

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, 2022

**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, 2022, 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, 2022, 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 29 and the pension information on pages 30-32 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 October 27, 2022, 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.

A handwritten signature in black ink, appearing to read "Jan J. Allen". The signature is written in a cursive, flowing style.

October 27, 2022

# **Salt Lake Arts Council Foundation**

## **Management's Discussion and Analysis (Unaudited)**

### **June 30, 2022**

---

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, 2022. 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, 2022 is \$686,150 consisting of \$4,208 net investment in capital assets and unrestricted net position of \$681,942. As of June 30, 2021, the Foundation's net position was \$530,390, consisting of \$5,512 net investment in capital assets and unrestricted net position of \$524,878.
- The Foundation's net position increased by \$155,760 during 2022 and \$246,973 during 2021.

#### **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, 2022**

---

**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 net position of \$686,150 as of June 30, 2022 and \$530,390 as of June 30, 2021. The increase in fiscal year 2022 was primarily the result of an increase in grants and other program revenues during the year.

As of June 30, 2022, the Foundation's net position consisted of \$4,208 (\$5,512 in 2021) that represents its investment in capital assets (e.g. buildings and improvements, event equipment, and office furniture and equipment). As of June 30, 2022 and 2021, 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 2022, the Foundation reports unrestricted net position of \$681,942 compared to unrestricted net position of \$524,878 in 2021.

**TABLE A-1**  
**Statement of Net Position**  
**June 30,**

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 1,514,168	\$ 1,015,033
Capital assets	4,208	5,512
Total assets	<u>\$ 1,518,376</u>	<u>\$ 1,020,545</u>
Deferred outflows of resources	<u>\$ 59,892</u>	<u>\$ 36,622</u>
Noncurrent liabilities	\$ 45,774	\$ 51,027
Other liabilities	431,048	366,481
Total liabilities	<u>\$ 476,822</u>	<u>\$ 417,508</u>
Deferred inflows of resources	<u>\$ 415,296</u>	<u>\$ 109,269</u>
Net investment in capital		
assets	\$ 4,208	\$ 5,512
Unrestricted	681,942	524,878
	<u>\$ 686,150</u>	<u>\$ 530,390</u>

**Salt Lake Arts Council Foundation**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2022**

---

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>2022</u>	<u>2021</u>	<u>Change</u>
Revenues			
Program revenues			
Vendor fees	\$ 10,250	\$ 2,100	\$ 8,150
Merchandise sales	51,224	10,294	40,930
Contracted services	-	-	-
Gallery commission	19,522	4,695	14,827
Operating grants and contributions	144,385	115,640	28,745
General revenues			
Grants and contributions not restricted to specific programs	626,885	473,082	153,803
Rental income	1,495	-	1,495
Interest and miscellaneous income	8,184	1,777	6,407
Transfers from Salt Lake City Corporation	<u>1,339,936</u>	<u>1,331,782</u>	<u>8,154</u>
Total revenues	<u>2,201,881</u>	<u>1,939,370</u>	<u>262,511</u>
Expenses			
Administration	228,641	152,756	75,885
City Arts Grants	660,757	455,245	205,512
Brown Bag/Busker Fest	85,092	83,881	1,211
Twilight Concert Series	145,255	81,139	64,116
Living Traditions Festival	672,764	538,913	133,851
Living Traditions Events	61,351	64,234	(2,883)
Visual Arts Exhibitions	75,898	66,736	9,162
Public Art Program	48,928	71,842	(22,914)
Other Program Services	66,131	176,347	(110,216)
Depreciation Expense	<u>1,304</u>	<u>1,304</u>	<u>-</u>
Total expenses	<u>2,046,121</u>	<u>1,692,397</u>	<u>353,724</u>
Change in net position	155,760	246,973	(91,213)
Net position at beginning of year	530,390	283,417	246,973
	<u>\$ 686,150</u>	<u>\$ 530,390</u>	<u>\$ 155,760</u>



**Salt Lake Arts Council Foundation  
Management's Discussion and Analysis (Unaudited)  
June 30, 2022**

---

Revenues increased by approximately \$262,000 between 2022 and 2021. This increase consisted largely of grants received in connection with covid relief funding. 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 2022 by approximately \$353,000. The largest increase was the increase in the City Arts Grants program. The Foundation was awarded grant funds from the National Endowment for the Arts and during fiscal year 2022 approximately \$230,000 of those grant funds were used to provide grants for local artists and nonprofit organizations. Expenses associated with several other programs, namely Twilight Concert Series and Living Traditions Festival increased with the return to pre pandemic levels of programing.

