

# Sundance Institute

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## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

*For the Years Ended August 31, 2021 and 2020*



# Sundance Institute

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Sundance Institute

### *Opinion*

We have audited the accompanying financial statements of **Sundance Institute (the "Institute")** (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of August 31, 2021 and 2020, and the changes in net assets and its cash flows for the year 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 Financial Statements section of our report. We are required to be independent of the Institute 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 opinion.

### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, in the year ended December 31, 2021, the Institute adopted new accounting guidance regarding the method by which they account for the PPP loan. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute'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 institute'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.

#### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2021, on our consideration of the Institute'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 Institute'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 Institute's internal control over financial reporting and compliance.



Salt Lake City, Utah  
November 18, 2021

## FINANCIAL STATEMENTS

**Sundance Institute**  
 Statements of Financial Position  
 August 31, 2021 and 2020

<u>ASSETS</u>	2021	2020
Cash and cash equivalents	\$ 18,301,330	\$ 16,895,314
Investments	32,274,322	27,057,244
Short-term promises to give, net	15,178,948	18,696,627
Accounts receivable, net	1,287	8,747
Prepaid expenses	1,728,406	569,580
Property and equipment, net	2,446,524	2,717,831
Long-term promises to give, net	2,729,466	5,879,195
Other assets	1,829,877	1,797,736
<b>Total assets</b>	<b>74,490,160</b>	<b>73,622,274</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 6,090,458	\$ 4,207,475
Deferred revenue	1,495,941	945,393
Refundable advance from Paycheck Protection Program	2,000,000	2,993,400
<b>Total liabilities</b>	<b>\$ 9,586,399</b>	<b>\$ 8,146,268</b>
<b>Without donor restrictions</b>		
Operations	12,231,502	11,005,503
Board designated endowment funds	2,283,304	1,875,604
<b>Total without donor restrictions</b>	<b>\$ 14,514,806</b>	<b>\$ 12,881,107</b>
<b>With donor restrictions</b>		
Operations	9,495,695	16,967,405
Core (General) endowment	11,809,572	9,933,073
Core (Ford) endowment	4,653,458	3,877,650
Theatre (Duke) endowment	7,532,125	6,282,212
Documentary (Engelhard) endowment	2,610,619	2,179,614
Innovation fund	949,637	949,598
Capital campaign	13,337,849	12,405,347
<b>Total with donor restrictions</b>	<b>\$ 50,388,955</b>	<b>\$ 52,594,899</b>
<b>Total net assets</b>	<b>\$ 64,903,761</b>	<b>\$ 65,476,006</b>
<b>Total liabilities and net assets</b>	<b>\$ 74,490,160</b>	<b>\$ 73,622,274</b>

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

**Sundance Institute**  
Statement of Activities  
Year ended August 31, 2021

	2021		Total
	Without donor restrictions	With donor restrictions	
<b>Contribution revenue</b>			
Corporate	\$ 4,616,525	\$ 2,432,371	\$ 7,048,896
Foundation	3,643,752	1,481,081	5,124,833
Individual	6,094,348	1,332,595	7,426,943
Government	4,340,856	870,393	5,211,249
Special Events	42,610	-	42,610
Less: costs of direct benefit to donors	(1,178)	-	(1,178)
Donated services and materials	1,135,061	-	1,135,061
	<u>\$ 19,871,974</u>	<u>\$ 6,116,440</u>	<u>\$ 25,988,414</u>
<b>Program Revenue</b>			
Box office and admissions	6,229,708	-	6,229,708
Merchandise	174,019	-	174,019
Submission	1,038,541	-	1,038,541
Collab	793,199	-	793,199
Contract services	100,000	-	100,000
	<u>\$ 8,335,467</u>	<u>\$ -</u>	<u>\$ 8,335,467</u>
<b>Other revenue, gains and losses</b>			
Interest and dividends	23,607	-	23,607
Rental	10,400	-	10,400
Other	196,946	-	196,946
	<u>\$ 230,953</u>	<u>\$ -</u>	<u>\$ 230,953</u>
Total support, revenue, gains and losses	<u>\$ 28,438,394</u>	<u>\$ 6,116,440</u>	<u>\$ 34,554,834</u>
Net assets released from restrictions	13,405,754	(13,405,754)	-
<b>Total support, revenue, gains and net assets released from restrictions</b>	<u>\$ 41,844,148</u>	<u>\$ (7,289,314)</u>	<u>\$ 34,554,834</u>
<b>Expenditures:</b>			
<b>Program expenses:</b>			
Salaries and benefits	14,557,081	-	14,557,081
Operating expenses	14,999,359	-	14,999,359
Donated services and materials	835,847	-	835,847
<b>Total program expenses</b>	<u>\$ 30,392,287</u>	<u>\$ -</u>	<u>\$ 30,392,287</u>
<b>Supporting services expenses:</b>			
General and administrative	6,185,567	-	6,185,567
Fundraising	3,637,295	-	3,637,295
Donated services and materials	299,215	-	299,215
<b>Total supporting services</b>	<u>\$ 10,122,077</u>	<u>\$ -</u>	<u>\$ 10,122,077</u>
<b>Total expenses</b>	<u>\$ 40,514,364</u>	<u>\$ -</u>	<u>\$ 40,514,364</u>
<b>Total increase (decrease) in net assets</b>	<u>\$ 1,329,784</u>	<u>\$ (7,289,314)</u>	<u>\$ (5,959,530)</u>
<b>Non-operating income and (expense)</b>			
Interest and dividends	36,371	359,682	396,053
Realized and unrealized losses on long-term investments	396,636	4,842,932	5,239,568
Realized losses on fixed assets	(129,092)	-	(129,092)
Net assets released from restrictions	142,423	(142,423)	-
Net appreciation in life insurance	-	23,179	23,179
Long-term investment management fees	(142,423)	-	(142,423)
<b>Total non-operating income</b>	<u>\$ 303,915</u>	<u>\$ 5,083,370</u>	<u>\$ 5,387,285</u>
<b>Increase (decrease) in net assets</b>	<u>\$ 1,633,699</u>	<u>\$ (2,205,944)</u>	<u>\$ (572,245)</u>
<b>Net assets at beginning of year</b>	<u>\$ 12,881,107</u>	<u>\$ 52,594,899</u>	<u>\$ 65,476,006</u>
<b>Net assets at end of year</b>	<u>\$ 14,514,806</u>	<u>\$ 50,388,955</u>	<u>\$ 64,903,761</u>

