

**UTAH MUSEUM OF CONTEMPORARY ART
(A Nonprofit Organization)**

FINANCIAL STATEMENTS

June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Utah Museum of Contemporary Art
Salt Lake City, Utah**

Opinion

We have audited the accompanying financial statements of Utah Museum of Contemporary Art (a Utah nonprofit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah Museum of Contemporary Art as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Utah Museum of Contemporary Art and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company adopted ASU 2016-02, Leases (Topic 842), as of July 1, 2022. Our opinion is not modified with respect to that matter.

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 Utah Museum of Contemporary Art's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, 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, 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 Utah Museum of Contemporary Art'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 Utah Museum of Contemporary Art'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.

WSRP, LLC

Salt Lake City, Utah
May 15, 2024

UTAH MUSEUM OF CONTEMPORARY ART
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,200,991	\$ 1,169,818
Investments	523,223	36,131
Grants and other receivables	9,066	7,327
Inventories	8,523	7,646
Prepaid expenses	822	-
TOTAL CURRENT ASSETS	1,742,625	1,220,922
ART COLLECTION	70,000	70,000
PROPERTY AND EQUIPMENT, NET	65,896	83,984
RIGHT-OF-USE ASSETS	14,862	-
OTHER ASSETS		
Endowment investment	108,094	107,160
TOTAL ASSETS	\$ 2,001,477	\$ 1,482,066
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 51,371	\$ 26,928
Accrued expenses	27,865	19,277
Current portion of operating lease liability	4,426	-
Current portion of long-term liability	7,692	2,631
TOTAL CURRENT LIABILITIES	91,354	48,836
LONG-TERM PORTION OF OPERATING LEASE LIABILITY	10,436	-
LONG-TERM LIABILITY	149,584	156,504
TOTAL LIABILITIES	251,374	205,340
NET ASSETS		
Without donor restrictions	1,572,943	1,104,434
With donor restrictions	177,160	172,292
TOTAL NET ASSETS	1,750,103	1,276,726
TOTAL LIABILITIES AND NET ASSETS	\$ 2,001,477	\$ 1,482,066

The accompanying notes are an integral part of the financial statements.

UTAH MUSEUM OF CONTEMPORARY ART
STATEMENT OF ACTIVITIES
Year ended June 30, 2023

	<u>Change in Net Assets Without Donor Restrictions</u>	<u>Change in Net Assets With Donor Restrictions</u>	<u>Total</u>
REVENUE, GAINS, AND SUPPORT			
Public support and grant revenue	\$ 784,722	\$ 405,734	\$ 1,190,456
In-kind contributions	432,506	-	432,506
Special events			
Special events revenue	283,710	-	283,710
Costs of special events	(122,405)	-	(122,405)
Net revenue from special events	<u>161,305</u>	<u>-</u>	<u>161,305</u>
Gift store sales	27,138	-	27,138
Investment return, net	1,975	-	1,975
Rental and other income	64,232	-	64,232
	<u>1,471,878</u>	<u>405,734</u>	<u>1,877,612</u>
Net assets released from restrictions (Note 7)	<u>400,866</u>	<u>(400,866)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND SUPPORT	1,872,744	4,868	1,877,612
EXPENSES			
Program services:			
Exhibition	793,409	-	793,409
Education	320,268	-	320,268
Supporting services:			
Management and general	137,362	-	137,362
Fundraising	153,196	-	153,196
TOTAL EXPENSES	<u>1,404,235</u>	<u>-</u>	<u>1,404,235</u>
CHANGE IN NET ASSETS	468,509	4,868	473,377
NET ASSETS			
Balance - beginning of year	<u>1,104,434</u>	<u>172,292</u>	<u>1,276,726</u>
Balance - end of year	<u>\$ 1,572,943</u>	<u>\$ 177,160</u>	<u>\$ 1,750,103</u>

The accompanying notes are an integral part of the financial statements.

