



APPLICATION FOR CONTRIBUTION

NAME OF ORGANIZATION: Utah Sports Commission

ADDRESS: 201 S. Main St. #2125

CITY: Salt Lake City STATE: UT ZIP CODE: 84111

CONTACT PERSON: Chase Robbins PHONE NUMBER: 801-~~328-2349~~³²⁸⁻²³⁴⁹ EMAIL: CRobbins@UtahSportsCommission.com

ORGANIZATION OVERVIEW (which could include mission, history, and demographics served):

TYPE OF REQUEST: Money X In-Kind _____

Have you previously requested money from SLCo? yes

If yes, when and how much (previous three years)? 100,000 (2023); 50,000 (2022); 50,000 (2021)

What is the amount of your request? 100,000

The amount you are requesting is 0.00% ^{1%} of your annual agency budget.

What is the purpose of the money you are requesting?:

See Attached

PLEASE ATTACH:

- Copy of organizations nonprofit status.
- Copy of independent audit. If you do not have one, please enclose a copy of current financial statements.

You will be expected to report to the Salt Lake County Mayor on how the money was used and the success of the project.

The undersigned hereby acknowledges that he or she has authority to bind the organization listed in the application. The applicant accepts the following terms and conditions as a condition of receiving and using County funds or the waiver of fees: County funds will be used solely for the purposes approved by the Mayor of Salt Lake County as applied for in this application. Any expenditure for purposes other than those approved will require a return of the entire grant amount and may disqualify the grantee from receiving any additional County funds. It is further understood that no grant fund will be made available to any County officer or employee or in violation of the requirements of the Public Employees Ethics Act (67-16-1 et seq.). No grant funds will be used for political or campaign purposes. As a further condition of the grant, all County funds may be subject to an audit as required by Salt Lake County. The applicant is required to complete the Disbursement of Funds Report Form for contributions more than \$2,500.

Dated this 22 day of August, 2023.

Applicant Chase Robbins

23-24 Purpose and Planned Use of Requested Funds

The purpose of the requested funds is to promote, attract, and retain sporting events occurring in Salt Lake County.

The Utah Sports Commission maintains an active focus on recruiting, retaining, and attracting sporting events and competitions to Salt Lake County, and through the Sports Commission's efforts, the county benefits from both a larger tax base and the increase in economic activity that results from an influx of out-of-state dollars being spent at local hotels, local restaurants, and with local vendors.

Each year, these events garner tens of millions of dollars in economic impact and millions of dollars in local tax revenue to the benefit of Salt Lake County, its local communities, and to the state. Salt Lake County's continued support will help to ensure that the county will continue to land events and expand its reputation as a preeminent destination for national and international sports events and competitions.

Utah Sports Commission Foundation and Utah Sports Commission

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended September 30, 2022 and 2021



**UTAH SPORTS COMMISSION FOUNDATION
AND UTAH SPORTS COMMISSION**

C O N T E N T S

	<u>Page</u>
Independent Auditor's Report	2 - 3
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5 - 6
Consolidated Statements of Functional Expenses	7 - 8
Consolidated Statements of Cash Flows.....	9
Notes to the Consolidated Financial Statements	10 - 20



Independent Auditor's Report

To the Board of Trustees
Utah Sports Commission Foundation and Utah Sports Commission:

Opinion

We have audited the accompanying consolidated financial statements of **Utah Sports Commission Foundation and Utah Sports Commission** (collectively, the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements. Utah Code 51-2a-102(3) requires a statement expressing assurance of compliance with the state of Utah fiscal laws identified by the Office of the State Auditor. In performing our audit procedures, we noted no instances of noncompliance with the state fiscal laws identified by the Office of the State Auditor.

A handwritten signature in cursive script that reads "Larson & Company P.C.".