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

**Sundance Institute**  
Statement of Activities  
Year ended August 31, 2020

	2020		
	Without donor restrictions	With donor restrictions	Total
<b>Contribution revenue</b>			
Corporate	\$ 8,997,110	\$ 4,553,829	\$ 13,550,939
Foundation	3,980,417	6,387,003	10,367,420
Individual	7,464,821	2,562,613	10,027,434
Government	1,931,550	1,870,462	3,802,012
Special Events	997,671	-	997,671
Less: costs of direct benefit to donors	(174,474)	-	(174,474)
Donated services and materials	4,210,580	-	4,210,580
	<u>\$ 27,407,675</u>	<u>\$ 15,373,907</u>	<u>\$ 42,781,582</u>
<b>Program Revenue</b>			
Box office and admissions	13,290,040	-	13,290,040
Merchandise	511,790	-	511,790
Submission	1,145,792	-	1,145,792
Collab	513,414	-	513,414
Contract services	424,000	-	424,000
	<u>\$ 15,885,036</u>	<u>\$ -</u>	<u>\$ 15,885,036</u>
<b>Other revenue, gains and losses</b>			
Interest and dividends	233,015	-	233,015
Rental	6,500	-	6,500
Other	464,191	-	464,191
	<u>\$ 703,706</u>	<u>\$ -</u>	<u>\$ 703,706</u>
Total support, revenue, gains and losses	<u>\$ 43,996,417</u>	<u>\$ 15,373,907</u>	<u>\$ 59,370,324</u>
Net assets released from restrictions	11,106,809	(11,106,809)	-
<b>Total support, revenue, gains and net assets released from restrictions</b>	<u>\$ 55,103,226</u>	<u>\$ 4,267,098</u>	<u>\$ 59,370,324</u>
<b>Expenditures:</b>			
<b>Program expenses:</b>			
Salaries and benefits	16,379,555	-	16,379,555
Operating expenses	21,423,690	-	21,423,690
Donated services and materials	3,603,104	-	3,603,104
	<u>\$ 41,406,349</u>	<u>\$ -</u>	<u>\$ 41,406,349</u>
<b>Supporting services expenses:</b>			
General and administrative	6,568,933	-	6,568,933
Fundraising	4,972,380	-	4,972,380
Donated services and materials	607,476	-	607,476
	<u>\$ 12,148,789</u>	<u>\$ -</u>	<u>\$ 12,148,789</u>
<b>Total expenses</b>	<u>\$ 53,555,138</u>	<u>\$ -</u>	<u>\$ 53,555,138</u>
<b>Total increase (decrease) in net assets</b>	<u>\$ 1,548,088</u>	<u>\$ 4,267,098</u>	<u>\$ 5,815,186</u>
<b>Non-operating income and (expense)</b>			
Interest and dividends	31,929	176,529	208,458
Realized and unrealized gains on long-term investments	209,261	1,186,277	1,395,538
Net assets released from restrictions	128,820	(128,820)	-
Net appreciation in life insurance	-	22,205	22,205
Long-term investment management fees	(128,820)	-	(128,820)
	<u>\$ 241,190</u>	<u>\$ 1,256,191</u>	<u>\$ 1,497,381</u>
<b>Increase (decrease) in net assets</b>	<u>\$ 1,789,278</u>	<u>\$ 5,523,289</u>	<u>\$ 7,312,567</u>
<b>Net assets at beginning of year</b>	<u>\$ 11,091,829</u>	<u>\$ 47,071,610</u>	<u>\$ 58,163,439</u>
<b>Net assets at end of year</b>	<u>\$ 12,881,107</u>	<u>\$ 52,594,899</u>	<u>\$ 65,476,006</u>

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



**Sundance Institute**  
Statement of Functional Expenses  
Year ended August 31, 2021

	Program Services	Management and General	Fundraising and Development	Cost of Goods Sold	2021 Total
Salaries and benefits	\$ 12,293,109	\$ 1,643,131	\$ 2,802,610	-	\$ 16,738,850
Payroll taxes	908,802	120,351	204,868	-	1,234,021
Employee benefits	1,355,170	165,805	273,163	-	1,794,138
Accounting fees	-	83,374	-	-	83,374
Legal fees	-	288,211	-	-	288,211
Professional services	7,286,584	1,374,135	95,421	-	8,756,140
Grants and other assistance	3,893,000	15,000	-	-	3,908,000
Advertising and promotion	473,628	140,984	7,329	-	621,941
Occupancy	1,182,260	750,006	124,726	-	2,056,992
Information technology	467,255	947,136	163	-	1,414,554
Travel	96,514	58,623	6,346	-	161,483
Conferences, conventions and meetings	3,252	-	-	-	3,252
Office expenses	679,683	360,437	19,431	-	1,059,551
Bad debt expense	78,005	50,000	31,650	-	159,655
Depreciation and amortization	680,217	210,904	-	-	891,121
Interest	242	110,000	-	-	110,242
Insurance	232,640	52,732	24,815	-	310,187
Other	761,926	113,685	47,041	-	922,652
Cost of direct benefits to donors	(1,178)	-	-	-	(1,178)
Cost of goods sold	-	-	-	104,590	104,590
<b>Total expenses by function</b>	<b>30,391,109</b>	<b>6,484,514</b>	<b>3,637,563</b>	<b>104,590</b>	<b>40,617,776</b>
Less expenses included with revenues on the statement of activities					
Cost of goods sold	-	-	-	(104,590)	(104,590)
Cost of direct benefits to donors	1,178	-	-	-	1,178
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 30,392,287</b>	<b>\$ 6,484,514</b>	<b>\$ 3,637,563</b>	<b>-</b>	<b>\$ 40,514,364</b>

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

**Sundance Institute**  
Statement of Functional Expenses  
Year ended August 31, 2020

	Program Services	Management and General	Fundraising and Development	Cost of Goods Sold	2020 Total
Salaries and benefits	\$ 13,868,126	\$ 1,907,350	\$ 3,135,837	-	\$ 18,911,313
Payroll taxes	1,041,888	140,625	225,651	-	1,408,164
Employee benefits	1,937,347	281,724	442,713	-	2,661,784
Accounting fees	6	92,739	(520)	-	92,225
Legal fees	53,960	186,297	-	-	240,257
Professional services	6,636,118	1,602,971	422,192	-	8,661,281
Grants and other assistance	3,992,247	16,265	-	-	4,008,512
Advertising and promotion	550,419	140,523	22,233	-	713,175
Occupancy	2,717,030	694,024	186,525	-	3,597,579
Information technology	223,376	615,497	120	-	838,993
Travel	5,479,901	403,760	192,206	-	6,075,867
Conferences, conventions and meetings	823,509	20,655	120,022	-	964,186
Office expenses	1,938,273	465,159	92,844	-	2,496,276
Bad debt expense	252,182	69,500	131,469	-	453,151
Depreciation and amortization	605,523	209,473	-	-	814,996
Insurance	167,279	40,140	15,613	-	223,032
Other	1,119,165	141,365	121,761	-	1,382,291
Cost of direct benefits to donors	(174,474)	-	-	-	(174,474)
Cost of goods sold	-	-	-	282,153	282,153
<b>Total expenses by function</b>	<b>41,231,875</b>	<b>7,040,123</b>	<b>5,108,666</b>	<b>282,153</b>	<b>53,662,817</b>
Less expenses included with revenues on the statement of activities					
Cost of goods sold	-	-	-	(282,153)	(282,153)
Cost of direct benefits to donors	174,474	-	-	-	174,474
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 41,406,349</b>	<b>\$ 7,040,123</b>	<b>\$ 5,108,666</b>	<b>\$ -</b>	<b>\$ 53,555,138</b>

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

**Sundance Institute**  
Statements of Cash Flows  
Years ended August 31, 2021 and 2020

	2021	2020
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (572,245)	\$ 7,312,567
<b>Adjustment to reconcile change in net assets to cash from operating activities:</b>		
Depreciation and amortization	891,121	814,996
Donated stock	(462,395)	(555,384)
Increase in cash value of life insurance policies	(23,179)	(22,205)
(Gain) loss on sale of assets	129,092	-
Realized and unrealized gain on investments	(5,239,566)	(1,395,537)
<b>Decrease (increase) in:</b>		
Promises to Give	6,667,408	(3,052,755)
Accounts receivable	7,460	76,048
Prepaid expenses	(1,135,647)	273,159
Other assets	(32,141)	2,547
<b>Increase (decrease) in:</b>		
Accounts payable and accrued expenses	1,882,983	(166,393)
Deferred revenue	550,548	(414,647)
Refundable advance from PPP	(993,400)	2,993,400
<b>Cash flows provided (used) by operating activities</b>	1,670,039	5,865,796
 <b>Cash flows from investing activities</b>		
Purchase of property and equipment	(748,906)	(752,862)
Purchase of construction in progress	-	(554,571)
Purchase of investments	(25,243,644)	(40,687,070)
Proceeds from sale of investments	25,728,527	46,256,147
<b>Cash flows provided (used) by financing activities</b>	(264,023)	4,261,644
 <b>Net increase (decrease) in cash and cash equivalents</b>	1,406,016	10,127,440
 <b>Cash and cash equivalents, beginning of period</b>	16,895,314	6,767,874
 <b>Cash and cash equivalents, end of period</b>	\$ 18,301,330	\$ 16,895,314
 <b>Noncash investing and financing activities</b>		
Stock donations	\$ 462,395	\$ 555,384

