Related Party Transactions Summary – 2026 (Simplified Overview)

Tanner Dance – Repeat Transaction

- **Amount:** **$37,938**
- **Purpose:** Videography services
- **Relationship:** Vendor is a family member of the Program Director
- **Status:** Entire amount reported as nonqualifying related party expense

Background:
Originally, Tanner Dance did not use a competitive bidding process for this vendor, and the expense was not reviewed by their board. As a result, the expense was excluded. However, the vendor later became a preferred provider through a competitive process with University Purchasing (contract valid through 6.9.29). Since then, the board has consistently approved these expenses.

Utah Film Center – Repeat Transaction

- **Amount:** **$88,689**
- **Purpose:** Office lease
- **Relationship:** Leased from a company affiliated with board members of the Utah Film Support Foundation

Background:
The Utah Film Center (UTFC) leases space from West Broadway Investors Inc., owned by Dell Loy Hansen. Hansen also established the Utah Film Support Foundation, which initially subsidized UTFC's rent. Although the Foundation is a separate nonprofit with its own board, its endowment is fully controlled by UTFC according to the application. UTFC has not received subsidized rent in recent years. According to UTFC, they have paid market rate rent for the last four years. In the past, the Board may have allowed it because the rent was below-market several years ago (also for four years). Also, paying market rate is reasonable rent…the concern would be if they are being overcharged by a related party which UTFC does not claim.

Note:
Despite UTFC stating there are no related party transactions, the audit and past board discussions have treated this as a related party lease. The board has previously allowed it due to the below-market lease rate.

Utah Symphony | Utah Opera – Repeat Transaction

- **Amount:** $1,365,000 (includes $128,000 in-kind) | $1,365,000 - $128,000 = **$1,237,000**
- **Purpose:** Advertising services
- **Relationship:** Vendor is owned by a board member

Background:
The board member does not work directly on the account. Most of the funds were passed through to media outlets. Management confirmed the transaction was conducted at "arm's length," meaning it was handled like any other business deal without favoritism.

Note:
The $128,000 in-kind portion is disallowed. The board may consider whether any of the remaining

$1,237,000 should also be disallowed as a related party expense. If "arm's-length" representations are made, then that infers the representations can be substantiated. In addition to reporting the transaction in the audit as an arms-length transaction, they also provided conflict of interest and board minutes documentation to support their compliance re: related party transactions.
The board has previously allowed it due to "arms length" USUO's board awareness.

ZAP Countywide Policy 1031 – Key Points (see Sections 2.12 and 2.14.17)

- **Definition:** A related party transaction involves a business deal between the organization and someone with a close connection (e.g., board or staff member, or their family).
- **Threshold:** Transactions over $5,000 may be disallowed.
- **Board Discretion:** The board may allow such transactions if:
    - The organization follows the Utah Nonprofit Association's ethics standards.
    - The transaction was properly approved.
    - Board meeting minutes document the disclosure and analysis.

Reminder:
Organizations must monitor related party transactions and avoid those that are unfair. If such transactions occur, they must be fully disclosed, and a conflict of interest policy should be included with the application.

For further education on related party transactions and how they can be conducted legally and ethically, please review this article: Nonprofit Compliance: How to Navigate Related Party Transactions Legally and Ethically

Related Party Transactions - 2026 (Technical Details)

1. Tanner Dance – Repeat Transaction

The Organization has the following related party transaction totaling $37,938 and has reported the entire $37,938 on 38 as nonqualifying related party expenses:

- Videography service fees [$37,938] were paid to a family member of the Program's Director.

A few years ago, Tanner Dance did not go out to bid for the above videographer who was related to a staff member at Tanner Dance. Because it did not go through an RFP process, nor was presented to the Tanner Dance board, the expenditure was excluded. Since then, the videographer participated in a competitive bidding process through University Purchasing and is a preferred video provider with a preferred vendor contract through 6.9.25. After obtaining the preferred vendor status, the Board consistently has allowed the videographer expenses in full.

2. Utah Film Center – Repeat Transaction

Per the audit, "the Center leased office space from an entity that is affiliated with certain members of the Board of Directors of the Foundation…Rent expense related to this lease for the year ended August 31, 2023…totals $88,689".

In addition, per the audit, "The consolidated financial statements include the accounts of the Utah Film Center and Utah Film Support Foundation because the Utah Film Center has both control and an economic interest in the Foundation. All significant intercompany accounts and transactions have been eliminated in the consolidation."

Per the ZAP application:
"Utah Film Center does not have any party-related transactions to report. However, auditors have previously questioned the organization's relationship to the Film Support Foundation".

"*Utah Film Center (UTFC) leases space from West Broadway Investors Inc., which is owned by Dell Loy Hansen… Dell Loy Hansen set up the Utah Film Support Foundation to help initially subsidize the rent. The Foundation is its own entity (501c3), with its own board, and is separate from the UTFC. UTFC has not received subsidized rent for several years now. The endowment of the Film Support Foundation is wholly UTFC's. There are no related parties and therefore no related party transactions.*"

In prior years the Tier I advisory board has discussed this related party transaction and decided to allow it as the lease rate is below market rate.

3. Utah Symphony Utah Opera – Repeat Transaction

Per the audit, "…the Organization purchased approximately $1,365,000…of advertising from a company owned by a board member, which included in-kind expenses of $128,000…The board member does not actively work on the Organization's account and the majority of advertising dollars noted above merely passed through the advertising company to the advertising medium. ***Management has determined that the purchases were conducted at arms-length***." [emphasis added] In addition to reporting the transaction in the audit as an arms-length transaction, they also provided conflict of interest and board minutes documentation to support their compliance re: related party transactions.

The in-kind portion ($128,000) of the advertising is disallowed on line 30 as nonqualifying. Should any of the remaining $1,237,000 be disallowed as a related party transaction?

NOTE: If "arm's-length" representations are made, then that infers the representations can be substantiated.

ZAP COUNTYWIDE POLICY 1031
Consider Consistency!

2.12 "Related Party Transactions" means a business deal or arrangement between two parties that are joined by a special relationship prior to the deal. For example, a business transaction between a board member and the corporation, such as a contract for the board member's company to perform services for the corporation, would be deemed a related- party transaction.

2.14.17 Related Party Transactions: related party transactions are transactions with any board member, staff member, or his or her affiliates or family members. Any related party transactions exceeding **$5,000** in the aggregate may be disallowed. The Advisory Board has the discretion to consider the following factors when deciding to allow or disallow a related party transaction: (I) whether the organization certifies that it has adopted the Utah Nonprofit Association Standard of Ethics and satisfies Part III (B) of the Standards, (2) whether the organization complied with the standards in approving the transaction, and (3) the content of the minutes from the organization board meeting where the disclosure was made and the details of the transaction and accompanying analysis as set forth in the disclosure to the organization's board. If the organization has adopted the standards then it must monitor related party transactions and reject ones that are not fair to the organization. In the event of any sale, lease or other transaction with a board member, staff member, or affiliate of either, the costs and expenses incurred by the board member, staff member, or affiliate shall be fully disclosed. If a board member holds a staff position in the organization, the salary of that staff position is a qualifying expenditure. Moreover, if there are related party transactions, the organization should include a copy of its conflicts of interest policies with any explanations submitted in it application.