Salt Lake City, Utah
March 16, 2023

**UTAH SPORTS COMMISSION FOUNDATION
AND UTAH SPORTS COMMISSION**

Consolidated Statements of Financial Position
As of September 30, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 17,132,695	\$ 16,236,767
Accounts and sponsorships receivable	8,360,534	9,675,305
Prepaid expenses	508,740	23,078
Other assets	975	8,475
Total current assets	26,002,944	25,943,625
Property and equipment, net	47,726	11,385
Total assets	\$ 26,050,670	\$ 25,955,010
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts and sponsorships payable	\$ 255,911	\$ 441,510
Deferred rent	105,837	47,231
Accrued liabilities	146,817	177,673
Total current liabilities	508,565	666,414
Net assets:		
Without donor restrictions	17,199,825	15,936,316
With donor restrictions	8,342,280	9,352,280
Total net assets	25,542,105	25,288,596
Total liabilities and net assets	\$ 26,050,670	\$ 25,955,010

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

**UTAH SPORTS COMMISSION FOUNDATION
AND UTAH SPORTS COMMISSION**

Consolidated Statement of Activities
For the Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Change in net assets:			
Support, revenues, and other income:			
State, tourism, and other grant agreements	\$ -	\$ 8,342,280	\$ 8,342,280
Contributions and sponsorships	626,100	-	626,100
In-kind contributions	450,519	-	450,519
Special events, net of direct benefits to donors of \$259,133	4,067	-	4,067
Other event revenues	51,143	-	51,143
Interest income	22,909	-	22,909
	1,154,738	8,342,280	9,497,018
Satisfactions of restrictions	9,352,280	(9,352,280)	-
Total support, revenues, other income and satisfactions of restrictions	10,507,018	(1,010,000)	9,497,018
Expenses:			
Program expenses:			
Sports awards and sponsorships	6,576,857	-	6,576,857
Utah Golf Championship	1,187,868	-	1,187,868
Sports promotion and marketing	730,001	-	730,001
Supporting services:			
General and administrative	649,773	-	649,773
Fundraising	99,010	-	99,010
Total expenses	9,243,509	-	9,243,509
Total change in net assets	1,263,509	(1,010,000)	253,509
Net assets, beginning of year	15,936,316	9,352,280	25,288,596
Net assets, end of year	\$ 17,199,825	\$ 8,342,280	\$ 25,542,105

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

**UTAH SPORTS COMMISSION FOUNDATION
AND UTAH SPORTS COMMISSION**

Consolidated Statement of Activities
For the Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Change in net assets:			
Support, revenues, and other income:			
State, tourism, and other grant agreements	\$ -	\$ 9,352,280	\$ 9,352,280
Contributions and sponsorships	625,100	-	625,100
In-kind contributions	472,934	-	472,934
Special events, net of direct benefits to donors of \$118,471	31,529	-	31,529
Other event revenues	33,139	-	33,139
Interest income	14,116	-	14,116
	1,176,818	9,352,280	10,529,098
Support, revenues, and other income			
Satisfactions of restrictions	5,021,140	(5,021,140)	-
Total support, revenues, other income and satisfactions of restrictions	6,197,958	4,331,140	10,529,098
Expenses:			
Program expenses:			
Sports awards and sponsorships	4,551,935	-	4,551,935
Utah Golf Championship	1,075,282	-	1,075,282
Sports promotion and marketing	713,806	-	713,806
Supporting services:			
General and administrative	541,407	-	541,407
Fundraising	59,228	-	59,228
Total expenses	6,941,658	-	6,941,658
Total change in net assets	(743,700)	4,331,140	3,587,440
Net assets, beginning of year	16,680,016	5,021,140	21,701,156
Net assets, end of year	\$ 15,936,316	\$ 9,352,280	\$ 25,288,596

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

**UTAH SPORTS COMMISSION FOUNDATION
AND UTAH SPORTS COMMISSION**
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2022

	Sports Awards and Sponsorships	Utah Golf Championship	Sports Promotion and Marketing	General and Administrative	Fundraising	Total
Payroll and payroll taxes	\$ 353,123	\$ 87,547	\$ 200,433	\$ 207,331	\$ 85,955	\$ 934,389
Other employee benefits	53,632	13,297	30,442	32,990	13,055	143,416
Total salaries and related expenses	406,755	100,844	230,875	240,321	99,010	1,077,805
Sponsorships	6,140,750	-	-	-	-	6,140,750
Depreciation and amortization	-	-	-	10,245	-	10,245
Dues and subscriptions	-	-	-	36,731	-	36,731
Events	10,216	861,340	20,368	-	259,133	1,151,057
Insurance	-	420	-	9,216	-	9,636
Marketing and promotion	-	202,653	478,758	-	-	681,411
Office expenses	-	10,453	-	29,518	-	39,971
Professional fees	-	-	-	125,579	-	125,579
Rent and occupancy	-	-	-	198,163	-	198,163
Travel	19,136	12,158	-	-	-	31,294
Totals	6,576,857	1,187,868	730,001	649,773	358,143	9,502,642
Less expenses included with revenue	-	-	-	-	(259,133)	(259,133)
Total functional expenses	\$ 6,576,857	\$ 1,187,868	\$ 730,001	\$ 649,773	\$ 99,010	\$ 9,243,509