UTAH MUSEUM OF CONTEMPORARY ART
STATEMENT OF ACTIVITIES
Year ended June 30, 2022

	Change in Net Assets Without Donor Restrictions	Change in Net Assets With Donor Restrictions	Total
REVENUE, GAINS, AND SUPPORT			
Public support and grant revenue	\$ 389,041	\$ 480,165	\$ 869,206
In-kind contributions	454,189	-	454,189
Special events			
Special events revenue	360,598	-	360,598
Costs of special events	(116,105)	-	(116,105)
Net revenue from special events	244,493	-	244,493
Gift store sales	26,840	-	26,840
Investment return, net	(14,613)	-	(14,613)
Rental and other income	60,309	-	60,309
Paycheck protection program loan forgiveness	57,200	-	57,200
	1,217,459	480,165	1,697,624
Net assets released from restrictions (Note 7)	518,931	(518,931)	-
TOTAL REVENUES, GAINS AND SUPPORT	1,736,390	(38,766)	1,697,624
EXPENSES			
Program services:			
Exhibition	796,333	-	796,333
Education	259,601	-	259,601
Supporting services:			
Management and general	109,140	-	109,140
Fundraising	134,739	-	134,739
TOTAL EXPENSES	1,299,813	-	1,299,813
CHANGE IN NET ASSETS	436,577	(38,766)	397,811
NET ASSETS			
Balance - beginning of year	667,857	211,058	878,915
Balance - end of year	\$ 1,104,434	\$ 172,292	\$ 1,276,726

The accompanying notes are an integral part of the financial statements.

UTAH MUSEUM OF CONTEMPORARY ART
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2023

	Program Services		Supporting Services		Total
	Exhibition	Education	Management and General	Fundraising	
Advertising	\$ 19,782	\$ 19,488	\$ -	\$ -	\$ 39,270
Bookstore	174	174	25,613	-	25,961
Depreciation	4,522	4,522	4,522	4,522	18,088
Development	267	1,603	-	22,435	24,305
Dues and subscriptions	1,768	1,885	70	608	4,331
Education	-	28,257	-	-	28,257
Equipment rental	2,011	1,982	107	621	4,721
Exhibition	112,113	3,830	621	-	116,564
Facility	435,761	20,385	15,908	25,068	497,122
Insurance	-	1,991	7,523	-	9,514
Interest and bank charges	1,652	1,719	115	668	4,154
Miscellaneous	1,462	1,475	-	8	2,945
Outside services-contractors	-	-	63,187	2,927	66,114
Office supplies	2,370	2,650	987	3,938	9,945
Payroll and related	207,981	226,784	18,583	91,173	544,521
Travel	210	7	-	-	217
Utilities	1,676	1,856	124	721	4,377
Website	1,660	1,660	2	507	3,829
TOTAL FUNCTIONAL EXPENSES	\$ 793,409	\$ 320,268	\$ 137,362	\$ 153,196	\$ 1,404,235

The accompanying notes are an integral part of the financial statements.

UTAH MUSEUM OF CONTEMPORARY ART
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Exhibition</u>	<u>Education</u>	<u>Management and General</u>	<u>Fundraising</u>	
Advertising	\$ 15,612	\$ 21,853	\$ -	\$ 1,172	\$ 38,637
Bank charges	99	-	5,795	30	5,924
Bookstore	500	-	25,868	104	26,472
Depreciation	5,412	5,412	5,412	5,411	21,647
Development	-	-	-	1,500	1,500
Dues and subscriptions	75	80	-	3,485	3,640
Education	-	21,564	-	-	21,564
Equipment rental	386	855	-	-	1,241
Exhibition	96,637	7,244	2,513	280	106,674
Facility	454,908	13,463	1,181	26,877	496,429
Insurance	1,870	1,960	3,667	1,326	8,823
Miscellaneous	848	67	3,699	1,706	6,320
Outside services-contractors	4,114	1,676	49,631	21,821	77,242
Office supplies	15,442	11,985	642	5,938	34,007
Payroll and related	166,190	164,712	4,841	60,110	395,853
Professional expense	-	-	1,197	-	1,197
Travel	26,557	1,047	-	4,453	32,057
Utilities	-	-	4,694	-	4,694
Website	7,683	7,683	-	526	15,892
TOTAL FUNCTIONAL EXPENSES	\$ 796,333	\$ 259,601	\$ 109,140	\$ 134,739	\$ 1,299,813

The accompanying notes are an integral part of the financial statements.

UTAH MUSEUM OF CONTEMPORARY ART
STATEMENTS OF CASH FLOWS
Years ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 473,377	\$ 397,811
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	18,087	21,647
Forgiveness of paycheck protection program loan	-	(57,200)
Net unrealized and realized (gains) losses on investments	(1,975)	15,517
Interest capitalized	4,125	9,135
Amortization of right-of-use assets	4,300	-
Changes in operating assets and liabilities:		
Grants and other receivables	(1,739)	93,849
Prepaid expenses	(822)	4,066
Inventories	(877)	371
Accounts payable	24,443	9,507
Accrued expenses	8,588	1,280
Operating lease liabilities	(4,299)	-
Net cash flows from operating activities	523,208	495,983
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of property and equipment	-	(26,440)
Net cash purchases of investments	(486,051)	(127,451)
Net cash used by investing activities	(486,051)	(153,891)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid to reduce long-term liabilities	(5,984)	-
Net cash used by financing activities	(5,984)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,173	342,092
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,169,818	827,726
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,200,991	\$ 1,169,818
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Right-of-use asset obtained in exchange for lease liability	\$ 19,162	\$ -
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 5,128	\$ -

The accompanying notes are an integral part of the financial statements.

