

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)

Financial Statements

For the Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Cache Valley Center for the Arts
Logan, Utah

Report on the Financial Statements

I have audited the accompanying financial statements of the Cache Valley Center for the Arts (a nonprofit corporation), which comprise the statement of financial position as of and for the years ended June 30, 2020 and 2019, and the related statements of activity, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Cache Valley Center for the Arts, as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

MATTHEW REGEN, CPA, PC

Matthew Regen, CPA, PC

March 30, 2021

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 285,465	353,669
Accounts receivable	4,366	8,918
Pledges receivable	45,077	21,500
Inventory	187	1,762
Prepaid expenses	<u>2,687</u>	<u>2,086</u>
Total current assets	<u>337,782</u>	<u>387,935</u>
Property and equipment:		
Production and office equipment	2,638,142	2,280,251
Leasehold improvements	1,018,299	1,018,299
Less accumulated depreciation	<u>(1,020,084)</u>	<u>(869,685)</u>
Total property and equipment	<u>2,636,357</u>	<u>2,428,865</u>
Other assets:		
Investments	1,689,409	1,344,961
Restricted cash - Capital improvements	700,000	700,000
Restricted cash - Operations	<u>100,000</u>	<u>100,000</u>
Total other assets	<u>2,489,409</u>	<u>2,144,961</u>
Total assets	<u>\$ 5,463,548</u>	<u>4,961,761</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	\$ 6,209	9,372
Accrued liabilities and customer deposits	<u>123,280</u>	<u>68,675</u>
Total current liabilities	<u>129,489</u>	<u>78,047</u>
<u>Net Assets</u>		
Without donor restrictions	3,874,604	3,424,259
With donor restrictions	<u>1,459,455</u>	<u>1,459,455</u>
Total net assets	<u>5,334,059</u>	<u>4,883,714</u>
Total liabilities and net assets	<u>\$ 5,463,548</u>	<u>4,961,761</u>

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

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Support, revenue and reclassifications:						
Contributions and grants	\$ 743,055	278,133	554,861	1,395,011	1,297,916	1,673,144
Ticket sales and program fees	415,876	479,565	-	-	415,876	479,565
Rental income	142,962	172,870	-	-	142,962	172,870
Interest and investment income (loss)	(140,970)	53,955	-	-	(140,970)	53,955
Concessions, net	22,137	18,824	-	-	22,137	18,824
Net assets released from restrictions:						
Satisfaction of restrictions	554,861	2,010,666	(554,861)	(2,010,666)	-	-
					-	-
Total support, revenue and reclassifications	<u>1,737,921</u>	<u>3,014,013</u>	<u>-</u>	<u>(615,655)</u>	<u>1,737,921</u>	<u>2,398,358</u>
Expenses:						
Program services	1,122,658	1,186,355	-	-	1,122,658	1,186,355
General and administrative	123,170	122,256	-	-	123,170	122,256
Fundraising	41,748	41,864	-	-	41,748	41,864
Total expenses	<u>1,287,576</u>	<u>1,350,476</u>	<u>-</u>	<u>-</u>	<u>1,287,576</u>	<u>1,350,476</u>
Change in net assets	450,345	1,663,537	-	(615,655)	450,345	1,047,882
Net assets - beginning of year	<u>3,424,259</u>	<u>1,760,722</u>	<u>1,459,455</u>	<u>2,075,110</u>	<u>4,883,714</u>	<u>3,835,832</u>
Net assets - end of year	<u>\$ 3,874,604</u>	<u>3,424,259</u>	<u>1,459,455</u>	<u>1,459,455</u>	<u>5,334,059</u>	<u>4,883,714</u>

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

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	Program Services		General and Administrative		Fundraising		Totals	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Expenses:								
Payroll:								
Salaries and wages	\$ 321,254	313,773	40,992	40,992	33,997	33,997	396,243	388,762
Employee benefits	35,815	25,087	5,074	5,074	4,211	4,211	45,101	34,373
Payroll taxes	27,037	27,065	3,894	3,894	2,984	2,984	33,915	33,943
Total payroll expenses	<u>384,106</u>	<u>365,925</u>	<u>49,961</u>	<u>49,961</u>	<u>41,193</u>	<u>41,193</u>	<u>475,259</u>	<u>457,078</u>
Other expenses:								
Artist fees and expenses	260,711	352,542	-	-	-	-	260,711	352,542
Depreciation	142,879	89,191	7,520	4,694	-	-	150,399	93,885
Rent	104,854	116,654	26,213	29,163	-	-	131,067	145,817
Utilities	55,648	59,885	18,549	19,962	-	-	74,197	79,846
Art education programs expense	52,609	80,062	-	-	-	-	52,609	80,062
Repairs and maintenance	47,941	8,836	4,169	768	-	-	52,110	9,604
Advertising	33,220	64,575	-	-	-	-	33,220	64,575
Bank and credit card fees	23,746	27,828	-	-	-	-	23,746	27,828
Telephone	4,956	5,524	4,956	5,524	-	-	9,912	11,048
Professional fees	-	-	6,430	4,375	-	-	6,430	4,375
Travel and training	5,631	5,893	-	-	-	-	5,631	5,893
Office expense	2,223	2,687	2,779	3,359	556	672	5,557	6,717
Insurance	3,038	4,541	1,496	2,237	-	-	4,534	6,778
Dues and subscriptions	1,097	2,214	1,097	2,214	-	-	2,194	4,428
Total other expenses	<u>738,552</u>	<u>820,431</u>	<u>73,209</u>	<u>72,296</u>	<u>556</u>	<u>672</u>	<u>812,317</u>	<u>893,398</u>
Total expenses	<u>\$ 1,122,658</u>	<u>1,186,355</u>	<u>123,170</u>	<u>122,256</u>	<u>41,748</u>	<u>41,865</u>	<u>1,287,576</u>	<u>1,350,476</u>