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

**UTAH SPORTS COMMISSION FOUNDATION
AND UTAH SPORTS COMMISSION**

Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2021

	Sports Awards and Sponsorships	Utah Golf Championship	Sports Promotion and Marketing	General and Administrative	Fundraising	Total
Payroll and payroll taxes	\$ 280,290	\$ 76,036	\$ 161,546	\$ 208,006	\$ 46,655	\$ 772,533
Other employee benefits	41,802	11,369	24,190	32,801	6,953	117,115
Total salaries and related expenses	322,092	87,405	185,736	240,807	53,608	889,648
Sponsorships	3,967,000	-	-	-	-	3,967,000
Depreciation and amortization	-	-	-	4,956	-	4,956
Dues and subscriptions	-	-	-	22,546	-	22,546
Events	257,527	776,258	-	-	124,091	1,157,876
Insurance	-	440	-	9,068	-	9,508
Marketing and promotion	-	194,011	513,070	-	-	707,081
Office expenses	-	9,357	-	24,208	-	33,565
Other	-	-	15,000	-	-	15,000
Professional fees	-	-	-	105,667	-	105,667
Rent and occupancy	-	-	-	134,155	-	134,155
Travel	5,316	7,811	-	-	-	13,127
Totals	4,551,935	1,075,282	713,806	541,407	177,699	7,060,129
Less expenses included with revenue	-	-	-	-	(118,471)	(118,471)
Total functional expenses	<u>\$ 4,551,935</u>	<u>\$ 1,075,282</u>	<u>\$ 713,806</u>	<u>\$ 541,407</u>	<u>\$ 59,228</u>	<u>\$ 6,941,658</u>

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

**UTAH SPORTS COMMISSION FOUNDATION
AND UTAH SPORTS COMMISSION**

Consolidated Statements of Cash Flows
For the Years Ended September 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 253,509	\$ 3,587,440
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation and amortization	10,245	4,956
Decrease (increase) in operating assets:		
Accounts and sponsorships receivable	1,314,771	(4,468,201)
Prepaid expenses	(485,662)	158,339
Other assets	7,500	(7,500)
Increase (decrease) in operating liabilities:		
Accounts and sponsorships payable	(185,599)	301,902
Deferred rent	58,606	42,231
Accrued liabilities	(30,856)	12,903
Deferred revenue	-	(20,000)
Net cash flows from operating activities	942,514	(387,930)
Cash flows from investing activities:		
Purchase of property and equipment	(46,586)	(11,025)
Net cash flows from investing activities	(46,586)	(11,025)
Net change in cash and cash equivalents	895,928	(398,955)
Cash and cash equivalents, beginning of year	16,236,767	16,635,722
Cash and cash equivalents, end of year	\$ 17,132,695	\$ 16,236,767

Supplemental disclosure of cash flow information:

No interest or taxes were paid for the years ending September 30, 2022 and 2021

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

UTAH SPORTS COMMISSION FOUNDATION AND UTAH SPORTS COMMISSION

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of the **Utah Sports Commission Foundation**, a 501(c)(3) organization and the **Utah Sports Commission**, a 501(c)(6) organization (collectively the "Organization"). The entities share a common board of trustees and are economically inter-dependent. They operate out of a shared office facility and employee, overhead, and certain program expenditures are allocated between the two entities. For external financial reporting purposes, the financial statements of the Organization are presented on a consolidated basis. All significant inter-organizational transactions have been eliminated as part of the consolidation.