UTAH MUSEUM OF CONTEMPORARY ART
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Utah Museum of Contemporary Art, (the "Organization") was formed in 1931. The Organization is a nonprofit corporation. The Organization believes in the power of the art of our time. Through programming, advocacy, and collaboration, we work with artists and communities to build a better world. From its inception, the Utah Museum of Contemporary Art has been resolutely, tirelessly contemporary. Since 1931, UMOCA has been a clear and independent voice committed to the most pressing issues of its day. While many things have changed over the organization's ninety-year history, some things have not. UMOCA has maintained a commitment to community, local artists, education, awareness, and inclusion. These values—so central to art in the 21st century—have been an integral part of the mission of each incarnation for nine decades, from the Art Barn (1931-1958) to the Salt Lake Art Center (1959-2010) to the Utah Museum of Contemporary Art (2011-Present).

Accounting Principles

The accompanying financial statements have been prepared using the accrual basis of accounting. The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under those standards, net assets, contributions, service fees, gains, losses, and expenses are classified as net assets with donor restrictions and net assets without donor restrictions, depending on the existence and nature of any donor restrictions and based upon the following criteria:

- *Net Assets Without Donor Restrictions* - Net assets without donor restrictions are able to be spent by the Organization at its discretion and are subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses. As of June 30, 2023, net assets without donor restrictions were \$1,572,943.
- *Net Assets With Donor Restrictions* - Donations specifically restricted by the donor are recorded as net assets with donor restrictions. When a donor restriction expires or a purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. As of June 30, 2023, the Organization's net assets with donor restrictions were \$177,160.

Change in Accounting Principles

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), which among other things, requires the recognition of right-of-use lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. A lessee is required to record lease assets and lease liabilities for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for in a manner similar to previous guidance for operating leases.

UTAH MUSEUM OF CONTEMPORARY ART
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles (continued)

The Organization adopted the provisions of the ASU as of July 1, 2022. The Organization has elected to apply the package of practical expedients permitted by the ASU 1) to not reassess whether any expired or existing contracts are or contain leases, 2) to not reassess lease classification for any expired or existing leases, or 3) to not reassess initial direct costs for existing leases. The Organization also elected to apply the practical expedient to use hindsight in determining lease term and in assessing impairment of right-of-use assets as of the adoption date. The Organization has recognized no effect to net assets as of July 1, 2022 from implementing this ASU.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are generally comprised of certain highly liquid investments when purchased with maturities of three months or less. The Organization defines cash and cash equivalents to be all cash which is neither held for nor restricted by donors for long-term purposes. Cash restricted, if any, to capital expenditures, permanent endowment, or other long-term purposes are excluded from the definition. There was no restricted cash at June 31, 2023 and 2022.

Inventories

Inventories are reflected in the financial statements at the aggregate lower of cost (first-in, first-out) or net realizable value. Inventories are comprised of program-related merchandise held for sale in the gift shop.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gains and losses are reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees. The endowment investment as of June 30, 2023 and 2022 was \$108,094 and \$107,160 respectively.

UTAH MUSEUM OF CONTEMPORARY ART
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

It is the Organization's policy to capitalize all property and equipment purchases above \$500. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are being depreciated over their estimated useful lives using the straight-line method.

Art Collection

The art collection reflects estimated fair value of donated items at the time of the donation and historical cost of purchased items in accordance with GAAP. The Organization valued the art collection at estimated fair value at July 1, 1996, the date this GAAP provision became effective. The art collection consists of works of art which have been purchased by or donated to the Organization.

Impairment of Long-Lived Assets

Long-lived assets, including art collection assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the assets might not be recoverable. Impairment losses are recognized for the amount by which an asset's carrying value exceeds its future expected undiscounted cash flows. No impairment of long-lived assets occurred during the years ended June 30, 2023 and 2022.

Donated Services and In-Kind Contributions

Material donated services and in-kind contributions are normally recorded at the respective fair value of the service or value received. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these contributions do not meet the criteria for recognition as services. The Organization receives a significant amount of volunteer hours each year. During the years ended June 30, 2023 and 2022, the value of contributed services was not material and has not been recorded.

During the years ended June 30, 2023 and 2022, the Organization received \$432,506 and \$454,189 in in-kind rent donations, respectively.

