

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, 2025

**Osborne, Robbins, & Buhler, PLLC**

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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, 2025, 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, 2025, 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 10, the budgetary comparison information on page 33 and the pension information on pages 34-36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2025, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of

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

*Osborne Robbins & Bahler PLLC*

November 3, 2025

# **Salt Lake Arts Council Foundation**

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

### **June 30, 2025**

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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, 2025. Please read it in conjunction with the Foundation's financial statements which begin on page 12.

#### **FINANCIAL HIGHLIGHTS**

- The Foundation's net position at June 30, 2025 is \$1,895,172 consisting of \$3,095 net investment in capital assets, \$719,339 restricted net position and unrestricted net position of \$1,172,738. As of June 30, 2024, the Foundation's net position was \$963,045, consisting of \$3,191 net investment in capital assets and unrestricted net position of \$959,854.
- The restricted net position consists of cash and grants receivable restricted for use in the Foundation's Wake the Great Salt Lake program. During 2025 the Foundation received \$921,375 from Salt Lake City Corporation and \$188,442 from other donors that were restricted for this program.
- The Foundation's net position increased by \$932,127 during 2025 and \$109,206 during 2024.

#### **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, 2025**

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**FINANCIAL ANALYSIS OF THE FOUNDATION**

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

As noted earlier, net position may serve, over time, as a useful indicator of the Foundation's financial position. The Foundation shows a total net position of \$1,895,172 as of June 30, 2025 and \$963,045 as of June 30, 2024. The increase in fiscal year 2025 was primarily the result of the aforementioned transfer from Salt Lake City and grant funds received in connection with the Foundation's Wake the Great Salt Lake program. The Foundation also saw an increase in other grant revenues of \$159,582 over 2024 consisting largely of government grants and in-kind donations.

As of June 30, 2025, the Foundation's net position consisted of \$3,095 (\$3,191 in 2024) that represents its investment in capital assets (e.g. buildings and improvements, event equipment, and office furniture and equipment). As of June 30, 2025 and 2024, 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.

As of June 30, 2025, the Foundation's reported \$719,339 net position restricted for use in the Wake the Great Salt Lake program. As of June 30, 2024, none of the Foundation's net position was subject to external restrictions.

At the end of 2025, the Foundation reported unrestricted net position of \$1,172,738, compared to unrestricted net position of \$959,854 in 2024.

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

	2025	2024
Current and other assets	\$ 2,186,863	\$ 1,127,937
Capital assets	3,095	3,191
Total assets	<u>\$ 2,189,958</u>	<u>\$ 1,131,128</u>
Deferred outflows of resources	<u>\$ 224,673</u>	<u>\$ 135,464</u>
Noncurrent liabilities	\$ 224,507	\$ 152,686
Other liabilities	291,678	149,049
Total liabilities	<u>\$ 516,185</u>	<u>\$ 301,735</u>
Deferred inflows of resources	<u>\$ 3,274</u>	<u>\$ 1,812</u>
Net position		
Net investment in capital assets	\$ 3,095	\$ 3,191
Restricted	719,339	-
Unrestricted	1,172,738	959,854
Total net position	<u>\$ 1,895,172</u>	<u>\$ 963,045</u>

**Salt Lake Arts Council Foundation**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2025**

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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>2025</u>	<u>2024</u>	<u>Change</u>
<b>Revenues</b>			
Program revenues			
Vendor fees	\$ 11,900	\$ 13,200	\$ (1,300)
Ticket sales and fees	27,594	40,602	(13,008)
Beverage sales	28,430	51,308	(22,878)
Gallery commission	8,867	18,269	(9,402)
Operating grants and contributions	463,908	304,326	159,582
General revenues			
Grants and contributions not restricted to specific programs	261,908	175,869	86,039
Rental income	4,890	2,370	2,520
Interest and miscellaneous income	37,529	30,538	6,991
Transfers from Salt Lake City Corporation	<u>3,158,704</u>	<u>1,967,641</u>	<u>1,191,063</u>
<b>Total revenues</b>	<u>4,003,730</u>	<u>2,604,123</u>	<u>1,399,607</u>
<b>Expenses</b>			
Administration	368,587	356,714	11,873
City Arts Grants	624,423	490,350	134,073
Brown Bag/Busker Fest	84,413	73,383	11,030
Twilight Concert Series	193,814	176,930	16,884
Living Traditions Festival	756,011	670,229	85,782
Living Traditions Events	56,188	45,999	10,189
Visual Arts Exhibitions	150,182	145,331	4,851
Wake the Great Salt Lake	376,903	104,160	272,743
Public Art Program	232,955	215,642	17,313
Other Program Services	228,031	215,946	12,085
Depreciation Expense	<u>96</u>	<u>233</u>	<u>(137)</u>
<b>Total expenses</b>	<u>3,071,603</u>	<u>2,494,917</u>	<u>576,686</u>
Change in net position	<u>932,127</u>	<u>109,206</u>	<u>822,921</u>
Net position at beginning of year	<u>963,045</u>	<u>853,839</u>	<u>109,206</u>
Net position at end of year	<u>\$ 1,895,172</u>	<u>\$ 963,045</u>	<u>\$ 932,127</u>