**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 fiscal year 2022, the Foundation was awarded federal ARPA grant funds, to provide pass-through grants, as well as a federally supported Utah Humanities grant, to support the Living Legacy Video Series, both of which were presented in an amended budget to the Board which was approved at the January 2022 meeting. The ARPA funds increased the City Arts Grants budget by approximately \$225,000 and will have the same budgetary impact in fiscal year 2023. The grant will be expended across three fiscal years.

In March 2022, the Salt Lake City Council approved the addition of three new full-time staff positions. The positions were filled in May 2022 which resulted in an increase in the transfers from Salt Lake City as well as personnel expenses.

The 2022 Living Traditions Festival surpassed budgeted revenue projections in both beverage sales and grants and contributions. This positive variance, along with modest underspending in Outreach programming, resulted in the elimination of the projected budget deficit and instead contributed to an overall increase in fund balance for the year.

**Salt Lake Arts Council Foundation  
Management's Discussion and Analysis (Unaudited)  
June 30, 2022**

---

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2022, there was \$392,238 invested in capital assets, as shown in Table A-3. The Foundation did not acquire any new capital assets during 2022.

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

	June 30, 2022	June 30, 2021
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.

**Long-Term Debt**

As of June 30, 2022 Foundation had long-term obligations outstanding related to compensated absences due to employees totaling \$57,969.

As of June 30, 2022 the Foundation had no net pension liability.

The following summarizes the long-term obligations of the Foundation as of June 30, 2022 and 2021.

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

	June 30, 2022	June 30, 2021
Compensated absences	\$ 57,969	\$ 44,097
Net pension liability	-	14,416
	<u>\$ 57,969</u>	<u>\$ 58,513</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.

# **Salt Lake Arts Council Foundation**

## **Management's Discussion and Analysis (Unaudited)**

### **June 30, 2022**

---

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Fiscal year 2022 was the first year of full public operations since fiscal year 2019, prior to the COVID-19 pandemic. As the size and scope of the Foundation's programs returned to pre-pandemic levels, attendance increased and there was a corresponding increase to program related revenues and operational expenses. Fiscal year 2023 is anticipated to be similar to 2022 with full public operations 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 expanded footprint Living Traditions Festival which was similar to the event produced in 2018.
- Presentation of a five-concert series, Mondays in the Park.
- Presentation at the Gallivan Center, with partner S & S Presents, of a five-concert Twilight Concert Series.
- Funding the 2023 Busker Fest through a contracted services agreement with Primrose Productions.
- Funding Public Art Program community events such as the *Out of the Blue* unveiling event. (Public Art activities were previously not supported by Foundation funds, but during fiscal year 2022, the Arts Council Board approved an annual allocation of funds to support these important community engagement celebrations.)
- Re-opening the Art Barn for rentals.

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 2023 is anticipated to remain at similar programming levels experienced in fiscal year 2022 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](mailto:felicia.baca@slcgov.com).