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

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Sundance Institute (the "Institute") is a Utah not-for-profit corporation organized in 1981 dedicated to the discovery and development of independent artists and audiences. Through its programs, the Institute seeks to discover, support and inspire independent film and theatre artists from the United States and around the world, and to introduce audiences to their work. The Institute presents its annual Sundance Film Festival and offers a range of artistic development programs that provide creative, financial, and strategic support for independent fiction and nonfiction filmmakers, screenwriters, documentary film makers, independent film producers, film music composers, playwrights and theatre artists. The Institute's labs and workshops offer an environment that encourages artists to take the creative risks that often lead to innovation. Leading film, theatre, and music professionals serve as creative advisors and support participating artists in realizing their original stories. Infused throughout the organization are the guiding values of creativity, community, freedom of expression, quality, independence, diversity, innovation and authenticity. The Institute seeks to promote film, theatre arts and artists as a source of fresh, challenging and diverse ideas in society through the following core programs:

**Sundance Film Festival Program**

The 2021 Sundance Film Festival presented 139 films and projects 50%, or 69, were directed by one or more women; 4% or 6, were directed by one or more non-binary individuals; 50%, or 70, were directed by one or more artists of color; 15% or 21 by one or more people who identify as LGBTQ+.

The program included 71 feature-length films, representing 29 countries and 38 first-time feature filmmakers. 14 films and projects were supported by Sundance Institute in development, through direct granting or residency Labs. 66 of the Festival's feature films, or 93% of the lineup were world premieres. These films were selected from 14,092 submissions including 3,500 feature-length films. Of the feature film submissions, 1,377 were from the U.S. and 2,132 were international. Of the 71 feature films, 46% were directed by one or more women; 3% were directed by one or more non-binary individuals; 42% were directed by one or more filmmakers who identify as BIPOC; 8% by one or more filmmakers who identify as LGBTQ+. In the U.S. Dramatic Competition, 50% of the 10 directors identify as women; 40% as BIPOC. In the U.S. Documentary Competition, 64% of the 11 directors identify as women; 73% as BIPOC and 9% as LGBTQ+. In the World Dramatic Competition, 50% of the 10 directors identify as women. In the World Documentary Competition 45% of the 11 directors identify as women.

Additionally, the Festival showcased 50 short films, 4 episodics along with 14 New Frontier works.

**Feature Film Program**

This program has supported and championed many of the leading independent filmmakers of the past 35 years whose distinctive, singular films have engaged audiences internationally. It embraces the discovery and development of independent filmmakers from the U.S. and around the world, encouraging a rigorous creative process with a focus on original and deeply resonant storytelling. Over the years, the Feature Film Program has evolved to provide in-depth and year-round support to a next generation of filmmakers from development through distribution and has become a global model for supporting artists around the world. The program provides support to fiction feature writers, directors, writer/directors, or writer/director teams through labs, along with year-round mentorships, grants and customized strategic support, the program works to foster self-expression, risk-taking, collaboration, and community.

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

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Nature of Operations (Continued)**

*Documentary Film Program*

This program supports nonfiction filmmakers worldwide in the production of cinematic documentaries on contemporary themes. Established in 2002, the program is a vibrant global resource for independent nonfiction storytelling that invests through its Documentary Fund to support the work of nonfiction filmmakers from around the globe. In a changing media landscape, the fund has been a stable, progressive force in supporting work that has expressed the world in creative, complex, beautiful, and provocative ways, and has created real cultural and social impact around some of the most pressing issues of our time. The Documentary Film Program also provides creative labs through unique residential workshops that bring together a world-class community of directors, editors, and producers dedicated to bold, courageous nonfiction storytelling.

*Indigenous Program*

Sundance Institute's commitment to supporting Indigenous artists is woven throughout our history. The Indigenous Program has built and sustained an indigenous film circle, which now spans over three generations. The cycle of work begins by scouting for and identifying indigenous artists, bringing them to Labs, along with year-round mentorships, grants and customized strategic support to get their work made and shown, then taking the filmmakers and their work back to native lands. The Native Filmmakers Lab has been a vital part of supporting indigenous filmmakers since 2004.

*Theatre Program*

The Sundance Institute Theatre Program provides a catalytic process of artistic development for independent theatre-makers in the U.S. and globally, using a range of artist-driven engagement opportunities that connect, support, and sustain artists and their projects across their careers. This program emphasizes intensive short-term interactions with creative mentors, held within the context of retreat settings removed from commercial pressures and other demands of contemporary life.

*Film Music Program*

The Sundance Film Music Program is unique in its dedication to aural storytelling and connecting composers and filmmakers. This program empowers composers, directors, and storytellers of all disciplines, giving them first-hand experience of the collaborative process, with the goal of nurturing the development of music in film. The Film Music program raises the profile of music in film through a Composer Lab and a series of concerts, events and panels at the Sundance Film Festival.

*Catalyst*

Catalyst brings together both new and experienced film investors through highly curated film financing opportunities, custom programming, and engagement with the Sundance Institute community. This program offers new investors a guided entry into film financing, and presents our entire cohort with exceptional projects, intimate discussions about various aspects of the film business, and personalized support in sourcing projects and developing partnerships with filmmakers.

*Creative Producing*

The Creative Producing Program supports both fiction and nonfiction producers at all stages of their feature-length projects and their careers through a year-round continuum of support, including labs, fellowships, intensives, grants, networking events, funding, and educational resource opportunities. Through these activities, producers create community with fellow producers and industry, hone creative skills, gain knowledge of the field, and develop strategies for pitching, producing, financing, and releasing their films.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Nature of Operations (Continued)**

*Episodic Program*

Over the past six years, we have witnessed an explosion in the opportunities available for writers developing episodic content for cable and online platforms. We have seen audiences and critics embrace the bold vision and complex characters that are thriving in cable drama and comedy. The internet has become both a place to pilot stories for traditional media and to create entertainment content for the growing audience watching on mobile devices.

*Ignite*

Sundance Ignite is a program designed to inspire a new generation of audience members and film artists around the power of storytelling. The program offers individuals ages 18 to 24 the Ignite Ticket Package, an exclusive chance to see the newest films at the Sundance Film Festival and the Sundance Ignite x Adobe Fellowship Program, a competitive and year-round Festival and industry experience.

*New Frontier*

New Frontier at Sundance Institute is a dynamic cutting edge, cross-programmatic initiative created to identify, foster and present independent work by creators engaged in interdisciplinary practices that innovate the art and form of story and cinematic expression at the intersection of emerging technologies. Committed to experimentation and pushing traditional boundaries, New Frontier nourishes the creation of fresh new worlds of storymaking, which spring out of the crossroads of film, art, journalism, music, performance, games, and emerging media technologies. The labs and residency programs at New Frontier work to identify and foster independent artists and creative technologists innovating the art and form of story at the convergence of diverse forms of creative expression; and to build a community of collaborators across diverse disciplines to push the boundaries of story.

*Outreach & Inclusion*

The Outreach & Inclusion Program builds upon the Institute's commitment to support and celebrate voices from historically underrepresented communities across all of the Institute's artistic disciplines. Through our regional sessions and Intensives, the Momentum Fellowship for midcareer artists, and the Launch Grant for first-time feature filmmakers, this program nurtures storytellers from historically marginalized ethnicities, abilities, genders, regions, and orientations in bespoke and customized engagement.

*Women at Sundance*

Women at Sundance is dedicated to creating gender equity in American media and innovating ways for women to succeed as storytellers who shape our cultural landscape. We support women filmmakers to grow and sustain their careers through a yearlong fellowship program, an annual financing intensive, and community events throughout the year. We collaborate in the field to activate systemic change through ReFrame, a project that partners with Women in Film Los Angeles and industry insiders to forge gender parity at every level in film, TV, and media.