## **Salt Lake Arts Council Foundation**

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

#### **June 30, 2025**

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The Foundation's total revenues increased by approximately \$1.4 million between 2025 and 2024. The primary reason for the increase is related to the increase in transfers from Salt Lake City Corporation which were higher than in 2024 by approximately \$1.2 million. Of this increase, approximately \$921,000 represented funds for use in the aforementioned Wake the Great Salt Lake program. The Foundation also reported an increase in grants and contributions of approximately \$245,000 over 2024, with approximately \$188,000 of that amount related to grants restricted for use in the Wake the Great Salt Lake program.

Overall expenses increased during fiscal year 2025 by approximately \$576,000 which was the result of several factors. During 2025, the Foundation's Wake the Great Salt Lake program, which was just launched in 2024, recognized expenses of \$376,903 which was an increase of over \$272,000 from 2024. There were also increases in expenses in all other programs of the Foundation, with the largest increases in the City Arts Grants program and Living Traditions Festival.

The Foundation held two fewer concerts in 2025 as part of its Twilight Concert Series resulting in a reduction in ticket sales and fees compared to 2024.

During 2025, the Foundation recognized program revenues including vendor and ticket fees, beverage sales and gallery commissions totaling \$76,791. This represents a decrease from 2024 of approximately \$46,000, primarily the result of holding fewer Twilight Concerts during the year. Gallery commissions were also lower when compared to 2024 because 2024 had an unusually high level of commissions arising from art sales.

#### **BUDGETARY HIGHLIGHTS**

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

During the year, the Foundation amended the budget to reflect an increase in transfers from Salt Lake City Corporation and decreases to grants and contributions and ticket sales and fees. Additionally, the budget was amended to provide for additional expenses associated with the Wake the Great Salt Lake program, City Arts Grants, Twilight Concert Series, Living Traditions Festival and Living Traditions Events.

The Foundation follows a fund balance reserve policy to establish guidelines for future budgeting and ensure preservation of the Foundation's fund balance.

**Salt Lake Arts Council Foundation**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2025**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2025, there was \$370,407 invested in capital assets, as shown in Table A-3. The Foundation did not acquire any new capital assets during 2025.

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

	June 30, 2025	June 30, 2024
Buildings and improvements	\$ 347,774	\$ 347,774
Event equipment	6,529	6,529
Office furniture and equipment	16,104	16,104
	<u>\$ 370,407</u>	<u>\$ 370,407</u>

Additional information on the Foundation's capital assets can be found in Note E on page 23 of this report.

**Long-Term Debt**

As of June 30, 2025 Foundation had long-term obligations outstanding related to compensated absences due to employees totaling \$68,411.

As of June 30, 2025 the Foundation had a net pension liability of \$172,000.

The following summarizes the long-term obligations of the Foundation as of June 30, 2025 and 2024.

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

	June 30, 2025	June 30, 2024
Compensated absences	\$ 68,411	\$ 96,662
Net pension liability	172,000	69,668
	<u>\$ 240,411</u>	<u>\$ 166,330</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 F on page 24 of this report.

**Salt Lake Arts Council Foundation**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2025**

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

The Foundation's 2026 budget was prepared reflecting a decrease in non-departmental funding from Salt Lake City Corporation, from approximately \$1.9 million in 2025, which included \$921,000 in funding for the Wake the Great Salt Lake program, to \$1,025,000 in 2026. These funds are for use in funding the Foundation's City Arts Grants Program, public programs and operations and facility management.