## BASIC FINANCIAL STATEMENTS

**Salt Lake Arts Council Foundation**  
**Statement of Net Position**  
**June 30, 2022**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 852,221
Grants and sponsorships receivable	492,116
Miscellaneous receivables	2,782
Prepaid expenses	65,312
Total current assets	<u>1,412,431</u>
Noncurrent assets	
Net capital assets	4,208
Net pension asset	101,737
Total noncurrent assets	<u>105,945</u>
Total assets	<u>\$ 1,518,376</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	<u>\$ 59,892</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	\$ 62,053
Grants payable	356,800
Current portion, compensated absences	12,195
Total current liabilities	<u>431,048</u>
Noncurrent liabilities	
Net pension liability	-
Compensated absences, net of current portion	45,774
Total noncurrent liabilities	<u>45,774</u>
Total liabilities	<u>\$ 476,822</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Revenues received in advance of permitted use	\$ 272,118
Deferred inflows of resources related to pensions	143,178
	<u>\$ 415,296</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 4,208
Unrestricted	681,942
Total net position	<u>\$ 686,150</u>

See accompanying notes to basic financial statements.

**Salt Lake Arts Council Foundation**  
**Statement of Activities**  
**For the year ended June 30, 2022**

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	\$ 228,641	\$ -	\$ -	\$ (228,641)
City Arts Grants	660,757	-	-	(660,757)
Brown Bag/Busker Fest	85,092	-	-	(85,092)
Twilight Concert Series	145,255	-	11,925	(133,330)
Living Traditions Festival	672,764	61,474	130,460	(480,830)
Living Traditions Events	61,351	-	-	(61,351)
Visual Arts Exhibitions	75,898	19,522	2,000	(54,376)
Public Art Program	48,928	-	-	(48,928)
Other Program Services	66,131	-	-	(66,131)
Depreciation Expense	1,304	-	-	(1,304)
Total primary government	<u>\$ 2,046,121</u>	<u>\$ 80,996</u>	<u>\$ 144,385</u>	<u>(1,820,740)</u>
General revenues:				
Grants and contributions not restricted to specific programs				626,885
Rental income				1,495
Interest and miscellaneous income				8,184
Transfers from Salt Lake City Corporation				<u>1,339,936</u>
				<u>1,976,500</u>
Change in net position				155,760
Net position at beginning of year				<u>530,390</u>
Net position at end of year				<u>\$ 686,150</u>

See accompanying notes to basic financial statements.

**Salt Lake Arts Council Foundation**  
**Balance Sheet – Governmental Fund**  
**June 30, 2022**

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 852,221
Grants and sponsorships receivable	492,116
Miscellaneous receivables	2,782
Prepaid items	65,312
Total assets	<u>\$ 1,412,431</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 62,053
Grants payable	356,800
Total liabilities	<u>418,853</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Revenues received in advance of allowable use	<u>272,118</u>
<b>FUND BALANCE</b>	
Nonspendable	65,312
Unassigned	656,148
Total fund balance	<u>721,460</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,412,431</u>
Reconciliation of total governmental fund balance to net position of governmental activities:	
Total governmental fund balance	\$ 721,460
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	4,208
Net pension asset is not a financial resource and therefore is not reported in the general fund	101,737
Deferred outflows of resources are not available to pay for current period expenditures and therefore are deferred in the general fund	59,892
Actuarially calculated changes in the net pension liability are deferred for recognition in later periods	(143,178)
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>(57,969)</u>
Net position of governmental activities	<u>\$ 686,150</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, 2022**

	<u>General Fund</u>
Revenues	
Grants and contributions	\$ 771,270
Vendor fees	10,250
Merchandise sales	51,224
Gallery commissions	19,522
Rental Income	1,495
Miscellaneous	<u>8,184</u>
Total revenues	<u>861,945</u>
Expenditures	
Current	
Administration	239,159
City Arts Grants	666,761
Brown Bag/Busker Fest	90,000
Twilight Concert Series	150,865
Living Traditions Festival	710,630
Living Traditions Events	64,156
Visual Arts Exhibitions	81,508
Public Art Program	55,239
Other Program Services	<u>73,141</u>
Total expenditures	<u>2,131,459</u>
Deficiency of revenues over expenditures	<u>(1,269,514)</u>
Other financing sources	
Operating transfers from Salt Lake City Corporation	<u>1,339,936</u>
Total other financing sources and uses	<u>1,339,936</u>
Net change in fund balance	70,422
Fund balance at beginning of year	<u>651,038</u>
Fund balance at end of year	<u><u>\$ 721,460</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, 2022**

---

Net change in fund balance - governmental fund	\$ 70,422
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	(1,304)
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>86,642</u>
Change in net position of governmental activities	<u><u>\$ 155,760</u></u>

See accompanying notes to the basic financial statements.