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

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 450,345	1,047,882
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	150,399	93,885
Unrealized/realized (gains) loss on investments	153,038	(47,992)
Decrease (increase) in accounts/pledges receivable	(2,150)	92,876
Decrease in inventory	1,575	145
Increase (decrease) in prepaid expenses	601	(398)
Increase in accts payable and accrued liabilities	<u>51,422</u>	<u>36,145</u>
Net cash provided by operating activities	<u>805,230</u>	<u>1,222,543</u>
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(357,891)	(1,489,404)
Purchase of investments	<u>(515,543)</u>	<u>(204,226)</u>
Net cash used in investing activities	<u>(873,434)</u>	<u>(1,693,630)</u>
<u>Cash flows from financing activities:</u>		
Net increase (decrease) in cash and cash equivalents	(68,204)	(471,087)
Cash and cash equivalents at beginning of year	<u>1,153,669</u>	<u>1,624,756</u>
Cash and cash equivalents at end of year	<u>\$ 1,085,465</u>	<u>1,153,669</u>
<u>Supplemental cash flow information:</u>		
As reported on statement of financial condition:		
Cash and cash equivalents	\$ 285,465	353,669
Restricted cash - Capital improvements	700,000	700,000
Restricted cash - Operations	<u>100,000</u>	<u>100,000</u>
Total	<u>\$ 1,085,465</u>	<u>1,153,669</u>

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

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1 – Summary of Significant Accounting Policies

Nature of Organization

Cache Valley Center for the Arts (Cache Arts) was incorporated under the laws of the state of Utah as a nonprofit corporation. Cache Arts' mission is to bring cultural enrichment to the people of Cache Valley by presenting quality fine arts experiences and facilitating other appropriate uses of the Ellen Eccles Theatre, Thatcher-Young Mansion, and Bullen Center that will encourage widespread community access, tourism, and economic development.

Basis of Presentation

Financial statement preparation is in accordance with U.S. generally accepted accounting principles, which require Cache Arts to report information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Cache Arts. These net assets may be used at the discretion of Cache Arts management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Cache Arts or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributed to Cache Arts' ongoing arts experiences. Nonoperating activities are limited to other activities, if any, considered to be of a more unusual or nonrecurring nature.

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1-Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on the straight-line and accelerated methods over the following estimated useful lives:

Production and office equipment	7 Years
Leasehold improvements	10 – 40 Years

Property and equipment whose value exceeds \$2,500 is capitalized. All other property and equipment is expensed when purchased.

Inventory

Inventories consist primarily of food and beverages and are stated at the lower of cost (first-in, first-out) or market value.

Contributions and Support

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of the donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. No amounts have been reflected in the financial statements for donated property and equipment.

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1-Summary of Significant Accounting Policies (continued)

Allocation of Functional Expenses

The costs of providing Cache Arts' programs and activities are reported on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Any program expenses or support costs not directly chargeable to a specific program are allocated to the programs based on management policies and estimates and the guidelines outlined in the contracts and grants. Specifically, payroll expenses are allocated based on review of employees and their time allocation between program services and support services.

Advertising

Cache Arts capitalizes advertising costs for specific programs. Costs are expensed when the related program is presented. Advertising expense was \$33,220 and \$64,575 for the years ended June 30, 2020 and 2019, respectively.

Use of 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.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments. The carrying value of cash and cash equivalents approximates fair value because of the short maturities and liquidity of those financial instruments.

Income Taxes

Cache Arts is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal or state income taxes in the accompanying financial statements.

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1-Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

The following accounting pronouncements were recently issued by the FASB:

On August 18, 2016, FASB issued ASU 2016-14 Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. The Cache Arts has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ending December 31, 2018.

Subsequent Events

The Company has evaluated all subsequent events through March 30, 2021, the date the financial statements were available to be issued.

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 – Donated Services, Materials, and Facilities

Cache Arts receives donated services from unpaid volunteers who assist in programs and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition of such volunteer effort under FASB ASC 958 (formerly SFAS No. 116) have not been satisfied.