Salt Lake County ZAP funds available to the Foundation have stabilized following a change in the operational model for Twilight Concert Series that the Foundation adopted in 2018. Beginning with that year, the Foundation's qualifying expenditures associated with the Twilight Concert Series declined, resulting in an accumulated decrease in ZAP revenues of approximately \$215,000 over the past several years. The Foundation's new program, Wake the Great Salt Lake, will increase the Foundation's qualifying expenditures on a temporary basis until the program is completed and all grant funds associated with it have been expended.

Looking forward, the Foundation will be subsidizing an increase in the costs charged by the venue for Twilight Concert Series. Some of the shows were moved from the Gallivan Center to Library Square to allow for more capacity. This change did increase capacity but also increased the cost of production and the Foundation was required to utilize fund balance to cover the additional costs. The financial implications of this change will be evaluated over the 2026 series and beyond.

The Foundation's fund balance remains healthy and allows for excess cash to be invested with the Public Treasurer's Investment Fund, providing the Foundation with additional revenues in the form of interest income.

Salt Lake City Corporation was awarded a Bloomberg Public Art Challenge Grant for \$1 million, and contracted with the Foundation to manage the grant. The grant funds were transferred to the Foundation in 2025 to be used for a project called Wake the Great Salt Lake. That program will be completed in March of 2026 with the Signature Commission project, at which time the Foundation will ensure all reporting to the Bloomberg Foundation is completed.

A capital construction project is planned for improvements to the Art Barn with planning occurring in 2025-2026 and construction likely to begin in 2027. The project is expected to take several months in 2027 and could impact both revenues and expenses associated with the Finch Lane Gallery and the Art Barn as a result of temporary closures during construction.

The Foundation has implemented a shift in operations wherein the Special Projects Coordinator role was reassigned from overseeing special projects to focusing on marketing and communications tasks. The Foundation has experienced consistent turnover in part-time marketing roles and has had a critical need to fill that role with full-time staff. This model has been incredibly successful thus far, with little budget impact.

Last year, we noted the Foundation's 2025 Living Traditions Festival would overlap with a rapidly growing music festival in Salt Lake City. The Foundation did experience notable challenges in procuring local labor to staff the 2025 Festival, as well as declines in attendance. Weather conditions were poor as well, so it is difficult to attribute the declining attendance and revenue to any one factor, but the Foundation will continue to monitor the impact of holding the Festival on the same weekend as the music festival. Despite these conditions, the Foundation did reach its revenue goals for the Festival.

## **Salt Lake Arts Council Foundation Management's Discussion and Analysis (Unaudited) June 30, 2025**

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The Mayor of Salt Lake City has engaged the Foundation to implement a Poet Laureate Program in 2026. The Foundation is in the process of developing a structure for the program and addressing the corresponding impacts on the budget.

Over the course of the past year, the Salt Lake City Council has demonstrated an increased interest in the procurement and creation of more public art, which could impact the Foundation's budget or staff allocations.

Otherwise, the Foundation's normal operations will continue including:

- Maintaining year-round public hours of operation at the Finch Lane Gallery.
- Presenting a five-concert series, Mondays in the Park.
- Running a three-day Living Traditions Festival.
- Funding the 2026 Busker Fest through a contracted services agreement with Primrose Productions.
- Presenting a five or six show Twilight Concert Series with partners S & S Presents.
- Funding regular grant cycles with City Arts Grants.
- Performing outreach engagement efforts as capacity allows.

### **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@slc.gov](mailto:felicia.baca@slc.gov).

## BASIC FINANCIAL STATEMENTS

**Salt Lake Arts Council Foundation**  
**Statement of Net Position**  
**June 30, 2025**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 1,277,457
Grants and sponsorships receivable	100,454
Miscellaneous receivables	1,863
Restricted assets	
Cash and cash equivalents	757,089
Grants receivable	50,000
Total current assets	<u>2,186,863</u>
Noncurrent assets	
Net capital assets	<u>3,095</u>
Total noncurrent assets	<u>3,095</u>
Total assets	<u><u>\$ 2,189,958</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	<u><u>\$ 224,673</u></u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	\$ 102,924
Grants payable	85,100
Current portion, compensated absences	15,904
Liabilities payable from restricted assets	
Grants payable	<u>87,750</u>
Total current liabilities	<u>291,678</u>
Noncurrent liabilities	
Net pension liability	172,000
Compensated absences, net of current portion	<u>52,507</u>
Total noncurrent liabilities	<u>224,507</u>
Total liabilities	<u><u>\$ 516,185</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Revenues received in advance of permitted use	\$ 1,507
Deferred inflows of resources related to pensions	<u>1,767</u>
	<u><u>\$ 3,274</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 3,095
Restricted	719,339
Unrestricted	<u>1,172,738</u>
Total net position	<u><u>\$ 1,895,172</u></u>

See accompanying notes to basic financial statements.