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2022**

---

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, 2022**

---

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, 2022.

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, 2022**

---

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, 2022**

---

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, 2022 were \$350,129, approximately \$236,000 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, 2022**

---

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

The Foundation's investments at December 31, 2022 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	\$ 502,092	\$ 502,092	\$ -	\$ -	\$ -

**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	Investment Maturity in Years			
		Less Than 1	1 - 5	6 - 10	More Than 10
Utah Public Treasurer's Investment Fund	\$ 502,092	\$ 502,092	\$ -	\$ -	\$ -

**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, 2022 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, 2022**

---

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

All of the Foundation’s investments at December 31, 2022 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, 2022, the Foundation had \$502,092 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	58.10%
U.S. Treasury bills	11.99%
Money market agreements	19.77%
Commercial paper	10.14%
	<u>100.00%</u>

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2022**

---

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
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	346,325	96	-	346,421
Event equipment	18,424	400	-	18,824
Office furniture	21,977	808	-	22,785
Total accumulated depreciation	<u>386,726</u>	<u>1,304</u>	<u>-</u>	<u>388,030</u>
Total capital assets, net	<u>\$ 5,512</u>	<u>\$ (1,304)</u>	<u>\$ -</u>	<u>\$ 4,208</u>

NOTE E – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Amounts Due Within One Year
Compensated absences	44,097	\$ 51,354	\$ 37,482	\$ 57,969	\$ 12,195
Net pension liability	14,416	(6,487)	7,929	-	-
	<u>\$ 58,513</u>	<u>\$ 44,867</u>	<u>\$ 45,411</u>	<u>\$ 57,969</u>	<u>\$ 12,195</u>



**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2022**

---

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	260,000
Facility Management	7,500
Foundation expenditures paid by the City	
Salaries and employee benefits	662,626
Miscellaneous expenditures	27,310
	<u>\$ 1,339,936</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, 2022**

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](http://www.urs.org).

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

**Summary of Benefits by System**

<b>System</b>	<b>Final Average Salary</b>	<b>Years of service required and/or age eligible for benefit</b>	<b>Benefit percent per year of service</b>	<b>COLA**</b>
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:

	<b>Employee Paid</b>	<b>Paid by Employer for Employee</b>	<b>Employer Contribution Rates</b>	<b>Employer Rate for 401(k) Plan</b>
Contributory System				
111 - Local Governmental Division Tier 2	N/A	N/A	16.07%	0.62%
Noncontributory System				
15 - Local Governmental Division Tier 1	N/A	N/A	18.47%	N/A

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2022**

---

NOTE G - RETIREMENT PLANS – CONTINUED

For the year ended June 30, 2022, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 24,087	N/A
Tier 2 Public Employees System	31,276	-
	\$ 55,363	\$ -

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, 2022, the Foundation reported a net pension asset of \$101,737 and no net pension liability.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory system	0.17070%	\$ 97,761	\$ -
Tier 2 Public Employees System	0.00939%	3,976	-
Total Net Pension Asset/Liability		\$ 101,737	\$ -

The net pension asset and liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021 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, 2022, the Foundation recognized pension benefit of \$45,151.

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2022**

---

NOTE G - RETIREMENT PLANS – CONTINUED

At June 30, 2022, 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	\$ 12,171	\$ 512
Changes in assumptions	12,882	669
Net difference between projected and actual earnings on pension plan investments	-	141,447
Changes in proportion and differences between contributions and proportionate share of contributions	2,227	550
Contributions subsequent to the measurement date	<u>32,612</u>	<u>-</u>
Total	<u>\$ 59,892</u>	<u>\$ 143,178</u>

\$32,612 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, 2021.

