Reductions in fund balance will be in alignment with the Foundation’s reserve fund balance policy.

The Foundation was recently notified that its annual grant from the Division of Utah Arts & Museums will decrease in 2024 between 5 – 15% due to shifts in State funding. This could result in a reduction in grant revenues of up to \$8,400 but at this time the Foundation doesn’t know the precise amount of the 2024 grant.

The Foundation will follow its policies to mitigate the use of fund balance in light of these reductions in funding.

Otherwise the Foundation’s normal operations will continue including:

- Maintaining year-round public hours of operation at the Finch Lane Gallery, bringing back exhibition opening events, and producing several Finch Lane Flash projects.
- Running a three-day Festival.
- Presenting a five-concert series, Mondays in the Park.
- Running a three-day Living Traditions Festival.

**Salt Lake Arts Council Foundation
Management's Discussion and Analysis (Unaudited)
June 30, 2023**

- Funding the 2024 Busker Fest through a contracted services agreement with Primrose Productions.
- Presenting a five or six show Twilight Concert Series with partners S & S Presents.
- Funding regular grant cycles with City Arts Grants.
- Performing regular outreach engagement efforts.

The Foundation continues to monitor post-pandemic inflationary changes which are expected to continue related to staffing, artists fees, and production expenses, but fiscal year 2024 is anticipated to remain at similar programming levels experienced in fiscal year 2023 as related above. Additionally, the Foundation has experienced an increase in interest for programs and services from Salt Lake City which could result in increased funding for programming in the future or through mid-year budget amendments.

CONTACTING THE FOUNDATION'S FINANCIAL MANGEMENT

This report is designed to provide a general overview of the Foundation's finances and to demonstrate the Foundation's accountability for the money it receives. If you have questions about this report or need additional information, contact the Foundation's Director, Felicia Baca, at 54 Finch Lane, Salt Lake City, Utah 84102, by phone at (801) 596-5000, or e-mail at felicia.baca@slcgov.com.

BASIC FINANCIAL STATEMENTS

Salt Lake Arts Council Foundation
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,014,535
Grants and sponsorships receivable	278,201
Miscellaneous receivables	4,057
Prepaid expenses	5,731
Total current assets	<u>1,302,524</u>
Noncurrent assets	
Net capital assets	3,424
Total noncurrent assets	<u>3,424</u>
Total assets	<u>\$ 1,305,948</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>\$ 106,798</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	\$ 68,145
Grants payable	351,638
Current portion, compensated absences	14,426
Total current liabilities	<u>434,209</u>
Noncurrent liabilities	
Net pension liability	49,724
Compensated absences, net of current portion	73,275
Total noncurrent liabilities	<u>122,999</u>
Total liabilities	<u>\$ 557,208</u>
DEFERRED INFLOWS OF RESOURCES	
Revenues received in advance of permitted use	\$ 650
Deferred inflows of resources related to pensions	1,049
	<u>\$ 1,699</u>
NET POSITION	
Net investment in capital assets	\$ 3,424
Unrestricted	850,415
Total net position	<u>\$ 853,839</u>

See accompanying notes to basic financial statements.

Salt Lake Arts Council Foundation
Statement of Activities
For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Vendor fees, Ticket Sales Merchandise Sales, Gallery Commissions Contracted Services	Operating Grants and Contributions	
Primary Government				
Governmental activities				
Administration	\$ 337,836	\$ -	\$ -	\$ (337,836)
City Arts Grants	779,802	-	261,968	(517,834)
Brown Bag/Busker Fest	113,000	-	-	(113,000)
Twilight Concert Series	257,634	59,416	16,270	(181,948)
Living Traditions Festival	632,223	73,429	231,028	(327,766)
Living Traditions Events	49,152	-	-	(49,152)
Visual Arts Exhibitions	97,711	9,100	-	(88,611)
Public Art Program	194,197	-	-	(194,197)
Other Program Services	153,926	-	-	(153,926)
Depreciation Expense	784	-	-	(784)
Total primary government	<u>\$ 2,616,265</u>	<u>\$ 141,945</u>	<u>\$ 509,266</u>	<u>(1,965,054)</u>
		General revenues:		
		Grants and contributions not restricted to specific programs		256,521
		Rental income		2,620
		Interest and miscellaneous income		28,049
		Transfers from Salt Lake City Corporation		<u>1,845,553</u>
				<u>2,132,743</u>
		Change in net position		167,689
		Net position at beginning of year		<u>686,150</u>
		Net position at end of year		<u>\$ 853,839</u>

See accompanying notes to basic financial statements.