**Basis of Presentation**

For external reporting purposes, the Institute prepares its financial statements using the accrual method of accounting and follows U.S. generally accepted accounting principles ("US GAAP") for not-for-profit organizations and reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Classification of restricted net assets is determined by the nature of any donor-imposed restrictions.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

- Without donor restriction net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- With donor restriction net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Institute may spend the funds or require that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Internally, the accounts of the Institute are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds established according to their nature and intended use.

The following self-balancing funds are maintained by the Institute:

*Operating Fund* - is used to account for assets with and without donor restriction, liabilities and resources that are available to support the Institute's operations and programs.

*Core (General) Endowment Fund* - consists of the principal amount of gifts accepted with the donor stipulation or by *Uniform Prudent Management of Institutional Funds Act ("UPMIFA")* that the corpus be maintained intact in perpetuity and that only the income generated from the corpus be expended for operations of the Institute.

*Core (Ford) Endowment Fund* - consists of contributed principal, earnings and matching contributions from individual donors generated through Institute fundraising activities, with a donor stipulation or by UPMIFA that a principal balance of \$1,700,000 be maintained intact in perpetuity. The earnings on the principal balance are available for use in operations.

*Theatre (Duke) Endowment Fund* - consists of contributed principal, earnings and matching contributions from individual donors generated through Institute fundraising activities, with a donor stipulation or by UPMIFA that a principal balance of \$3,000,000 be maintained intact in perpetuity. Earnings on the \$3,000,000 principal must be used for specific artistic programming expenses as defined in the grant agreement.

*Documentary (Engelhard) Endowment Fund* - consists of the principal amount of gifts accepted with the donor stipulation or by UPMIFA that the corpus of \$1,000,000 be maintained in perpetuity and that earnings must be used for the Documentary Film Program.

*Innovation Fund* – consists of contributed principal and earnings from donors with the restriction that the funds must be used to support new initiatives of the Institute.

*Capital Campaign* – consists of principal and earnings from donors with the restriction that the funds be used to support the Institute's campaign efforts to construct a building in Park City, Utah as well as the Institute's endowments.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recent Developments Related to COVID-19**

The World Health Organization has declared the recent COVID-19 outbreak to constitute a “Public Health Emergency of International Concern.” The outbreak has caused business disruption through mandated and voluntary closings of various industry business operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of effect of COVID-19. The related financial impact and duration cannot be reasonably estimated at this time.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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 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 Institute considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents were made up of the following for years ended August 31:

	2021	2020
Cash on deposit	\$ 9,964,736	\$ 7,537,009
Government money market funds	8,286,677	9,346,467
Accrued interest	49,917	11,838
Total	\$ 18,301,330	\$ 16,895,314

**Accounts Receivable**

Accounts receivable are recorded at their estimated realizable value. The Institute determines its allowance by considering a number of factors, including the length of time receivables are past due, the Institute’s previous loss history, the payer’s current ability to pay its obligation to the Institute, and the condition of the general economy and industry as a whole. Based on these factors, the Institute expects all accounts receivable to be collected; therefore, no allowance for uncollectible receivable amounts is recorded as of August 31, 2021 and 2020. An account is written off when it is determined that all collection efforts have been exhausted.

**Promises to Give**

Contributions represent unconditional promises to give that are expected to be collected within one year and are recorded in the period received at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded in the period received at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which promises are received. Discounts on contributions that are measured at present value are amortized between the date the promise to give is initially recognized and the date the cash or other contributed assets are received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.



**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Promises to Give (Continued)**

Based on historical experience, the contributor's current ability to pay its obligation to the Institute and the condition of the general economy and industry as a whole, the Institute has created an allowance for unconditional promises to give that it does not expect to be collected. The allowance for uncollectible pledge accounts recorded was \$31,498 and \$316,325 as of August 31, 2021 and August 31, 2020, respectively.

**Property and Equipment**

The Institute capitalizes all expenditures for property and equipment which individually exceed \$5,000. Donated property and equipment is recorded at fair value on the date of donation.

**Depreciation and Amortization**

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

<u>Assets</u>	<u>Useful Lives</u>
Commercial buildings	39 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of useful life or term of the lease
Office equipment	5 years
Production equipment	5 years
Projection equipment	5 years
Software	3 years
Tech equipment	5 years

**Investments**

Investments are initially recorded at their acquisition cost if purchased and at estimated fair value on the date of donation if they were received as a contribution. Subsequent to acquisition, all debt and equity securities are valued and reported at their readily determinable fair market values. Realized and unrealized gains and losses are included in the Statement of Activities.

**Long-lived Assets**

The Institute accounts for long-lived assets in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 360-10-05, *Accounting for the Impairment of Long-Lived Assets*. FASB ASC 360-10-05 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. No assets are considered to be impaired at August 31, 2021 and 2020.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Construction-in-progress**

In Fiscal Year 2019, Sundance Institute launched a Capital Campaign to support the construction of a building in Park City, Utah. Due to COVID-19, the campaign was paused in March 2020. All project costs related to the development of this new facility are capitalized and recorded as part of other assets. Depreciation of this new facility will begin when it is placed into service.

**Donated Services and Materials**

Donated services and materials are reported at their estimated fair value as contributed revenue and expense.

**Deferred Revenue**

Cash receipts related to future exchange transactions are recorded as deferred revenue and are recognized as revenue in the time period in which the exchange occurs.

**Program Revenue**

Ticket sales and other revenue are recorded as operating revenue as services are provided and when earned.

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as support with donor restriction that increases those net asset classes. Net assets with donor restriction are reclassified to net assets without donor restriction when a time restriction ends or a purpose restriction is accomplished. If a restriction is fulfilled in the same time period in which the contribution is received, the Institute reports the support as without donor restriction.

**Advertising Costs**

Advertising costs are charged to operations when incurred. Advertising expense was \$446,263 and \$518,809 for the fiscal years ended August 31, 2021 and 2020, respectively. \$55,350 and \$326,276 were provided through in-kind contributions during the fiscal years ended August 31, 2021 and 2020, respectively.

**Functional Allocation of Expenses**

The costs of programs and supporting services have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs and supporting services 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 Institute.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The Institute has received a determination letter from the Internal Revenue Service that it is an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Institute is not subject to federal or state income taxes.

The Institute adopted the provisions of FASB ASC 74-10-25, *Accounting for Uncertainty in Income Taxes* on September 1, 2009. FASB ASC 740-10-25 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of FASB ASC 740-10-25 and in subsequent periods. The Institute analyzed tax positions for all applicable tax jurisdictions for which the statute of limitations remained open for the years ended August 31, 2016 through August 31, 2019 and determined there were no material unrecognized benefits for the related tax jurisdictions since September 1, 2010 and it is not expected there will be a material change in the 12 months following the year ended August 31, 2021.

**Fair Value of Financial Instruments**

The Institute's financial statements, including cash, accounts receivable, accounts payable and accrued liabilities are carried at cost, which approximates their fair value because of the short-term nature of these instruments.

In accordance with the provisions of FASB ASC 820, *Fair Value Measurements*, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Institute uses various valuation approaches. FASB ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Institute. Unobservable inputs are inputs that reflect the Institute's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1-Valuations based on quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2-Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3-Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value of Financial Instruments (Continued)**

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Institute in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Institute's own assumptions are set to reflect those that the Institute believes market participants would use in pricing the asset or liability at the measurement date.

See Note 9 for a description of valuation techniques applied to the major categories of financial instruments measured at fair value.