Nature of Activities

The Utah Sports Commission Foundation was established in early 2000 to foster national and international amateur and Olympic sports competitions within the state of Utah. The Utah Sports Commission, also established in early 2000, was founded to enhance Utah's economy, image and quality of life through the attraction, promotion and development of national and international professional sports competitions. The Organization works to unify Utah's sports community and strengthen Utah's presence in the global sports marketplace. Through the continued efforts of the Organization, the State of Utah receives significant return on investment in the form of increased economic activity, tax revenue, image building, and sports related tourism. Key program activities are as follows:

- **Sports awards and sponsorships** – The sports awards and sponsorship program is designed to attract, retain, and enhance sporting events in Utah that provide significant economic impact, media exposure, and/or are of strategic importance to the state. Generally, the Organization does not participate financially in the creation or start-up of events with little or no operating history, and all awards are subject to the availability of funding. Since the Organization's inception through the 2021-22 fiscal year, the sports awards and sponsorship program has provided funding or assistance to approximately 975 events across 40 different cities throughout Utah. The above data is deemed to be accurate to the best of our understanding and is subject to change based on estimates from management.

UTAH SPORTS COMMISSION FOUNDATION AND UTAH SPORTS COMMISSION

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Activities (Continued)

- **Utah Golf Championship** – The Utah Sports Commission Foundation, as a 501(c)(3) entity, contracts directly with the PGA TOUR to act as host organization for the Korn Ferry Tour's Utah Championship. The Utah Championship is the only official PGA TOUR event hosted in the state of Utah and the only opportunity for Utah golf fans to watch the future stars of the PGA TOUR firsthand. Notable Utah Championship alumni include Cameron Champ, Angel Cabrera, Zach Johnson, John Daly, Bubba Watson, and Tony Finau. Support for the tournament comes primarily from local corporate and private sector sponsors who provide cash and in-kind contributions to offset direct event expenditures. The PGA TOUR requires all of its host organizations to be registered 501(c)(3) entities and encourages them to distribute a portion of the net proceeds from the event to other 501(c)(3) entities and/or charities that benefit the local community. For the past several years, the Utah Sports Commission Foundation has designated the Huntsman Cancer Foundation and the Tony Finau Foundation as the tournament's main charitable beneficiaries. The Huntsman Cancer Foundation and the Tony Finau Foundation received cash donations of \$10,000 and \$90,000, respectively, from the net proceeds of the 2022 tournament.
- **Sports promotion and marketing** – The Organization places an emphasis on attracting major sporting events that have a strong national and international media footprint. As the state pursues another Olympic Winter Games, showcasing Utah's ability to host nationally and internationally recognizable competitions has become increasingly important. By leveraging the media exposure from a diverse mix of some of the world's most iconic sports brands and properties, the Organization has and continues to position Utah as the state of sport and a premier global sports destination.

UTAH SPORTS COMMISSION FOUNDATION AND UTAH SPORTS COMMISSION

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting and follows accounting principles generally accepted in the United States for nonprofit organizations and reports information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions, based upon the following criteria:

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 the Organization. These net assets may be used at the discretion of the Organization’s 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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where-by the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Excess cash balances are held in depository and savings accounts at financial institutions and earmarked for future commitments described in Note 2.

Accounts and Sponsorships Receivable and Promises to Give

Accounts and sponsorships receivable and promises to give are recorded at their estimated fair value less an appropriate allowance for uncollectible amounts. Allowances are based on historical experience and management’s analysis of specific balances. Promises to give due later than one year are recorded at the present value of estimated future cash flows. The discounts on those amounts, when applicable, are computed using various rates applicable to the years in which promises are received. Discounts are amortized between the date the promise to give is recognized and the date the cash or other contributed assets are received.

UTAH SPORTS COMMISSION FOUNDATION AND UTAH SPORTS COMMISSION

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Acquisitions of property and equipment in excess of \$2,500 and all expenditures for repairs and maintenance that materially prolong the useful lives of property and equipment are capitalized. Property and equipment are stated at cost less accumulated depreciation and amortization, or if acquired by donation, at estimated fair value at the date of the donation. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the statement of activities for the period.