Salt Lake Arts Council Foundation
Balance Sheet – Governmental Fund
June 30, 2023

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,014,535
Grants and sponsorships receivable	278,201
Miscellaneous receivables	4,057
Prepaid items	5,731
Total assets	<u>\$ 1,302,524</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 68,145
Grants payable	351,638
Total liabilities	<u>419,783</u>
DEFERRED INFLOWS OF RESOURCES	
Revenues received in advance of allowable use	<u>650</u>
FUND BALANCE	
Nonspendable	5,731
Unassigned	876,360
Total fund balance	<u>882,091</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,302,524</u>
Reconciliation of total governmental fund balance to net position of governmental activities:	
Total governmental fund balance	\$ 882,091
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the general fund	3,424
Deferred outflows of resources are not available to pay for current period expenditures and therefore are deferred in the general fund	106,798
Actuarially calculated changes in the net pension asset or liability are deferred for recognition in later periods	(1,049)
Long-term liabilities - compensated absences and the net pension liability not due and payable in the current period are not recorded as an expenditure or a liability in the general fund	<u>(137,425)</u>
Net position of governmental activities	<u>\$ 853,839</u>

See accompanying notes to basic financial statements.

Salt Lake Arts Council Foundation
Statement of Revenues, Expenditures and Changes in
Fund Balance – Governmental Fund
For the year ended June 30, 2023

	<u>General Fund</u>
Revenues	
Grants and contributions	\$ 765,787
Vendor fees	13,550
Ticket sales	59,416
Merchandise sales	59,879
Gallery commissions	9,100
Rental Income	2,620
Miscellaneous	<u>28,049</u>
Total revenues	<u>938,401</u>
Expenditures	
Current	
Administration	339,251
City Arts Grants	780,742
Brown Bag/Busker Fest	113,361
Twilight Concert Series	258,574
Living Traditions Festival	633,163
Living Traditions Events	49,342
Visual Arts Exhibitions	98,222
Public Art Program	195,702
Other Program Services	<u>154,966</u>
Total expenditures	<u>2,623,323</u>
Deficiency of revenues over expenditures	<u>(1,684,922)</u>
Other financing sources	
Operating transfers from Salt Lake City Corporation	<u>1,845,553</u>
Total other financing sources and uses	<u>1,845,553</u>
Net change in fund balance	160,631
Fund balance at beginning of year	<u>721,460</u>
Fund balance at end of year	<u><u>\$ 882,091</u></u>

Continued

Salt Lake Arts Council Foundation
Statement of Revenues, Expenditures and Changes in
Fund Balance – Governmental Fund - continued
For the year ended June 30, 2023

to the change in net position of governmental activities	
Net change in fund balance - governmental fund	\$ 160,631
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets purchases capitalized	-
Depreciation expense	(784)
Some expenses reported in the statement of activities, such as compensated absences and pension expenses do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund	<u>7,842</u>
Change in net position of governmental activities	<u><u>\$ 167,689</u></u>

See accompanying notes to the basic financial statements.

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE A - SUMMARY OF ACCOUNTING POLICIES

History, organization activity and reporting entity

The Foundation was established as a Utah Nonprofit Corporation in 1979 to promote the arts within Salt Lake City. The Foundation operates in conjunction with, and its trustees are identical to, the Salt Lake City Arts Council, which is an advisory board to the Mayor under Salt Lake City Ordinances. The Foundation is a component unit of Salt Lake City. The Foundation conducts several programs promoting the arts including Living Traditions Festival, the Brown Bag/Busker Fest, Public Art Program and the Twilight Concert Series. The Foundation also makes grants to local organizations promoting the arts, and operates the Art Barn, a local art center that provides Visual Arts Exhibitions.

Basis of presentation

The Foundation's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Because the mayor of Salt Lake City appoints the members of the Salt Lake City Arts Council which also makes up the trustees for the Foundation, the Foundation is subject to the requirements of the Governmental Accounting Standards Board. Accordingly, the accompanying financial statements do not reflect the provisions of the Financial Accounting Standards Board.

The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments. The more significant accounting policies established in GAAP and used by the Foundation are discussed below.