**Change in Accounting Principle**

During the year ended August 31, 2021, the Institute changed its method for accounting for paycheck protection program (PPP) loans. Previously, the Institute used the Debt Model as defined in ASC 470, *Debt*, which specifies the PPP balance is recorded as debt on the balance sheet with interest being accrued while held. Subsequently, a gain is recognized as other income when it is legally released from its obligation, or in other words when it receives formal forgiveness. However, after further consideration, the Institute changed its method of accounting for such forgiveness by using the Grant Model as defined by ASC 958-605, *Not-for-Profit Entities*. By adopting this new model, the PPP balance received is recorded as a refundable advance with no interest being accrued. Subsequently, the balance is recognized as governmental contributions when conditions or release have been met, which is usually when related funding for qualified expenses are spent, forgivable amounts are calculated, or when the balance is forgiven. Both models are allowed for use in the industry. As such, the first-draw PPP balance of \$2,993,400 previously recorded as outstanding debt as of August 31, 2020 was reclassified on the balance sheet as refundable advance with the full balance recognized as governmental contribution for the year ended August 31, 2021 to better reflect this change in accounting principle adopted. In keeping with this methodology, the Institute's second-draw PPP loan of \$2,000,000 is recorded as a refundable advance as of August 31, 2021.

**New Accounting Pronouncements**

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 ("ASU 2014-09"), an update to FASB ASC 606, *Revenue from Contracts with Customers*. The new standard will be effective beginning September 1, 2021. This update revises previous revenue recognition standards to improve guidance on revenue recognition requirements. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of this standard is not expected to have a material impact on the financial statements of the Institute.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Pronouncements (Continued)**

In March 2016, the FASB issued Accounting Standards Update 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. This new guidance is effective for fiscal years beginning after December 15, 2021. 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. Management is evaluating the impact of the Standard on the organization's financial reporting.

In September 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. This new guidance is effective for fiscal years beginning after June 15, 2021. The amendments in this updated guidance 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. The Organization is currently in the process of evaluating the impacts this update will have on the presentation of its financial statements.

**2. PROMISES TO GIVE**

Promises to give include amounts not yet collected from pledges, grants and contracts that meet the definition of unconditional promises to give. Amounts which will not be collected within one year are recorded at the present value of their estimated future cash flows, using Treasury Yield Curve Rates. The rate is determined by the pledge date, future due date (1 year, 2 year, etc.) and an additional risk discount rate of 0.50%. In fiscal year 2019 the Institute began a multi-year Capital Campaign, which was paused in March 2020 due to COVID-19. Promises to give include \$8,459,278 net Capital Campaign and \$548,336 net Innovation Fund pledges received for the fiscal year ended August 31, 2021 and \$9,343,081 net Capital Campaign and \$548,336 net Innovation Fund pledges for the fiscal year ending August 31, 2020.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**2. PROMISES TO GIVE (Continued)**

Information related to promises to give as of August 31, is as follows:

	<u>2021</u>	<u>2020</u>
Included in current promises to give are the following:		
Promises to give	\$ 15,210,446	\$ 19,012,952
Less allowance	<u>(31,498)</u>	<u>(316,325)</u>
Net current promises to give	<u><u>15,178,948</u></u>	<u><u>18,696,627</u></u>
Included in noncurrent promises to give are the following:		
Promises to give	\$ 3,875,000	\$ 7,107,116
Less discount	<u>(1,145,534)</u>	<u>(1,227,921)</u>
Net noncurrent promises to give	<u><u>\$ 2,729,466</u></u>	<u><u>\$ 5,879,195</u></u>
Amounts due in:		
Less than one year	\$ 11,620,195	\$ 14,330,028
One to five years	7,465,251	11,790,040
Less allowance	(31,498)	(316,325)
Less discount	<u>(1,145,534)</u>	<u>(1,227,921)</u>
	<u><u>\$ 17,908,414</u></u>	<u><u>\$ 24,575,822</u></u>

**3. CONDITIONAL PLEDGES**

Park City Municipal Corporation has a long-term Master Festival License Agreement allowing the Institute to produce the annual Sundance Film Festival in Park City. The agreement expires in 2026 with an automatic renewal of an additional 1 year.

In July 2019 the Institute received a \$3 million irrevocable bequest as part of its Capital Campaign from a donor that upon future receipt will be used to establish a new endowment fund for the support of female artists.

In June 2019 the Institute received a Capital Campaign pledge of \$5,000,000 from a donor which is partially conditional upon the groundbreaking of the new building. The net outstanding pledge as of August 31, 2021 was \$4,000,000.

In 2019 the Institute received two pledges that are conditional upon the amounts raised for the Capital Campaign. A donor pledged \$2.5 million over five years, and as of August 31, 2020 the net outstanding balance of this pledge was \$500,000. Another donor pledged \$5 million over ten years, and as of August 31, 2020 the net outstanding balance of this pledge was \$3,500,000.

In 2020 the Institute received a pledge that is conditional upon matching funds being raised relating to the Documentary Film Program. The pledge was for a total of \$5 million over 5 years. Of the total pledge amount, \$1,000,500 remains as conditional upon matching funds being raised.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**4. DONATED SERVICES AND MATERIALS**

The Institute has an extensive system in place to track and to record the financial impact of support from donated services and materials. Donated services and materials expense are included in program expense and in supporting services expense at their estimated fair market value.

Donated services and materials were contributed to support specific programs for the year ended August 31, as follows:

	2021 Estimated fair value	2020 Estimated fair value
Program	<u>                    </u>	<u>                    </u>
Film Festival	\$ 500,706	\$ 3,211,918
Feature Film	63,500	72,721
Theatre	-	78,932
Documentary	-	8,805
Film Music	13,500	25,091
General and Administrative	298,947	471,191
Advancement	268	136,285
Indigenous	6,000	23,000
Other	252,141	182,637
Total donated services and materials	<u>\$ 1,135,062</u>	<u>\$ 4,210,580</u>

Donated services included legal services and independent contractor services used for its annual Sundance Film Festival along with its labs across various programs.

**5. LIQUIDITY AND AVAILABILITY**

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

	<u>2021</u>	<u>2020</u>
Cash and short-term investments	\$ 17,922,323	16,895,314
Accounts receivable	1,287	8,747
Short-term promises to give, net	<u>703,702</u>	<u>504,810</u>
Total financial assets	18,627,312	17,408,871
<i>Endowment Fund:</i>		
Board budgeted draw in following FY from endowment assets	<u>1,135,000</u>	<u>750,000</u>
Financial assets available to meet general expenditures within the next twelve months	<u>\$ 19,762,312</u>	<u>18,158,871</u>

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**5. LIQUIDITY AND AVAILABILITY (Continued)**

The financial assets available to meet general expenditures within the next twelve months represents 43% of the operating budget for fiscal year 2022. The remaining portion of the budget will be provided by the net assets with donor restrictions already held by the Institute that are estimated to be released from assets with donor restrictions and additional unrestricted donations in fiscal year 2022. As part of the Institute's liquidity management plan, it invests cash in excess of monthly operating requirements in short-term investments. The Institute has a \$3.5 million line of credit available for its short term needs with a maturity date of January 31, 2023. This line of credit had a zero balance as of August 31, 2021 and 2020.

The Institute's annual endowment draw is approved by the Finance Committee and is targeted to not exceed 5% in a given year, computed using the lesser of a three year rolling average or a 12 month value with the same effective ending date.

In Fiscal Year 2019 Sundance Institute launched a Capital Campaign to support the construction of a building in Park City, Utah and its endowment funds. Due to COVID-19 this campaign was paused in March 2020.

**6. PROPERTY AND EQUIPMENT, NET**

Depreciation and amortization expense was \$891,121 and \$814,996 for the years ended August 31, 2021 and 2020, respectively.