UTAH MUSEUM OF CONTEMPORARY ART
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization satisfies its performance obligations when donations are received either with or without donor restriction. The Organization records the revenue at the point-in-time when the performance obligation is satisfied. Gift shop sales are recognized at the point of sale. Program service fees are deferred to the applicable period in which the related services are performed. Contributions are recognized when cash or other assets are received, or when an unconditional promise is made or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions

Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions. All contributions are considered to be available for unrestricted use in the appropriate time period, unless specifically restricted by the donor.

All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Amounts restricted for future periods or restricted for specific purposes are reported as restricted support. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as satisfactions of program restrictions and net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

The donor restrictions on assets as of June 30, 2023 and 2022, relate to collections and pledges which were designated for allocation during future years. These are to be used in specific programs. See Note 7 for additional details.

Functional Allocation of Expenses

The costs of programs and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the classification detail categorized by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and under the State of Utah tax regulations. Consequently, no provision for income taxes has been recorded in the accompanying financial statements.

UTAH MUSEUM OF CONTEMPORARY ART
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

- Level 1 inputs are quoted prices for identical assets and liabilities in active markets.
- Level 2 inputs are observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets or quoted prices for identical or similar assets and liabilities in markets that are not active.
- Level 3 inputs are unobservable inputs that reflect the Organization's own assumptions, consistent with reasonably available assumptions made by other market participants.

The fair value of the Organization's investments are measured using Level 1 inputs.

Advertising

All costs associated with advertising and promoting the Organization's goods and services are expensed in the year incurred. Advertising expense totaled \$39,269 and \$36,606 for the years ended June 30, 2023 and 2022, respectively.

Concentrations of Credit Risk

The Organization maintains its cash balances at a financial institution. At times such investments may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

The Organization also maintains accounts with a brokerage firm. The accounts contain cash and securities. The balances are insured by the Securities Investors Protection Corporation up to \$500,000 with a \$250,000 limit for cash claims. The Organization has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk on these balances.

Reclassifications

Certain prior year items have been reclassified to conform to the current year presentation.

Grants Receivable and Other Receivables

Grants receivable and unconditional promises to give expected to be collected within one year are recorded at net realizable value. Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At June 30, 2023 and 2022 no allowance has been recorded.

UTAH MUSEUM OF CONTEMPORARY ART
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management of the Organization has evaluated subsequent events through May 15, 2024, which is also the date the financial statements were available to be issued. No subsequent events were noted during this evaluation that require recognition or disclosure in these financial statements except as follows.

NOTE 2 - INVESTMENTS

Investments measured at fair value on a recurring basis are summarized as follows:

<u>2023</u>	<u>Cost</u>	<u>Activities</u>	<u>Unrealized Gains / (Losses)</u>	<u>Fair Value</u>
Certificate of Deposit - Endowment	\$ 108,094	\$ -	\$ -	\$ 108,094
US Treasury Notes	500,000	(2,300)	(5,187)	492,513
Utah Public Treasurers' Investment Fund	30,710	-	-	30,710
	<u>\$ 638,804</u>	<u>\$ (2,300)</u>	<u>\$ (5,187)</u>	<u>\$ 631,317</u>
			<u>Unrealized Gains / (Losses)</u>	<u>Fair Value</u>
<u>2022</u>	<u>Cost</u>	<u>Activities</u>	<u>Unrealized Gains / (Losses)</u>	<u>Fair Value</u>
Mutual funds - Endowment	\$ 107,160	\$ 11,500	\$ (11,500)	\$ 107,160
Mutual funds	9,800	(3,329)	(1,050)	5,421
Utah Public Treasurers' Investment Fund	30,710	-	-	30,710
	<u>\$ 147,670</u>	<u>\$ 8,171</u>	<u>\$ (12,550)</u>	<u>\$ 143,291</u>

The Utah Public Treasurers' Investment Fund (PTIF), is available to state and local government entities and nonprofit organizations as a short-term cash investment vehicle. The PTIF invests primarily in investment-grade corporate notes, top tier commercial paper, and money market mutual funds. The PTIF invests only in securities authorized in the Utah Money Management Act.

NOTE 3 - RELATED PARTY TRANSACTIONS

During the fiscal years 2023 and 2022, the Organization received support without donor restrictions in the amount of \$181,615 and \$121,287 respectively, from board members and employees. These amounts from related parties equated to 9% and 7%, respectively, of total revenues and support.