Basic Financial Statements and Basis of Accounting

The Foundation is a governmental nonprofit entity, solely accounted for in a general fund and categorized as a governmental-type activity. The Foundation's basic financial statements include both government-wide and fund financial statements.

Government-wide financial statements

The government-wide financial statements are presented on the full accrual, economic resource basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recognized when earned and expenses are recognized when incurred. The Foundation's net position is reported in three parts, as applicable – net investment in capital assets, restricted, and unrestricted.

The government-wide Statement of Activities reports both the gross and net cost of each of the Foundation's functions. The functions are also supported by general government revenues and transfers from Salt Lake City. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Direct expenses are those that are clearly identifiable with a specific program or function. Indirect expenses for centralized services and administrative overhead are allocated among the programs or functions. Program revenues include 1) vendor fees charged to allow outside vendors to set up a sales booth at certain events, 2) ticket sales to the Twilight Concert Series, 3) merchandise sold by the Foundation at certain events, 4) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Unrestricted grants and contributions and other revenues not properly included among program revenues are reported instead as general revenues.

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

This government-wide focus is more on the sustainability of the Foundation as an entity and the change in the Foundation's net position resulting from the current year's activities.

Fund financial statements

The General Fund is the only fund used by the Foundation. The financial statements of this fund are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Foundation considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or if the revenues have not been received at the normal time. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt, which is not material, are recognized when paid. Allocations of costs, such as depreciation and amortization are not recognized in governmental funds.

Receivables

Receivables consist of amounts due from grantors and miscellaneous other items. An allowance for doubtful accounts is not considered necessary as of June 30, 2023.

Deposits and investments

The Foundation's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Capital assets and depreciation

Capital assets are defined by the Foundation as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 5 years. The Foundation records its capital assets at cost. Contributed capital assets are valued at their estimated fair market value on the date of contribution. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Maintenance and repairs are charged to current period operating expenses, whereas additions and improvements are capitalized.

Depreciation of property and equipment has been provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	5 – 30
Event equipment	5 – 10
Office furniture and equipment	5 – 10

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded in the general fund as prepaid items.

Compensated absences

Vacation leave, compensatory leave, and the portion of sick leave that will eventually be paid are recognized as liabilities as they are earned. In the event of termination or retirement, an employee is reimbursed for unused accumulated vacation. It is the policy of the Foundation to compensate employees who retire early for their years of service. This compensation consists of a payment of 50%, 75%, or 100% of unused accumulated sick leave depending on the employee's age and years of service.

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable fund balance. This classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the board of trustees – the Foundation's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the Foundation's "intent" to be used for specific purposes but are neither restricted nor committed. The board of trustees has the authority to assign amounts to be used for specific purposes.

Unassigned fund balance. This fund balance is the residual classification for the General Fund.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – DEPOSITS AND INVESTMENTS

The Foundation's deposits and investments are governed by the Utah Money Management Act Annotated in Title 51, Chapter 7 – State Money Management Act (Act) and by the rules of the State of Utah Money Management Council. Following are discussions of risks related to its cash management activities.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Foundation's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the Foundation at June 30, 2023 were \$493,166, approximately \$156,000 of which was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

The Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities.

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rate "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

The Foundation's investments at December 31, 2023 are presented below:

Investment Type	Fair Value	Investment Maturity in Years			
		Less Than 1	1 - 5	6 - 10	More Than 10
Utah Public Treasurer's Investment Fund	\$ 521,369	\$ 521,369	\$ -	\$ -	\$ -

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Act. The Act requires that the remaining term to maturity of the investment may not exceed the period of availability of the funds to be invested.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation follows the Act as previously discussed as its policy for reducing exposure to investment credit risk. The Foundation's investments are unrated.

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Utah Public Treasurer's Investment Fund	\$ 521,369	\$ -	\$ -	\$ -	\$ 521,369

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the Foundation will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

All of the Foundation's investments at December 31, 2023 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to custodial credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

The Foundation's policy for reducing this risk of loss is to comply with the Rules of the Council. Rule 17 of the Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Council limitations do not apply to securities issued by the U.S. government and its agencies.

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

All of the Foundation’s investments at December 31, 2023 were with the Utah Public Treasurer’s Investment Fund and therefore are not categorized as to concentration of credit risk. Additional information regarding the Utah Public Treasurer’s Investment Fund is available at Note C.