Depreciation and amortization are computed over the following estimated useful lives using the straight-line method:

<u>Assets</u>	<u>Useful Lives</u>
Computers and office equipment	3 - 7 years
Leasehold improvements	15 years
Website	3 years

Sponsorships

The Organization receives sponsorships for the Utah Golf Championship and the Governor's State of Sport Awards event. Sponsorships are recorded when a commitment is finalized and the agreement is signed. The sponsorships typically include a quid-pro-quo component which includes event tickets and other goods and services. These quid-pro-quo components are recorded at fair value and the related revenue is deferred until the event occurs if the Organization has received the payment from the sponsor prior to year-end. There was \$0 and \$0 deferred as of September 30, 2022 and 2021, respectively.

Contributions and In-kind Donations

Contributions are recognized when the donor makes a promise to give to the Organization that is considered unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are released and reclassified to net assets without donor restrictions.

Donations of property, equipment, and goods are recorded as support at their estimated fair market value at the date of gift. These donations are reported as net assets without donor restrictions unless the donor has restricted the gift to a specific purpose. Donations with explicit restrictions regarding their use are reported as net assets with donor restrictions and reclassified to net assets without donor restrictions when the donor restriction is met.

UTAH SPORTS COMMISSION FOUNDATION AND UTAH SPORTS COMMISSION

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs, general and administrative, and fundraising based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense was approximately **\$116,250** and \$116,245, respectively, for the years ended September 30, 2022 and 2021.

Income Taxes

Utah Sports Commission Foundation and Utah Sports Commission qualify as tax-exempt entities under Section 501(c)(3) and Section 501(c)(6), respectively, of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income tax. The Organization remains subject to income taxes on net income that is derived from a trade or business, regularly carried on, and not for the exempt purpose for which the Organization was granted exemption status. In the opinion of management, the Organization does not have any unrelated business income subject to taxation.

The Organization accounts for uncertain tax positions in accordance with Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*. This requires the evaluation by management of tax positions taken or expected to be taken in preparation of the Organization's tax returns to determine if the positions are more-likely-than-not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. Generally, the Organization's tax returns remain subject to examination for three years from the date filed.

Reclassification

Certain amounts in prior year consolidated financial statements have been reclassified for comparative purpose to conform to the presentation in the current year consolidated financial statements. Total changes in net assets were not affected by the reclassification.

**UTAH SPORTS COMMISSION FOUNDATION
AND UTAH SPORTS COMMISSION**

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In March of 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2016-02, *Leases*, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2021. The Organization is in the process of evaluating the impact of this standard on its results of operations, financial position, and cash flows.

In September of 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure requirements. The amendments in this update require organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, organizations are required to enhance disclosures by disaggregating the amount of nonfinancial assets recognized within the statement of activities by type of contributed nonfinancial asset and providing additional qualitative information for each disaggregated category. This new guidance is effective for fiscal years beginning after June 15, 2021. The Organization has adopted this standard for the year ended September 30, 2022 and has applied the guidance retrospectively.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, or without donor or other restrictions limiting their use, within one year of the balance sheet date comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$17,132,695	\$16,236,767
Accounts receivable	8,360,534	9,675,305
Total financial assets	25,493,229	25,912,072
Less:		
Accounts payable	(255,911)	(441,510)
Other accrued liabilities	(146,817)	(177,673)
Financial assets available to meet general expenditures within one year	<u>\$25,090,501</u>	<u>\$25,292,889</u>

**UTAH SPORTS COMMISSION FOUNDATION
AND UTAH SPORTS COMMISSION**

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021

2. LIQUIDITY AND AVAILABILITY (Continued)

The Organization's net assets with donor restrictions are due to be received within the next fiscal year and, as such, are available for use within one year of the balance sheet date.

In order to encourage groups to select the state of Utah as the destination for their future sporting events, management has made promotional, funding, and service commitments to certain groups and organizations. The Organization will be obligated to fulfill these commitments in the year of the event. These commitments are made to enhance the quality of the event and encourage future events in the state. Anticipated funding for the fulfillment of these commitments is based on the Organization's expectation of its continued contractual relationship with the state of Utah. No liability for these commitments has been accrued in the consolidated financial statements as payment is contingent upon the events taking place and future funding being received.

The Organization estimates promotional, funding and service obligations or commitments of up to approximately \$10.1 million for events such as the Ironman World Championship, the USA Fencing World Championships, Monster Energy Supercross, Rock and Roll Marathon, Utah Championship, Days of 47 Rodeo and many others. These estimated commitments will be funded with reserves currently held by the Organization in the form of cash held in depository accounts. These commitments do not include events that may be probable but where negotiations are still ongoing.