UTAH MUSEUM OF CONTEMPORARY ART
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2023	2022
Furniture and equipment	\$ 46,975	\$ 46,975
Buildings and improvements	206,976	206,976
Total property and equipment	253,951	253,951
Less accumulated depreciation	(188,055)	(169,967)
Net book value	\$ 65,896	\$ 83,984

Depreciation expense for the years ended June 30, 2023 and 2022 was \$18,087 and \$21,647, respectively.

NOTE 5 - LEASES IN FINANCIAL STATEMENTS OF LESSEES

Leases (ASC 842)

The Organization leases certain equipment. The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to 5 years or more. The exercise of lease renewal options is at the Organization's sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The following summarizes the line items in the balance sheets which include amounts for leases as of June 30, 2023:

Operating Leases	
Right-of-use assets	\$ 14,862
Current portion of operating lease liability	\$ 4,426
Long-term portion of operating lease liability	10,436
Total operating lease liability	\$ 14,862

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NOTE 5 - LEASES IN FINANCIAL STATEMENTS OF LESSEES (CONTINUED)
Leases (ASC 842) (continued)

Because the lessors did not disclose the rates implicit in the leases, the Organization utilizes the risk free rate as published by the U.S. treasury for the periods remaining on the leases as the discount rate. The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

Weighted Average Remaining Lease Term (Years)	
Operating leases	3.22
 Weighted Average Discount Rate	
Operating leases	2.88 %

The maturities of lease liabilities as of June 30, 2023 were as follows:

	Operating
2024	\$ 4,784
2025	4,784
2026	4,784
2027	1,197
2028	-
Thereafter	-
Total minimum lease payments	15,549
Less amount representing interest	(687)
 Present value of lease liabilities	 \$ 14,862

The following summarizes the line items in the income statements which include the components of lease expense for the year ended June 30, 2023:

Operating lease expense included in general and administrative expenses	\$ 2,896
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The following summarizes cash flow information related to leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 4,784
 Lease assets obtained in exchange for lease obligations:	
Operating leases	\$ 19,162

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NOTE 5 - LEASES IN FINANCIAL STATEMENTS OF LESSEES (CONTINUED)

Leases (ASC 842) (continued)

During the years ended June 30, 2023 and 2022, the Organization leased its facility from Salt Lake County. The 12 month calendar year lease only requires an annual payment of \$1 plus a portion of utilities and maintenance costs. Accordingly, an in-kind donation totaling \$432,506 and \$454,189 was recorded during the years ended June 30, 2023 and 2022, respectively, which approximates the fair market value of rent, utilities, and maintenance costs provided by Salt Lake County. In-kind lease donations are not required to be capitalized under ASC 842.

NOTE 6 - LONG-TERM LIABILITY

The long-term liability consists of the following:

	2023	2022
SBA loan	\$ 157,276	\$ 159,135
Less current portion	(7,692)	(2,631)
Long-term liability excluding current portion	\$ 149,584	\$ 156,504

The original amount of the SBA loan was \$150,000. The SBA loan bears interest at 2.75% per annum. The effective date on this loan was May 22, 2020, it is a 30 year loan and the first interest only payments were due beginning November 29, 2022. The Organization capitalized \$4,125 and \$9,135 of interest to the loan during 2023 and 2022, respectively. Principal payments will begin in May 2025.

Aggregate maturities of long-term liabilities in each of the next five years are as follows:

2024	\$ 7,692
2025	7,692
2026	3,629
2027	3,730
2028	3,834
Thereafter	130,699
	\$ 157,276

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NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are made up of the following at year end:

	2023	2022
Endowment		
Price Family Endowment	\$ 108,094	\$ 107,160
Subject to expenditure for specified purpose		
Hemingway Foundation	-	13,000
Salt Lake Arts Council Foundation	-	1,752
Honoraria	-	380
Richard Walje	70,000	-
Sam & Dianne Stewart Foundation	-	50,000
	\$ 178,094	\$ 172,292

The contribution to the endowment fund is subject to a donor restriction that stipulates the original principal of the gift is to be held and invested by the Organization indefinitely, and income from the fund is to be expended for specific purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

For the years ended June 30, 2023 and 2022, releases from restrictions in satisfaction of the purposes specified by donors, or the occurrence of other events, were as follows:

	2023	2022
Program services:		
Exhibition	\$ 105,272	\$ 142,754
Education	295,594	254,255
Supporting services:		
Management and general	-	53,453
Fundraising	-	68,469
	\$ 400,866	\$ 518,931

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NOTE 8 - AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's financial assets available for general expenditures within one year of June 30, 2023 are as follows:

Cash and cash equivalents	\$ 1,200,991
Investments	523,223
Grants and other receivables	<u>9,066</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,733,280</u></u>