NOTE C – EXTERNAL INVESTMENT POOL

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participants’ balance is their investment deposited in the PTIF plus their share of income, gains and losses, net of administration fees, which are allocated to each participant on the ratio of each participant’s share to the total funds in the PTIF.

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security’s fair value in accordance with GASB 31 (i.e. for almost all pool investments the quoted market price) and then compare those values to arrive at an agreed upon fair value of the securities.

As of June 30, 2023, the Foundation had \$521,369 invested in the PTIF which approximates the fair value of the investment . The table below shows statistical information about the investment pool:

<u>Investment Type</u>	<u>Investment Percentage</u>
Corporate bonds and notes	28.04%
U.S. Treasury bills	21.09%
U.S. Government agencies	44.77%
Money market agreements	3.10%
Commercial paper	3.00%
	<u>100.00%</u>

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets:				
Buildings and improvements	\$ 348,379	\$ -	\$ -	\$ 348,379
Event equipment	19,356	-	-	19,356
Office furniture and equipment	24,503	-	-	24,503
Capital assets at historical cost	<u>392,238</u>	<u>-</u>	<u>-</u>	<u>392,238</u>
Less accumulated depreciation for:				
Buildings and improvements	346,421	96	-	346,517
Event equipment	18,824	400	-	19,224
Office furniture	22,785	288	-	23,073
Total accumulated depreciation	<u>388,030</u>	<u>784</u>	<u>-</u>	<u>388,814</u>
Total capital assets, net	<u>\$ 4,208</u>	<u>\$ (784)</u>	<u>\$ -</u>	<u>\$ 3,424</u>

NOTE E – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Amounts Due Within One Year
Compensated absences	\$ 57,969	\$ 79,006	\$ 49,274	\$ 87,701	\$ 14,426
Net pension liability	-	49,724	-	49,724	-
	<u>\$ 57,969</u>	<u>\$ 128,730</u>	<u>\$ 49,274</u>	<u>\$ 137,425</u>	<u>\$ 14,426</u>

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE F – OPERATING TRANSFERS

During the year, the Foundation received operating transfers from Salt Lake City Corporation as follows:

Program grants for the following:	
City Arts Grants Program	\$ 382,500
Public Programs and Operations	407,500
Facility Management	10,000
Foundation expenditures paid by the City	
Salaries and employee benefits	994,973
Miscellaneous expenditures	50,580
	<u>\$ 1,845,553</u>

NOTE G- RETIREMENT PLANS

The Foundation personnel are employees of Salt Lake City Corporation and as such, participate in the retirement plans offered to all City employees. The following summarizes information regarding the retirement plans applicable only to the City employees that make up the Foundation's personnel. Funding of the retirement plans is provided by Salt Lake City and, along with other personnel-related expenditures, is included in the transfers in from Salt Lake City Corporation.

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employees, retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employees, retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE G - RETIREMENT PLANS – CONTINUED

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory system	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Juc which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI), increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contribution rates are as follows:

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
Contributory System				
111 - Local Governmental Division Tier 2	N/A	N/A	16.07%	0.18%
Noncontributory System				
15 - Local Governmental Division Tier 1	N/A	N/A	17.97%	N/A

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE G - RETIREMENT PLANS – CONTINUED

For the year ended June 30, 2023, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 23,538	N/A
Tier 2 Public Employees System	39,342	N/A
	\$ 62,880	\$ -

Contributions reported are the URS Board approved required contributions by the System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Foundation reported a net pension liability of \$49,724 and no net pension asset.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory system	0.16710%	\$ -	\$ 33,942
Tier 2 Public Employees System	0.01007%	-	15,782
Total Net Pension Asset/Liability		\$ -	\$ 49,724

The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual historical contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2023, the Foundation recognized pension expense of \$37,574.

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE G - RETIREMENT PLANS – CONTINUED

At June 30, 2023, the Foundation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,843	\$ 626
Changes in assumptions	10,686	176
Net difference between projected and actual earnings on pension plan investments	28,751	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,822	247
Contributions subsequent to the measurement date	<u>47,696</u>	<u>-</u>
Total	<u>\$ 106,798</u>	<u>\$ 1,049</u>

\$47,696 was reported as deferred outflows of resources related to pensions results from contributions made by the Foundation prior to its fiscal year end, but subsequent to the measurement date of December 31, 2022.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2024	\$ (11,255)
2025	1,198
2026	14,254
2027	51,640
2028	420
Thereafter	1,796

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE G - RETIREMENT PLANS – CONTINUED

Actuarial assumptions: The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 - 9.25 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members respectively.