**Salt Lake Arts Council Foundation**  
**Statement of Activities**  
**For the year ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Vendor Fees, Ticket Sales and Fees Beverage Sales, Gallery Commissions Contracted Services	Operating Grants and Contributions	
				Governmental Activities Total
Primary Government				
Governmental activities				
Administration	\$ 368,587	\$ -	\$ -	\$ (368,587)
City Arts Grants	624,423	-	-	(624,423)
Brown Bag/Busker Fest	84,413	-	-	(84,413)
Twilight Concert Series	193,814	27,594	9,305	(156,915)
Living Traditions Festival	756,011	40,330	255,345	(460,336)
Living Traditions Events	56,188	-	10,816	(45,372)
Visual Arts Exhibitions	150,182	8,867	-	(141,315)
Wake the Great Salt Lake	376,903	-	188,442	(188,461)
Public Art Program	232,955	-	-	(232,955)
Other Program Services	228,031	-	-	(228,031)
Depreciation Expense	96	-	-	(96)
Total primary government	<u>\$ 3,071,603</u>	<u>\$ 76,791</u>	<u>\$ 463,908</u>	<u>(2,530,904)</u>
General revenues:				
Grants and contributions not restricted to specific programs				261,908
Rental income				4,890
Interest and miscellaneous income				37,529
Transfers from Salt Lake City Corporation				<u>3,158,704</u>
				<u>3,463,031</u>
Change in net position				932,127
Net position at beginning of year				<u>963,045</u>
Net position at end of year				<u>\$ 1,895,172</u>

See accompanying notes to basic financial statements.

**Salt Lake Arts Council Foundation**  
**Balance Sheet – Governmental Fund**  
**June 30, 2025**

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,277,457
Grants and sponsorships receivable	100,454
Miscellaneous receivables	1,863
Restricted assets	
Cash and cash equivalents	757,089
Grants receivable	50,000
Total assets	<u>\$ 2,186,863</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 102,924
Grants payable	85,100
Liabilities payable from restricted assets	
Grants payable	<u>87,750</u>
Total liabilities	<u>275,774</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Revenues received in advance of allowable use	<u>1,507</u>
<b>FUND BALANCE</b>	
Restricted	719,339
Committed	138,483
Unassigned	1,051,760
Total fund balance	<u>1,909,582</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,186,863</u>
<b>Reconciliation of total governmental fund balance</b>	
to net position of governmental activities:	
Total governmental fund balance	\$ 1,909,582
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the general fund	3,095
Deferred outflows of resources are not available to pay for current period expenditures and therefore are deferred in the general fund	224,673
Actuarially calculated changes in the net pension asset or liability are deferred for recognition in later periods	(1,767)
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>(240,411)</u>
Net position of governmental activities	<u>\$ 1,895,172</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, 2025**

	General Fund
Revenues	
Grants and contributions	\$ 725,816
Vendor fees	11,900
Ticket sales and fees	27,594
Beverage sales	28,430
Gallery commissions	8,867
Rental Income	4,890
Interest on investments	36,257
Miscellaneous	1,272
Total revenues	<u>845,026</u>
Expenditures	
Current	
Administration	371,527
City Arts Grants	625,885
Brown Bag/Busker Fest	84,586
Twilight Concert Series	194,321
Living Traditions Festival	757,576
Living Traditions Events	56,433
Visual Arts Exhibitions	151,574
Wake the Great Salt Lake	377,813
Public Art Program	235,740
Other Program Services	230,575
Total expenditures	<u>3,086,030</u>
Deficiency of revenues over expenditures	<u>(2,241,004)</u>
Other financing sources	
Operating transfers from Salt Lake City Corporation	<u>3,158,704</u>
Total other financing sources and uses	<u>3,158,704</u>
Net change in fund balance	917,700
Fund balance at beginning of year	<u>991,882</u>
Fund balance at end of year	<u><u>\$ 1,909,582</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, 2025**

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Reconciliation of the change in fund balance - governmental fund to the change in net position of governmental activities	
Net change in fund balance - governmental fund	\$ 917,700
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	(96)
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	14,523
Change in net position of governmental activities	<u>\$ 932,127</u>

See accompanying notes to the basic financial statements.