Advertising materials and production expenses, such as lodging and meals for artists, were donated to Cache Arts by various local businesses and are included in contributions and expenses in the statement of activities. Cache Arts has estimated the approximate fair value of the advertising materials and production expenses for the fiscal years ended June 30, 2020 and 2019, to be \$20,822 and \$22,056, respectively.

Cache Arts occupies the Ellen Eccles Theatre, Thatcher-Young Mansion and Bullen Center under an agreement with Logan City. No rent is paid by Cache Arts. Cache Arts has estimated the approximate fair value of the annual rent to be \$120,000 and it is included in contributions and expenses on the statement of activities.

Note 3 – Concentration of Credit Risk

Cache Arts maintains bank accounts at different banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Several bank balances exceeded the FDIC insurance limits at year end.

Note 4 – Qualified Retirement Plan

Cache Arts maintains a Savings Incentive Match Plan for Employees (SIMPLE IRA) under section 408 of the Internal Revenue Code. Eligible employees can contribute a portion of their compensation to the plan, subject to Internal Revenue Service limits. Cache Arts is required to match all employee contributions up to 3 percent of the employee's compensation. Cache Arts' matching contribution for the years ending June 30, 2020 and 2019 totaled \$5,770 and \$4,995, respectively.

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 5 – Investments

During the years ended June 30, 2020 and 2019, Cache Arts held various investments, all of which have maturity dates of greater than three months. Both long and short-term investments are stated at fair value, which is determined by reference to quoted market prices. The investments consist of cash and cash equivalents, equities, fixed income investments, and mutual funds. Fair values and unrealized/realized appreciation at June 30, 2020 and 2019, are summarized as follows:

	2020	2019	2020	2019	2020	2019
	Cost		Fair Value		Unrealized/Realized Appreciation	
Investments consist of:						
Mutual funds/Others	\$ 1,758,157	1,245,358	1,689,409	1,344,961	(68,748)	99,603
Total	\$ 1,758,157	1,245,358	1,689,409	1,344,961	(68,748)	99,603

Note 6 – Fair Value Measurements

The Cache Arts has adopted ASC Topic 820, *Fair Value Measurements and Disclosures* (formerly SFAS 157), which requires that fair value measurements be classified and disclosed in one of the following three categories:

- Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.
- Level 2: Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

As of June 30, 2020 and 2019, the Cache Arts had financial instruments, namely investments, that meet the Level 1 measurement category described in ASC Topic 820.

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 7 – Permanent Endowments

Wasatch Logan Arts Foundation

In December of 2006 the Wasatch Logan Arts Foundation (WLAf), a tax-exempt supporting organization, was established to provide annual income to support the operations of Cache Arts. In accordance with internal revenue service guidelines, the foundation must distribute all or most of its income to Cache Arts annually. WLAf contributed \$230,000 and \$710,000 to the Cache Arts during each of the fiscal years ended June 30, 2020 and 2019, respectively.

Cache Arts Facility Endowment Fund

In August of 2007 the Cache Arts Facility Endowment Fund, owned and maintained by Cache Arts, was established to provide annual income to pay the operating expenses of the facilities. Logan City donated \$250,000 to the fund during each of the fiscal years ended June 30, 2008, 2009, and 2010. The principal endowment will be permanently restricted but the annual income will be available to pay for operating expenses as allowed by the fund.

Note 8 – Economic Dependency on Logan City

Cache Arts occupies real estate owned by Logan City - the Ellen Eccles Theatre, Thatcher-Young Mansion and Bullen Center. See Note 2 for more details on the agreement between Cache Arts and Logan City. While it is management's opinion that Logan City will continue to support Cache Arts in the future, no guarantee exists that Logan City will continue to donate the use of its real estate. Changes to the City's financial support will adversely affect the operations of Cache Arts.

CACHE VALLEY CENTER FOR THE ARTS
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 9 – Availablilty and Liquidity

The following represents the Cache Arts financial assets at June 30, 2020 and 2019:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 285,465	353,669
Accounts receivable	49,443	8,918
Investments	1,689,409	1,344,961
Restricted cash – Capital improvements	700,000	700,000
Restricted cash - Operations	100,000	100,000
Total financial assets	2,824,317	2,507,548
Less amounts not available to be used within one year		
Net assets with donor restrictions – permanent endowment	(759,455)	(759,455)
Financial assets available to meet general expenditures over the next twelve months	\$ 2,064,862	1,748,093

Note 10 – Coronavirus Aid, Relief, and Economic Security (CARES) Act-- Paycheck Protection Program

As part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Cache Arts received a loan in the amount of \$89,100 on April 20, 2020, under the Payroll Protection Program. The management of Cache Arts has chosen to account for these funds under FASB ASC 470 where the organization is required to record the loan as a liability until the organization has received release (forgiveness) of the loan. Management expects this loan to be forgiven.