	2021	2020
Leasehold improvements	\$ 1,853,302	\$ 1,853,302
Office equipment	136,614	136,615
Furniture & Fixtures	5,216	5,215
Production equipment	1,027,704	1,096,204
Projection equipment	2,069,848	2,037,164
Software	1,523,363	1,579,062
Tech equipment	<u>271,513</u>	<u>303,119</u>
Total property and equipment	6,887,560	7,010,681
Accumulated depreciation and amortization	<u>(4,441,036)</u>	<u>(4,292,850)</u>
Net property and equipment	<u>\$ 2,446,524</u>	<u>\$ 2,717,831</u>



**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
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**7. OTHER ASSETS**

Other assets consist of the following at August 31:

	<u>2021</u>	<u>2020</u>
Deposits	\$ 125,324	\$ 113,806
Work of art	125,000	125,000
Merchandise inventory	15,090	17,647
Cash surrender value of donated life insurance policies	481,658	458,478
Construction in process	1,082,805	1,082,805
Total other assets	<u>\$ 1,829,877</u>	<u>\$ 1,797,736</u>

The Sundance Institute General Endowment Fund is named as the sole beneficiary on the donated life insurance policies.

**8. INVESTMENTS**

Investments consist of the following at August 31:

	<u>2021</u>	<u>2020</u>
Fixed income securities	\$ 4,554,569	\$ 3,540,375
Mutual funds – bonds	7,524,931	5,583,281
Mutual funds – equities	12,177,199	10,403,372
Alternative investments	8,017,623	7,530,216
Total Investments	<u>\$ 32,274,322</u>	<u>\$ 27,057,244</u>

Investment returns for the year ended August 31, 2021 are summarized as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Interest and dividends	\$ 59,978	\$ 359,682	\$ 419,660
Realized and unrealized gains	396,636	4,842,932	5,239,568
Total investment return	456,614	5,202,614	5,659,228
Less: Management fees	(142,423)	-	(142,423)
Non-operating investment return	<u>\$ 314,191</u>	<u>\$ 5,202,614</u>	<u>\$ 5,516,805</u>

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**8. INVESTMENTS (Continued)**

Investment returns for the year ended August 31, 2020 are summarized as follows:

	Without donor restrictions	With donor restrictions	Total
Interest and dividends	\$ 264,944	\$ 176,529	\$ 441,473
Realized and unrealized gains	209,261	1,186,277	1,395,538
Total investment return	474,205	1,362,806	1,837,011
Less: Management fees	(128,820)	-	(128,820)
Non-operating investment return	<u>\$ 345,385</u>	<u>\$ 1,362,806</u>	<u>\$ 1,708,191</u>

Interest income on cash and cash equivalents and short-term investments is included in operating activities in the Statement of Activities as those instruments are used for the Institute's daily cash management activities. All other investment returns are considered non-operating.

**9. FAIR VALUE MEASUREMENTS**

The following fair value hierarchy table presents information about the Institute's assets and liabilities measured at fair value on a recurring basis as of August 31, 2021. See Note 1 for a discussion of the Institute's policies regarding this fair value hierarchy.

Assets and Liabilities Measured at Fair Value on a Recurring Basis as of August 31, 2021 are as follows:

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of August 31, 2021
Cash equivalents	\$ 8,286,676	\$ -	\$ -	8,286,676
Fixed income securities	4,554,569	-	-	4,554,569
Mutual funds – bonds	7,524,931	-	-	7,524,931
Mutual funds – equities	12,177,199	-	-	12,177,199
Alternative investment	-	-	8,017,623	8,017,623
Total	<u>\$ 32,543,375</u>	<u>\$ -</u>	<u>\$ 8,017,623</u>	<u>40,560,998</u>

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**9. FAIR VALUE MEASUREMENTS (Continued)**

Assets and Liabilities Measured at Fair Value on a Recurring Basis as of August 31, 2020 are as follows:

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of August 31, 2020
Cash equivalents	\$ 9,346,467	\$ -	\$ -	\$ 9,346,467
Fixed income securities	3,540,375	-	-	3,540,375
Mutual funds – bonds	5,583,281	-	-	5,583,281
Mutual funds – equities	10,403,372	-	-	10,403,372
Alternative investment	-	-	7,530,216	7,530,216
Total	<u>\$ 28,873,495</u>	<u>\$ -</u>	<u>\$ 7,530,216</u>	<u>\$ 36,403,711</u>

The Company invests in the SCS Financial managed hedge funds Absolute Return Strategies - Offshore, Ltd., Hedged Equity - Offshore, Ltd. and Multi-Sector Credit Offshore, Ltd. Management considers these funds to be Level 3 trading security investment and invests in these funds for maximization of investment returns. The Funds invest in other private placement funds that are in both long and short non-publicly traded positions.

The changes in the recorded amount of the investment for the years ended August 31, 2021 and 2020 are summarized as follows:

	2021	2020
Balance, beginning of year	\$ 7,530,216	\$ 14,398,908
Sales	(1,509,864)	(6,837,143)
Purchases	471,211	-
Unrealized gain	1,526,060	(31,549)
Balance, end of year	<u>\$ 8,017,623</u>	<u>\$ 7,530,216</u>

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**9. FAIR VALUE MEASUREMENTS (Continued)**

The Institute used the following methods and significant assumptions to estimate fair value of assets recorded at fair value:

Cash equivalents and fixed income securities consist of commercial paper, corporate bonds, and municipal bonds. These securities are valued using either an accretion model or the weighted average price from inputs from a variety of industry standard data providers, security master files from financial institutions, and other third-party sources.

Mutual funds consist of publicly traded money market, bond, and equity funds valued using identical securities traded in the open market.

The valuation of alternative investments is based on the value of the funds underlying investments as reported by the broker which are audited annually.

The Institute's policy is to record transfers of assets and liabilities between Level 1 and Level 2 at their fair value as of the end of each reporting period, consistent with the date of the determination of fair value. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period. Assets are transferred from Level 2 to Level 1 when transactions volume and frequency are indicative of an active market. During the year ended August 31, 2021, there were no transfers of certain assets from Level 2 to Level 1. Conversely, assets are transferred from Level 1 to Level 2 when assets are no longer transacted with sufficient frequency and volume in an active market. The Institute had no transfers from Level 1 to Level 2 during the year ended August 31, 2021.

**10. LINE OF CREDIT AND LETTER OF CREDIT**

On December 24, 2020, the Institute renewed a \$3.5 million unsecured, revolving credit facility (the "Credit Facility") with a term of two years that will expire on January 31, 2023 with Zions Bank. The Credit Facility may be used to provide for the Institute's ongoing general corporate working capital requirements. Revolving credit loan bears interest under the Credit Facility at the 90-day LIBOR Rate (as defined in the Credit Facility) plus 3.0%. In addition, the Credit Facility contains restrictive covenants relating to the Institute's management and the operation of the Institute's business. These covenants, among other things, limit or restrict the Institute's ability to grant liens on its assets, incur additional indebtedness, enter into transactions to merge or consolidate with another entity. As of August 31, 2021, there were no drawdowns on the loan.

On August 2, 2021, the Institute renewed a \$66,522 irrevocable and unconditional standby letter of credit which serves as the security deposit for the New York office. This instrument renews annually.

**11. PAYCHECK PROTECTION PROGRAM**

On April 7, 2020, the Institute obtained a federal Paycheck Protection Program (PPP) loan for \$2,993,400 with an annual interest rate of 1%. The Company subsequently requested and received an additional \$2,000,000 from the Second Draw PPP Loan Program. The PPP was created by the federal government in response to economic repercussions of the spread of COVID-19. PPP loans are forgiven if loan recipients: 1) Spend loan proceeds within 24 weeks on eligible expenses and 2) Spend a minimum of 60% of loan proceeds on payroll costs. The Institute followed these guidelines and received forgiveness of the first-draw loan in 2021. Application for forgiveness for the second-draw PPP loan has been submitted with approval pending from Zions Bank and the Small Business Administration.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**11. PAYCHECK PROTECTION PROGRAM (Continued)**

However, in accordance with ASC 985-605, *Not-for-Profit Entities*, such balances can be treated as a refundable advance with its related recognition of contribution recorded when conditions of release have been met, which is usually when qualified expenses are incurred, or when the balance is forgiven.