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
2023	\$ (24,164)
2024	(39,807)
2025	(31,317)
2026	(21,936)
2027	210
Thereafter	1,116

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2022**

---

NOTE G - RETIREMENT PLANS – CONTINUED

Actuarial assumptions: The total pension liability in the December 31, 2021, 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, 2021. 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, 2021 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

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	37%	6.58%	2.43%
Debt securities	20%	-0.28%	-0.06%
Real assets	15%	5.77%	0.87%
Private equity	12%	9.85%	1.18%
Absolute return	16%	2.91%	0.47%
Cash and cash equivalents	-	-1.01%	-
Totals	<u>100%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return	<u>7.39%</u>

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2022**

---

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 was reduced from 6.95% to 6.85% from the prior measurement date.

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 (7.98%)
Proportionate share of net pension (asset)/liability			
Noncontributory system	\$ (52,569)	\$ 97,761	\$ 223,183
Tier 2 Public Employees System	(23,690)	3,976	25,217
	<u>\$ (76,259)</u>	<u>\$ 101,737</u>	<u>\$ 248,400</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, 2022**

---

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, 2022, 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 2022. 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.

NOTE J – SUBSEQUENT EVENT

As noted in Note G, the net pension asset and deferred inflows and outflows related to pensions were based on an actuarial valuation dated December 31, 2021. Subsequent to that valuation date, the Consumer Price Index has remained steady at over 8% and the S & P 500 has declined by approximately 23%. These and other economic indicators would have an impact on that valuation.

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, 2022**

---

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Grants and contributions	\$ 401,971	\$ 667,793	\$ 771,270	\$ 103,477
Merchandise sales	28,000	28,000	51,224	23,224
Vendor fees	10,000	10,000	10,250	250
Rental income	1,500	1,500	1,495	(5)
Gallery commissions	2,500	9,774	19,522	9,748
Miscellaneous	2,500	5,935	8,184	2,249
<b>Total revenues</b>	<b>446,471</b>	<b>723,002</b>	<b>861,945</b>	<b>138,943</b>
<b>Expenditures</b>				
<b>Current operations</b>				
Administration	198,951	193,662	239,159	(45,497)
City Arts Grants	431,208	668,988	666,761	2,227
Brown Bag/Busker Fest	87,160	87,160	90,000	(2,840)
Twilight Concert Series	143,660	152,796	150,865	1,931
Living Traditions Festival	695,829	716,679	710,630	6,049
Living Traditions Events	61,030	67,613	64,156	3,457
Visual Arts Exhibitions	71,105	77,320	81,508	(4,188)
Public Art	58,424	58,724	55,239	3,485
Other program services	84,950	87,640	73,141	14,499
<b>Total expenditures</b>	<b>1,832,317</b>	<b>2,110,582</b>	<b>2,131,459</b>	<b>(20,877)</b>
Deficiency of revenues over expenditures	(1,385,846)	(1,387,580)	(1,269,514)	118,066
<b>Other financing sources</b>				
Operating transfers from Salt Lake City Corporation	1,276,745	1,276,745	1,339,936	63,191
<b>Total other financing sources</b>	<b>1,276,745</b>	<b>1,276,745</b>	<b>1,339,936</b>	<b>63,191</b>
Net change in fund balance	(109,101)	(110,835)	70,422	181,257
Fund balance at beginning of year	651,038	651,038	651,038	-
Fund balance at end of year	<u>\$ 541,937</u>	<u>\$ 540,203</u>	<u>\$ 721,460</u>	<u>\$ 181,257</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, 2022**  
**With a Measurement Date of December 31, 2021**  
**Last 10 Fiscal Years\***

Noncontributory System for the Fiscal Years Ended June 30,

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

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

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

\* 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, 2022**  
**With a Measurement Date of December 31, 2021**  
**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%
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%

\* Only fiscal years 2014 - 2022 were available. The Foundation will continue to present information for available years until a full 10-year trend is compiled.

\*\* 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, 2022**  
**With a Measurement Date of December 31, 2021**

---

*Changes of Assumptions*

The investment return assumption was decreased by .10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.