The actuarial assumptions used in the January 1, 2022 valuation were based on an experience study of the demographic assumptions as of January 1, 2020 and a review of economic assumptions as of January 1, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity securities	35%	6.58%	2.30%
Debt securities	20%	1.08%	0.22%
Real assets	18%	5.72%	1.03%
Private equity	12%	9.80%	1.18%
Absolute return	15%	2.91%	0.44%
Cash and cash equivalents	-	-0.11%	-
Totals	<u>100%</u>		<u>5.16%</u>
	Inflation		<u>2.50%</u>
	Expected arithmetic nominal return		<u>7.66%</u>

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE G – RETIREMENT PLANS – CONTINUED

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Proportionate share of net pension (asset)/liability			
Noncontributory system	\$ 213,912	\$ 33,942	\$ (116,433)
Tier 2 Public Employees System	68,960	15,782	(25,185)
	<u>\$ 282,872</u>	<u>\$ 49,724</u>	<u>\$ (141,618)</u>

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Salt Lake Arts Council Foundation
Notes to Financial Statements
June 30, 2023

NOTE H - DEFERRED COMPENSATION PLANS

401(k) Deferred Compensation Plan - The Foundation personnel can also participate in a deferred compensation plan administered by the Utah State Retirement Board under the Internal Revenue Code Section 401(k) for Foundation employees covered by the State's contributory and noncontributory retirement plans. The plan, available to all permanent full-time Foundation employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the Foundation or its general creditors. The Foundation participates at a rate of 2.65% or 1.45% of base payroll only for those current employees who changed from the contributory state retirement plan to the noncontributory retirement plan. The 2.65% applies to current employees who changed in 1986 and the 1.45% applies to current employees who changed in 1990. The Foundation does not participate in the plan for current employees hired after 1986. The rate of Foundation participation can be changed by the Salt Lake City Council. During the year ended June 30, 2023, all contributions were made to the plan by employees and no contributions were made by the Foundation.

457 Deferred Compensation Plan - The Foundation also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Foundation employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The Foundation is not obligated and does not contribute to the plan. All payroll deducted contributions were transferred to the administering insurance companies by the due dates.

NOTE I - RISK MANAGEMENT

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Foundation carries commercial liability insurance for general liability claims as well as for other risks of loss. There were no decreases in coverage during 2023. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There has been no claims liability incurred or paid for the past two years.

REQUIRED SUPPLEMENTARY INFORMATION

Salt Lake Arts Council Foundation
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Grants and contributions	\$ 617,700	\$ 732,738	\$ 765,787	\$ 33,049
Merchandise sales	28,000	28,000	59,879	31,879
Ticket sales and fees	25,000	58,930	59,416	486
Vendor fees	10,000	13,200	13,550	350
Rental income	1,500	2,750	2,620	(130)
Gallery commissions	4,000	9,000	9,100	100
Miscellaneous	-	8,000	28,049	20,049
Total revenues	686,200	852,618	938,401	85,783
Expenditures				
Current operations				
Administration	284,752	356,307	339,251	17,056
City Arts Grants	763,600	786,880	780,742	6,138
Brown Bag/Busker Fest	108,000	115,500	113,361	2,139
Twilight Concert Series	227,296	285,586	258,574	27,012
Living Traditions Festival	630,155	682,135	633,163	48,972
Living Traditions Events	51,450	50,471	49,342	1,129
Visual Arts Exhibitions	81,260	110,944	98,222	12,722
Public Art	205,000	205,000	195,702	9,298
Other program services	160,680	163,798	154,966	8,832
Total expenditures	2,512,193	2,756,621	2,623,323	133,298
Deficiency of revenues over expenditures	(1,825,993)	(1,904,003)	(1,684,922)	219,081
Other financing sources				
Operating transfers from Salt Lake City Corporation	1,825,993	1,892,841	1,845,553	(47,288)
Total other financing sources	1,825,993	1,892,841	1,845,553	(47,288)
Net change in fund balance	-	(11,162)	160,631	171,793
Fund balance at beginning of year	721,460	721,460	721,460	-
Fund balance at end of year	<u>\$ 721,460</u>	<u>\$ 710,298</u>	<u>\$ 882,091</u>	<u>\$ 171,793</u>

GAAP is the budgetary basis used in the preparation of this schedule.