3. PROPERTY AND EQUIPMENT, NET

The cost and related accumulated depreciation and amortization of property and equipment as of September 30, 2021 and 2020 are as follows:

	2022	2021
Computers and office equipment	\$ 63,158	\$ 77,078
Leasehold improvements	24,651	39,960
Website	79,635	68,200
Total cost of property and equipment	167,444	185,238
Accumulated depreciation and amortization	(119,718)	(173,853)
Property and equipment, net	\$ 47,726	\$ 11,385

Depreciation and amortization expense for the years ended September 30, 2022 and 2021 was **\$10,245** and \$4,956, respectively.

UTAH SPORTS COMMISSION FOUNDATION AND UTAH SPORTS COMMISSION

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2022 and 2021 are subject to the passage of time. These amounts are due to be received within the Organization's next fiscal year and are included as current assets in the accounts and sponsorships receivable.

5. CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ended September 30, 2022 and 2021, in-kind contributions recognized within the statement of activities consisted of the following:

	<u>2022</u>	<u>2021</u>	<u>Utilization in Programs or Other Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Goods	\$ 16,415	\$ 21,960	Utah Golf Championship	None	Goods are valued at the estimated fair value based on current rates for similar products.
Services	283,104	250,434	Utah Golf Championship, Fundraising	None	Contributed services are valued at the estimated fair value based on current rates for similar services.
Food	48,500	72,500	Utah Golf Championship	None	Food is valued at the estimated fair value based on current rates for similar products.
Facilities rental	102,500	128,040	Utah Golf Championship Fundraising	None	Contributed facilities are valued using rent rates for space of similar size and quality.
Total	<u>\$ 450,519</u>	<u>\$ 472,934</u>			

**UTAH SPORTS COMMISSION FOUNDATION
AND UTAH SPORTS COMMISSION**

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021

6. OPERATING LEASES

The Organization leases office space, equipment and an automobile under operating leases with lease terms through 2036. Future minimum annual lease payments required under operating leases as of September 30, 2022 are as follows:

<u>Years Ending September 30,</u>	
2023	\$ 130,863
2024	132,272
2025	135,377
2026	137,014
2027	140,439
Thereafter	<u>1,373,523</u>
Total minimum lease payments	<u>\$ 2,049,488</u>

Total rent expense for operating leases and other short-term rent agreements was **\$209,364** and \$142,013 for the years ended September 30, 2022 and 2021. Of these amounts, **\$0** and \$38,040 was for in-kind office rent expense for the respective years.

7. RETIREMENT PLAN

The Organization sponsors a “safe harbor 401(k)” plan in which all employees are eligible to participate if they have reached the age of 21 and have completed 1 year of service and 1,000 service hours within that year. Employees may elect to make specific percentage or dollar amount contributions each year to the plan. Employees are fully vested in these salary deferrals.

As part of the plan, employees receive a safe harbor contribution of 3% of their salary. This safe harbor contribution is immediately 100% vested. At the end of each year, the Organization may make an additional discretionary contribution. This contribution may vary year to year, but management expects it to be between 2% and 7% of employee salaries.

For the years ended September 30, 2022 and 2021, employer contributions totaled **\$63,713** and \$45,425, respectively.

UTAH SPORTS COMMISSION FOUNDATION AND UTAH SPORTS COMMISSION

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021

8. CONCENTRATIONS OF CREDIT AND MARKET RISK

The Organization maintains its cash and cash equivalent balances at one financial institution located in Salt Lake City, Utah. The deposits may at times exceed their federally insured limits of \$250,000, as established by the Federal Deposit Insurance Corporation.

Uninsured balances in cash and cash equivalents totaled **\$16,632,695** and \$15,736,767 as of September 30, 2022 and 2021, respectively. The Organization has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk on these balances.

The Organization is economically dependent on the state of Utah for revenue through contracts to provide sports and tourism marketing and services. These contracts represented approximately **89%** and 89% of total revenue for the Organization for the years ended September 30, 2022 and 2021, respectively, and approximately **100%** and 97% of accounts and sponsorships receivables as of September 30, 2022 and 2021, respectively.