# **Salt Lake Arts Council Foundation**

## **Notes to Financial Statements**

### **June 30, 2025**

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#### **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, 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 Foundation first utilizes restricted resources to finance qualifying activities.

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 and fees earned from the Twilight Concert Series, 3) beverages sold by the Foundation at certain events, 4) gallery commissions, 5) contracted services and 6) 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, 2025

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#### 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, 2025.

#### 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.

#### Restricted cash and cash equivalents

Certain restricted cash and cash equivalents are held for future use in a particular program.

#### 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, 2025**

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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 personal 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 and compensatory leave. It is the policy of the Foundation to compensate employees for 100% of their accumulated vacation and compensatory leave. The compensation for personal leave will be paid at 50% of the unused portion of earned leave upon termination or retirement.

Fund Balance

Governmental 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.

When both restricted and non-restricted fund balances are available for use, it is the Foundation's policy to use restricted fund balance first, then non-restricted fund balance. Furthermore, committed fund balances are used first, followed by assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those non-restricted fund balance classifications can be used.

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2025**

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**NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED**

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.

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, 2025 were \$1,001,877, approximately \$774,000 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

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2025**

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**NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED**

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.

The Foundation’s investments at December 31, 2025 are presented below:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturity in Years</b>			
		<b>Less Than 1</b>	<b>1 - 5</b>	<b>6 - 10</b>	<b>More Than 10</b>
Utah Public Treasurer's Investment Fund	<u>\$ 1,032,669</u>	<u>\$ 1,032,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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.

<b>Investment Type</b>	<b>Fair Value</b>	<b>Quality Ratings</b>			
		<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>Unrated</b>
Utah Public Treasurer's Investment Fund	<u>\$ 1,032,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032,669</u>

**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, 2025 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.

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2025**

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**NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED**

**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.

All of the Foundation's investments at June 30, 2025 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, 2025, the Foundation had \$1,032,669 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	4.14%
U.S. Treasury bills	20.66%
U.S. Government agencies	67.67%
Money market agreements	4.88%
Commercial paper and CDs	2.65%
	<u>100.00%</u>



**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2025**

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**NOTE D – RESTRICTED ASSETS**

The Foundation's restricted assets consist of the following:

Restricted cash and cash equivalents	
Unexpended grants and transfers from Salt Lake City for use in the Wake the Great Salt Lake program	\$ 757,089
Grants receivable restricted for use in the Wake the Great Salt Lake program	<u>50,000</u>
Total restricted assets	<u><u>\$ 807,089</u></u>

**NOTE E – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets:				
Buildings and improvements	\$ 347,774	\$ -	\$ -	\$ 347,774
Event equipment	6,529	-	-	6,529
Office furniture and equipment	<u>16,104</u>	<u>-</u>	<u>-</u>	<u>16,104</u>
Capital assets at historical cost	<u>370,407</u>	<u>-</u>	<u>-</u>	<u>370,407</u>
Less accumulated depreciation for:				
Buildings and improvements	345,912	-	-	345,912
Event equipment	6,397	-	-	6,397
Office furniture	<u>14,907</u>	<u>96</u>	<u>-</u>	<u>15,003</u>
Total accumulated depreciation	<u>367,216</u>	<u>96</u>	<u>-</u>	<u>367,312</u>
Total capital assets, net	<u><u>\$ 3,191</u></u>	<u><u>\$ (96)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,095</u></u>

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2025**

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**NOTE F – LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Amounts Due Within One Year
Compensated absences	\$ 96,662	\$ 53,912	\$ 82,163	\$ 68,411	\$ 15,904
Net pension liability	69,668	140,649	38,317	172,000	-
	<u>\$ 166,330</u>	<u>\$ 194,561</u>	<u>\$ 120,480</u>	<u>\$ 240,411</u>	<u>\$ 15,904</u>

**NOTE G – FUND BALANCE**

Fund balance is presented in compliance with the requirements of GAAP. The details of the fund balance categories as of June 30, 2025 is presented below:

Restricted	
Wake the Great Salt Lake program	\$ 719,339
Committed	
Bloomberg Challenge Grant Fund	138,483
Unassigned	<u>1,051,760</u>
Total Fund Balance	<u>\$ 1,909,582</u>

**NOTE H – 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	\$ 500,000
Public Programs and Operations	487,500
Facility Management	12,500
Wake the Great Salt Lake program	921,375
(as a Sub-Grantee of the City's grant	
with the Bloomberg Family Foundation)	
Foundation expenditures paid by the City	
Salaries and employee benefits	1,194,763
Miscellaneous expenditures	<u>42,566</u>
	<u>\$ 3,158,704</u>

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2025**

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**NOTE I - 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.