Salt Lake Arts Council Foundation
Schedule of the Proportionate Share of the Net Pension
Liability – Utah Retirement Systems
For the Fiscal Year Ended June 30, 2023
With a Measurement Date of December 31, 2022
Last 10 Fiscal Years*

Noncontributory System for the Fiscal Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.0016710%	0.0017070%	0.0025890%	0.0026090%	0.0026005%	0.0020285%	0.0205614%	0.0262664%	0.0251462%
Proportionate share of the net pension liability (asset)	\$ 33,942	\$ (97,761)	\$ 13,278	\$ 98,328	\$ 90,095	\$ 90,095	\$ 134,585	\$ 148,022	\$ 108,601
Covered employee payroll	\$ 131,135	\$ 132,389	\$ 201,771	\$ 215,926	\$ 209,312	\$ 164,919	\$ 171,751	\$ 214,764	\$ 211,317
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	25.9%	-73.8%	6.6%	45.5%	43.0%	54.6%	78.4%	68.9%	51.4%
Plan fiduciary net position as a percentage of the total pension liability	97.5%	108.7%	99.2%	87.0%	87.0%	91.9%	87.3%	87.8%	90.2%

Tier 2 Public Employees System for the Fiscal Years ended June 30,

	2022	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.0100700%	0.0093900%	0.0079700%	0.0079700%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0188903%
Proportionate share of the net pension liability (asset)	\$ 15,782	\$ (3,976)	\$ 1,138	\$ 1,805	\$ -	\$ -	\$ -	\$ -	\$ 590
Covered employee payroll	\$ 219,520	\$ 174,369	\$ 132,348	\$ 67,303	\$ 107,254	\$ 135,112	\$ 131,927	\$ 134,413	\$ 92,861
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	7.19%	-2.28%	0.86%	2.68%	0.00%	0.00%	0.00%	0.00%	0.64%
Plan fiduciary net position as a percentage of the total pension liability	92.3%	90.8%	98.3%	90.8%	90.8%	97.4%	95.1%	100.2%	103.5%

* In accordance with paragraph 81.a of GASB 68, the Foundation will need to disclose a 10 year history of its proportionate share of the net pension liability (asset) in its RSI. The Foundation will continue to present information for available years until a full 10 year trend is compiled.

Salt Lake Arts Council Foundation
Schedule of Contributions – Utah Retirement Systems
For the Fiscal Year Ended June 30, 2023
With a Measurement Date of December 31, 2022
Last 10 Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contribution as a percentage of covered employee payroll*
Noncontributory System	2014	\$ 50,219	\$ 50,219	\$ -	\$ 313,564	16.02%
	2015	39,753	39,753	-	211,317	18.81%
	2016	39,408	39,408	-	214,764	18.35%
	2017	30,849	30,849	-	171,751	17.96%
	2018	31,120	31,120	-	164,919	18.87%
	2019	38,088	38,088	-	209,312	18.20%
	2020	37,706	37,706	-	215,926	17.46%
	2021	37,030	37,030	-	201,771	18.35%
	2022	24,087	24,087	-	132,389	18.19%
	2023	23,538	23,538	-	131,135	17.95%
Tier 2 Public Employees System**	2014	-	-	-	313,564	0.00%
	2015	7,808	7,808	-	92,861	8.41%
	2016	20,038	20,038	-	134,413	14.91%
	2017	20,868	20,868	-	131,927	15.82%
	2018	23,269	23,269	-	135,112	17.22%
	2019	18,566	18,566	-	107,254	17.31%
	2020	19,232	19,232	-	67,303	28.58%
	2021	20,911	20,911	-	132,348	15.80%
	2022	31,276	31,276	-	174,369	17.94%
	2023	39,342	39,342	-	219,520	17.92%

* Contributions as a percentage of covered-employee payroll may be different than the URS Board certified rate due to rounding or other administrative issues.

** Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Salt Lake Arts Council Foundation
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023
With a Measurement Date of December 31, 2022

Changes of Assumptions

No changes were made in actuarial assumptions from the prior year's valuation.