**12. COMMITMENTS**

The Institute leases office space under non-cancellable operating leases that contain terms where the monthly payment increases over the lease term and contain certain renewal options. The deferred rent liability arising from escalating lease terms is amortized over the lease term. At August 31, 2021 and 2020, the deferred rent liability (which is included with accrued expenses on the Statement of Financial Position) was \$236,168 and \$384,566, respectively. The Institute also has various non-cancellable Film Festival venue rental agreements. In addition, the Institute also rents various venues and equipment for programs on an annual basis. Total rent expense was \$2,027,571 and \$4,856,855 for the fiscal years ended August 31, 2021 and 2020, respectively:

Future commitments as of August 31, 2021 are as follows:

Years Ending August 31,	Office Space	Film Festival	Total
2022	\$ 891,108	\$ 1,367,632	\$ 2,258,740
2023	554,903	491,364	1,046,266
2024	429,710	268,701	698,411
2025	-	-	-
2026	-	-	-
Later years	-	-	-
	<u>\$ 1,875,721</u>	<u>\$ 2,127,697</u>	<u>\$ 4,003,418</u>

Other commitments include an employment contract the Institute has entered into with a key executive before August 31, 2021. The agreement provides a severance payment of one-year annual salary plus an additional \$50,000 and three months of COBRA if employment is terminated before February 15, 2024.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**13. PROGRAM EXPENSES**

Program expenses for the years ended August 31, are summarized as follows:

	<u>2021</u>	<u>2020</u>
Film Festival	\$ 11,308,078	\$ 23,117,028
Feature Film	1,627,939	2,718,794
Theatre	573,950	1,497,467
Documentary	3,808,352	4,359,879
Film Music	193,539	472,246
Indigenous	809,688	603,709
Outreach & Inclusion	2,511,664	1,810,776
Creative Producing Unit	1,261,095	1,286,756
Episodic Program	580,142	711,367
New Frontier	368,054	670,196
Public Programming	713,218	512,197
Digital	3,019,359	3,081,276
Impact & Engagement	708,591	564,658
Digital Festival	2,908,617	-
Total program expenses	<u>\$ 30,392,287</u>	<u>\$ 41,406,349</u>

**14. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions represent contributions received which are either time or purpose restricted. The following is a schedule of net assets with donor restrictions as of August 31:

	<u>2021</u>	<u>2020</u>
Time restricted pledges	\$ 3,045,330	\$ 5,151,947
Restricted endowment funds	26,605,773	22,272,549
Innovation funds	949,637	949,598
Capital campaign	13,337,849	12,405,347
Film festival	2,520,991	5,204,723
Feature film	346,992	406,186
Diversity & outreach	765,655	1,112,500
Documentary	2,816,728	5,092,049
Total with donor restricted net assets	<u>\$ 50,388,955</u>	<u>\$ 52,594,899</u>

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**15. EMPLOYEE BENEFIT PLANS**

The Institute has adopted a qualified profit sharing plan under Section 401(k) of the Internal Revenue Code for the benefit of its employees. The plan allows eligible employees to contribute up to 100% of their compensation subject to limits determined by the Internal Revenue Service. Employees can contribute to the plan after three months of service. The Institute makes a committed safe harbor contribution and a discretionary percentage contribution to eligible staff with one year of service and a minimum of 1,000 hours. Effective September 1, 2021, the Institute terminated the discretionary percentage contribution. The amount is determined as part of the overall budget process which is ultimately approved by the Board of Trustees. During the years ended August 31, 2021 and 2020, the Institute contributed \$404,023 and \$878,379, respectively, to the plan.

**16. RELATED PARTY TRANSACTIONS**

Included in promises to give, receivables, and payables are amounts due from related parties for transactions which relate to program activities.

Sundance Catalog

Sundance Catalog provides purchase discounts to all Institute staff of merchandise sold through its catalog along with in-kind donations of storage space and furniture used for events valued at \$0 and \$67,050 for the years ended August 31, 2021 and 2020, respectively. Robert Redford, President and founder of the Sundance Institute, owns a minority interest in Sundance Catalog.

Sundance Group

Sundance Group provides travel and security for Mr. Redford during the Film Festival. Expenses related to these services were \$0 and \$10,863 for the years ended August 31, 2021 and 2020 respectively. The Institute had no payables due to Sundance Group for the years ended August 31, 2021 and 2020, respectively. Sundance Group is the parent organization for Mr. Redford's holdings.

Sundance Partners

Sundance Partners provides catering and lodging at the Sundance Resort during the Institute's program activities. Expenses related to these services were \$16,974 and \$775,487 for the years ended August 31, 2021 and 2020 respectively. Mr. Redford held significant influence of Sundance Partners, including the Sundance Mountain Resort, until it was sold to an unrelated party in December 2020.

SundanceTV

In September 2017, AMC Networks on behalf of SundanceTV signed a three-year Presenting Sponsor Agreement, with the option to renew for one year with the same terms, as the official television network of the 2019-2021 Sundance Film Festival. The annual scheduled payment was \$630,000 for 2021. The pledge receivable balance for this agreement was \$0 and \$908,653 as of August 31, 2021 and 2020, respectively.

In December 2018, AMC Networks on behalf of SundanceTV signed a two year Episodic Story Initiative Supporter Agreement. In October 2020 this was extended to include 2021. The annual scheduled payment was \$60,000 for 2021.

Mr. Redford is the Creative Director for AMC Networks, the owner of SundanceTV. While he sold his financial interest in 2008, it has been assumed for these purposes that his creative role has enough significant control to qualify as a related party.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**16. RELATED PARTY TRANSACTIONS (Continued)**

Kenneth Cole Productions

In January 2021 Kenneth Cole Productions made an in-kind donation of staff and volunteer face masks, long sleeved shirts (2021) and jackets (2020) valued at \$7,711 and \$118,850 for the years ended August 31, 2021 and 2020 respectively. Kenneth Cole is a trustee of the Sundance Institute.

Board of Trustees

The Institute received contributions of \$1,431,154 and \$3,969,887 from members of the Institute's Board of Trustees (the Board) for the years ended August 31, 2021 and 2020, respectively. Outstanding net pledges receivable from board members were \$8,321,379 and \$9,593,515 as of August 31, 2021 and 2020, respectively.

Members of the Institute's Board may, from time to time, be associated, either directly or indirectly, with companies doing business with the Institute. There are written conflict of interest policies for the Institute that require, among other things, that a member of a governing board must disclose the existence and nature of his or her financial interest in any proposed transaction or compensation arrangement to the Board. Disinterested members shall exercise due diligence in investigating the proposed transaction or arrangement including investigating possible alternatives. Disinterested members shall determine, by majority vote, whether the transaction or arrangement is in the Institute's best interest and for its own benefit, and whether the transaction is fair and reasonable to the Institute and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination. This process is overseen by the Audit Committee of the Board.

**17. CONCENTRATION OF CREDIT AND MARKET RISK**

The Institute maintains its cash balances in bank accounts, which at times may exceed their federally insured limits of \$250,000 set by the Federal Deposit Insurance Corporation (FDIC). The Institute has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk on these balances.

The Institute also maintains accounts with stock brokerage firms. The accounts contain cash, securities and other investments. The Institute's investments in securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with these investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

The Institute's promises to give include amounts due from three large donors comprising 42% and 34% of total promises to give at August 31, 2021 and 2020, respectively.

**18. ENDOWMENT**

The Institute's endowment includes donor-restricted endowments. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of relevant law* - The Board of Trustees of the Institute has interpreted the *Uniform Prudent Management of Institutional Funds Act ("UPMIFA")* as adopted by the State of Utah as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.