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).

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2025**

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**NOTE I - RETIREMENT PLANS – CONTINUED**

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%

*\* actuarial reductions are applied*

*\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, 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 Utah State Retirement 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.

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2025**

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NOTE I - RETIREMENT PLANS – CONTINUED

Contribution rates are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System				
111 - Local Governmental Division Tier 2	0.70%	N/A	16.95%	10.00%
Noncontributory System				
15 - Local Governmental Division Tier 1	N/A	N/A	16.97%	10.00%

For the year ended June 30, 2025, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 57,515	N/A
Tier 2 Public Employees System	54,307	N/A
	<u>\$ 111,822</u>	<u>\$ -</u>

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, 2025, the Foundation reported a net pension liability of \$172,000 and no net pension asset.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory system	0.04367%	\$ -	\$ 138,490
Tier 2 Public Employees System	0.01123%	-	33,510
Total Net Pension Asset/Liability		<u>\$ -</u>	<u>\$ 172,000</u>

The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024 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, 2025, the Foundation recognized pension expense of \$34,016.

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2025**

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NOTE I - RETIREMENT PLANS – CONTINUED

At June 30, 2025, 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	\$ 97,007	\$ 231
Changes in assumptions	22,647	3
Net difference between projected and actual earnings on pension plan investments	43,857	-
Changes in proportion and differences between contributions and proportionate share of contributions	5,032	1,533
Contributions subsequent to the measurement date	<u>55,928</u>	<u>-</u>
Total	<u>\$ 224,471</u>	<u>\$ 1,767</u>

\$55,928 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, 2024.

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
2026	\$ 72,840
2027	96,041
2028	(18,791)
2029	(956)
2030	6,896
Thereafter	10,746

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2025**

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**NOTE I - RETIREMENT PLANS – CONTINUED**

Actuarial assumptions: The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 - 9.5 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, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale 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, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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 and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	-	0.49%	0.00%
Totals	100%		5.80%
			Inflation
			Expected arithmetic nominal return

**Salt Lake Arts Council Foundation**  
**Notes to Financial Statements**  
**June 30, 2025**

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**NOTE I – RETIREMENT PLANS – CONTINUED**

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

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

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

	1% Decrease (5.85%)	Discount Rate 6.85%	1% Increase (7.85%)
Proportionate share of net pension (asset)/liability			
Noncontributory system	\$ 585,701	\$ 138,490	\$ (236,574)
Tier 2 Public Employees System	100,084	33,510	(18,279)
	<u>\$ 685,785</u>	<u>\$ 172,000</u>	<u>\$ (254,853)</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, 2025**

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**NOTE J - DEFERRED COMPENSATION PLANS**

The Foundation also offers participation in Defined Contribution Savings Plans which are administered by the Utah Retirement Systems and are generally supplemental plans to the basic retirement benefits of the Utah Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

The Foundation participates in the following Defined Contribution Savings Plans:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for the year ended June 30, 2024 were as follows:

401(k) Plan	
Employer Contributions	\$ 25,714
Employee Contributions	27,474
457 Plan	
Employer Contributions	-
Employee Contributions	1,040
Roth IRA Plan	
Employer Contributions	-
Employee Contributions	1,706

**NOTE K - 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 2025. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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