9. RELATED PARTY TRANSACTIONS

The President of the Organization sits on the board for the Days of 47 Rodeo. The Organization sponsored a Days of 47 Rodeo event for **\$350,000** and \$350,000 during the years ended September 30, 2022 and 2021, respectively. The Organization's Finance Director serves as the Finance Director for the Salt Lake City-Utah Committee for the Games, Inc. During the year ended September 30, 2021, the Organization received pass through funding of \$500,000 that was passed through to the Committee. Additionally, the Organization donated \$250,000 to the Committee during the year ended September 30, 2021. A member of the Board of Directors is the CEO of the company that leases office space to the Organization. The Organization made payments related to the lease of approximately **\$200,000** during the year ended September 30, 2022.

10. COMMITMENTS AND CONTINGENCIES

Grants and Other Funding

Certain grants and other funding require the fulfillment of specific conditions as set forth in the instrument of grants and contracts. Failure to fulfill the conditions could result in the return of the funds to the funders or forfeiture of future cash receipts. Grants from the Utah Governor's Office of Economic Development are subject to audit by this agency.

As of September 30, 2022, the Organization had conditional promises to give related to open contracts with the Governor's Office of Economic Development and Zions Bank. Contributions and promises to give will not be recognized until certain conditions have been met. Amounts related to these contracts that have not yet been recognized as revenue or a receivable totaled \$13,980,000 as of September 30, 2022.

**UTAH SPORTS COMMISSION FOUNDATION
AND UTAH SPORTS COMMISSION**

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through the date of the independent auditor's report, which is the date the consolidated financial statements were available to be issued.

Cash Management

Subsequent to year end, the board authorized management to begin a treasury and bond portfolio management strategy to generate higher yield and provide greater diversity for the Organization's excess cash reserves. Management invested \$9,000,000 into this portfolio in February 2023. All funds are managed by advisors certified with the state of Utah to manage funds in accordance with provisions in the Utah Money Management Act.



SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

UTAH DEPARTMENT OF COMMERCE

Division of Consumer Protection

MARGARET W. BUSSE
Executive Director

KATHERINE S. HART
Division Director

December 12, 2022

UTAH SPORTS COMMISSION FOUNDATION

Chase Robbins
201 S MAIN #2125
SALT LAKE CITY UT 84111

Re: Charity Application for UTAH SPORTS COMMISSION FOUNDATION

Dear Chase Robbins:

The Division of Consumer Protection received your application for registration under the Charitable Solicitations Act ("Act"). Based on the information that you provided, your application appears to meet the requirements for registration under the Act.

Enclosed is the charitable solicitations registration. This registration expires **January 1, 2024**. The Charitable Solicitations Act requires each charitable organization to renew their registration on an annual basis.

Also, please be advised that the application you provided is subject to further review. If necessary, our office may be contacting you for further information.

Additionally, this letter is an acknowledgment of compliance and not an endorsement of the charitable organization.

If you have any questions please call.

Sincerely,

Esther Recksiek

Esther Recksiek, Program Specialist/Compliance Specialist
Utah Division of Consumer Protection

Division of Consumer Protection

Heber M. Wells Building • 160 East 300 South • P.O. Box 146704, Salt Lake City, UT 84114-6741
www.dcp.utah.gov • telephone (801) 530-6601 • toll-free in Utah (800) 721-7233 • fax (801) 530-6001

STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF CONSUMER PROTECTION
REGISTRATION

EFFECTIVE DATE: 12/12/2022

EXPIRATION DATE: 01/01/2024

ISSUED TO: UTAH SPORTS COMMISSION FOUNDATION
201 S Main #2125
Salt Lake City UT 84111



REFERENCE NUMBER(S), CLASSIFICATION(S) & DETAILS(S)
6534661-CHAR Charitable Organization

87% of contributions REPORTED to be used in charitable purpose

Director, Division of Consumer Protection

STATEMENT: THE STATE OF UTAH MAKES NO CERTIFICATION AS TO THE CHARITABLE WORTHINESS
OF ANY ORGANIZATION ON WHOSE BEHALF A SOLICITATION IS MADE NOR AS TO THE MORAL
CHARACTER OF THE HOLDER OF THE PERMIT