**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**18. ENDOWMENT (Continued)**

As a result of this interpretation, the Institute classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is classified as net assets with donor restrictions until those amounts are expended by the Institute in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Institute and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Institute
- (7) The investment policies of the Institute

Endowment net asset composition by type of fund as of August 31, 2021:

	Without donor	With donor restrictions	Total
Donor-restricted:			
Core (General)	\$ -	\$ 11,809,572	\$ 11,809,572
Core (Ford)	-	4,653,458	4,653,458
Theatre (Duke)	-	7,532,125	7,532,125
Documentary (Engelhard)	-	2,610,619	2,610,619
	-	26,605,774	26,605,774
Board-designated endowment funds	2,283,304	-	2,283,304
Total endowment net assets	\$ 2,283,304	\$ 26,605,774	\$ 28,889,078

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**18. ENDOWMENT (Continued)**

Changes in endowment net assets for the fiscal year ended August 31, 2021:

	<u>Without donor</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,875,604	22,272,549	\$ 24,148,153
Investment income	31,999	359,682	391,681
Net appreciation (realized and unrealized)	384,573	4,842,932	5,227,505
Contributions and net appreciation in life insurance	-	23,179	23,179
Appropriation of endowment assets for expenditures	<u>(8,872)</u>	<u>(892,568)</u>	<u>(901,440)</u>
Endowment net assets, end of year	<u>\$ 2,283,304</u>	<u>\$ 26,605,774</u>	<u>\$ 28,889,077</u>

Endowment net asset composition by type of fund as of August 31, 2020:

	<u>Without donor</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted:			
Core (General)	\$ -	\$ 9,933,073	\$ 9,933,073
Core (Ford)	-	3,877,650	3,877,650
Theatre (Duke)	-	6,282,212	6,282,212
Documentary (Engelhard)	-	2,179,614	2,179,614
	<u>-</u>	<u>22,272,549</u>	<u>22,272,549</u>
Board-designated endowment funds	<u>1,875,604</u>	<u>-</u>	<u>1,875,604</u>
Total endowment net assets	<u>\$ 1,875,604</u>	<u>\$ 22,272,549</u>	<u>\$ 24,148,153</u>

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**18. ENDOWMENT (Continued)**

Changes in endowment net assets for the fiscal year ended August 31, 2020.

	<u>Without donor</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,643,019	\$ 21,774,840	\$ 23,417,859
Investment income	28,594	176,529	205,123
Net appreciation (realized and unrealized)	214,010	1,186,277	1,400,287
Contributions and net appreciation in life insurance	-	22,205	22,205
Appropriation of endowment assets for expenditures	<u>(10,019)</u>	<u>(887,302)</u>	<u>(897,321)</u>
Endowment net assets, end of year	<u>\$ 1,875,604</u>	<u>\$ 22,272,549</u>	<u>\$ 24,148,153</u>

Description of amounts classified as net assets with donor restrictions are as follows:

	<u>2021</u>	<u>2020</u>
The portion of perpetual endowment funds that is The portion of perpetual endowment funds subject to a time restriction under UPMIFA:	\$ 10,582,826	\$ 10,559,647
Without purpose restrictions	9,880,204	7,251,076
With purpose restrictions	<u>6,142,744</u>	<u>4,461,826</u>
restrictions	<u>\$ 26,605,774</u>	<u>\$ 22,272,549</u>

***Funds with deficiencies*** - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Institute to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets without donor restrictions. As of August 31, 2021 and 2020, there were no deficiencies.

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**18. ENDOWMENT (Continued)**

***Return objectives and risk parameters*** - The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor specified period(s) as well as Board-designated funds.

Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the benchmarked indexes weighted in accordance with the target asset allocation while assuming a moderate level of investment risk. The Institute expects its endowment funds, over time, to provide a minimum rate of return that exceeds the rate of inflation (as measured by the Consumer Price Index) by not less than 5 percent annually. Actual returns in any given year may vary from this amount.

***Strategies employed for achieving objectives*** - To satisfy its long-term rate-of-return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Institute targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

***Spending policy and how the investment objective relate to spending policy*** - The Institute has the option of appropriating for distribution each year up to 5 percent of its endowment fund's average fair value over the lesser of a three year rolling average or a 12 month value with the same effective ending date. In establishing this policy, the Institute considered the long-term expected return on its endowment. Accordingly, over the long term, the Institute expects the current spending policy to allow its endowment to grow at an average range of at least 2 to 5 percent annually. This is consistent with the Institute's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**19. RESTRICTED ASSETS**

The following table presents the nature of cash, cash equivalents, and investments as either with donor restrictions or without donor restrictions.

	2021	2020
Cash and Cash Equivalents		
Cash without restrictions	\$ 13,373,686	\$ 13,891,380
Cash with donor restrictions	4,927,644	3,003,934
Total Cash and Cash Equivalents	\$ 18,301,330	\$ 16,895,314
Investments		
General Endowment	\$ 25,404,956	\$ 21,688,102
Other	4,624,488	3,596,347
Quasi Endowment	2,244,878	1,772,795
Total Investments	32,274,322	27,057,244
Total Cash, Cash Equivalents and Investments	\$ 50,575,652	\$ 43,952,558

**Sundance Institute**  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2021 and 2020

**20. SUBSEQUENT EVENTS**

Management has evaluated subsequent events for the period after August 31, 2021 through November 20, 2021, the date the financial statements were available to be issued. No other subsequent events were noted that would warrant additional disclosures.

**FEDERAL AWARD REPORTS IN ACCORDANCE WITH  
THE UNIFORM GUIDANCE**

**SUNDANCE INSTITUTE**  
Schedule of Expenditures of Federal Awards  
For the Year Ended August 31, 2021

Federal Grantor/Pass- through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
National Endowment for the Arts Promotion of the Arts Grants to Organizations	45.024	None	<u>\$ 279,500</u>
US Department of Treasury - Coronavirus Relief Fund State of Utah Division of Arts and Museums	21.019	None	<u>\$ 1,000,000</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<u><u>\$ 1,279,500</u></u>

See the accompanying notes to the Schedule  
of Expenditures of Federal Awards

# SUNDANCE INSTITUTE

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended August 31, 2021

## 1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal financial assistance programs of **Sundance Institute** (the “Institute”). The reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the schedule of expenditures of federal awards.

## 2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the accrual basis of accounting for expenditures. The cost principles contained in Subpart E -Cost Principles of the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Institute’s summary of significant accounting policies is presented in Note 2 of the Institute’s basic financial statements. Because the Schedule presents only a selected portion of the operations of the Institute., it is not intended to and does not present the financial position, changes in net assets or cash flows of the Institute.

## 3. NON CASH ASSISTANCE

The Institute did not receive any non-cash assistance during the period under audit.

## 4. FEDERALLY INSURED LOANS

The Institute did not have any federally insured loans outstanding at year-end





## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Directors  
Sundance Institute

We have audited, 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, the financial statements of Sundance Institute, which comprise the statement of financial position as of August 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Sundance Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sundance Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of Sundance Institute's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sundance Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lansom Co. Company P. C.*

Salt Lake City, Utah  
November 18, 2021



## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Sundance Institute

### **Report on Compliance for Each Major Federal Program**

We have audited Sundance Institute's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Sundance Institute's major federal programs for the year ended August 31, 2021. Sundance Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Sundance Institute's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sundance Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Sundance Institute's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Sundance Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

## Report on Internal Control over Compliance

Management of Sundance Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sundance Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sundance Institute's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lawson E. Company P.C.".

Salt Lake City, Utah  
November 18, 2021

**SUNDANCE INSTITUTE**  
Schedule of Findings and Questioned Costs  
For the Year Ended August 31, 2021

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**Section I – Summary of Auditor’s Results**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Type of auditor's report issued on compliance for major programs	Unmodified
Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

<u>Name of Federal Program</u>	CFDA Number
US Department of Treasury Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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None

**SUNDANCE INSTITUTE**  
Schedule of Findings and Questioned Costs  
For the Year Ended August 31, 2021

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**Section III – Financial Award Findings and Questioned Costs**

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**Current year - None**

**Prior year – No single audit performed**