## REQUIRED SUPPLEMENTARY INFORMATION

**Salt Lake Arts Council Foundation**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance – Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Grants and contributions	\$ 779,000	\$ 714,343	\$ 725,816	\$ 11,473
Beverage sales	29,000	29,000	28,430	(570)
Ticket sales and fees	36,000	27,064	27,594	530
Vendor fees	13,200	11,900	11,900	-
Rental income	3,000	5,000	4,890	(110)
Gallery commissions	6,000	6,680	8,867	2,187
Interest on investments	30,000	28,500	36,257	7,757
Miscellaneous	-	1,000	1,272	272
<b>Total revenues</b>	<b>896,200</b>	<b>823,487</b>	<b>845,026</b>	<b>21,539</b>
<b>Expenditures</b>				
Current operations				
Administration	452,929	433,015	371,527	61,488
City Arts Grants	637,768	643,188	625,885	17,303
Busker Fest	86,444	86,476	84,586	1,890
Twilight Concert Series	190,184	199,674	194,321	5,353
Living Traditions Festival	765,163	773,363	757,576	15,787
Living Traditions Events	50,705	59,881	56,433	3,448
Visual Arts Exhibitions	168,849	167,752	151,574	16,178
Wake the Great Salt Lake	849,322	915,017	377,813	537,204
Public Art	266,362	266,362	235,740	30,622
Other program services	267,256	262,480	230,575	31,905
<b>Total expenditures</b>	<b>3,734,982</b>	<b>3,807,208</b>	<b>3,086,030</b>	<b>721,178</b>
Deficiency of revenues over expenditures	(2,838,782)	(2,983,721)	(2,241,004)	742,717
<b>Other financing sources</b>				
Operating transfers from Salt Lake City Corporation	2,841,164	2,999,627	3,158,704	159,077
<b>Total other financing sources</b>	<b>2,841,164</b>	<b>2,999,627</b>	<b>3,158,704</b>	<b>159,077</b>
Net change in fund balance	2,382	15,906	917,700	901,794
Fund balance at beginning of year	991,882	991,882	991,882	-
<b>Fund balance at end of year</b>	<b>\$ 994,264</b>	<b>\$ 1,007,788</b>	<b>\$ 1,909,582</b>	<b>\$ 901,794</b>

**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, 2025**  
**With a Measurement Date of December 31, 2024**  
**Last 10 Fiscal Years\***

Noncontributory System for the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.04367%	0.0016900%	0.0016710%	0.0017070%	0.0025890%	0.0026090%	0.0026005%	0.0020285%	0.0205614%	0.0262664%
Proportionate share of the net pension liability (asset)	\$ 138,490	\$ 44,873	\$ 33,942	\$ (97,761)	\$ 13,278	\$ 98,328	\$ 90,095	\$ 90,095	\$ 134,585	\$ 148,022
Covered employee payroll	\$ 341,557	\$ 134,300	\$ 131,135	\$ 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	40.5%	33.4%	25.9%	-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	96.0%	96.9%	97.5%	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,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.01123%	0.0104800%	0.0100700%	0.0093900%	0.0079700%	0.0079700%	0.0000000%	0.0000000%	0.0000000%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 33,510	\$ 24,795	\$ 15,782	\$ (3,976)	\$ 1,138	\$ 1,805	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 332,838	\$ 270,896	\$ 219,520	\$ 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	10.07%	9.15%	7.19%	-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	87.4%	89.6%	92.3%	90.8%	98.3%	90.8%	90.8%	97.4%	95.1%	100.2%

**Salt Lake Arts Council Foundation**  
**Schedule of Contributions – Utah Retirement Systems**  
**For the Fiscal Year Ended June 30, 2025**  
**With a Measurement Date of December 31, 2024**  
**Last 10 Fiscal Years**

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	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*
<u>Noncontributory System</u>	2016	\$ 39,408	\$ 39,408	\$ -	\$ 214,764	18.35%
	2017	30,849	30,849	-	171,751	17.96%
	2018	31,120	31,120	-	164,919	18.87%
	2019	38,088	38,088	-	209,312	18.20%
	2020	37,706	37,706	-	215,926	17.46%
	2021	37,030	37,030	-	201,771	18.35%
	2022	24,087	24,087	-	132,389	18.19%
	2023	23,538	23,538	-	131,135	17.95%
	2024	23,945	23,945	-	134,300	17.83%
	2025	57,515	57,515	-	341,557	16.84%
<u>Tier 2 Public Employees System**</u>	2016	20,038	20,038	-	134,413	14.91%
	2017	20,868	20,868	-	131,927	15.82%
	2018	23,269	23,269	-	135,112	17.22%
	2019	18,566	18,566	-	107,254	17.31%
	2020	19,232	19,232	-	67,303	28.58%
	2021	20,911	20,911	-	132,348	15.80%
	2022	31,276	31,276	-	174,369	17.94%
	2023	39,342	39,342	-	219,520	17.92%
	2024	47,376	47,376	-	270,896	17.49%
	2025	54,307	54,307	-	332,838	16.32%

\* 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, 2025**  
**With a Measurement Date of December 31, 2024**

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*Changes of Assumptions*

There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.