Consolidated Financial Statements
August 31, 2018 and 2017

Utah Film Center

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Utah Film Center
Salt Lake City, Utah

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Utah Film Center, which comprise the consolidated statements of financial position as of August 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Utah Film Center as of August 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Salt Lake City, Utah
December 19, 2018

	2018	2017
Assets		
Current Assets		
Cash	$ 242,894	$ 230,153
Restricted cash - fiscal sponsorship	1,598,500	1,642,653
Contributions receivable, net	418,749	358,182
Prepaid expenses	25,449	29,243
Total current assets	2,285,592	2,260,231
Property and Equipment, Net	117,816	124,848
Investments	506,653	475,000
	$ 2,910,061	$ 2,860,079
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 6,558	$ 5,746
Grants payable	1,641,016	1,665,672
Capital lease obligations, current portion	3,884	3,732
Deferred revenue	9,200	-
Other current liabilities	43,168	60,041
Total current liabilities	1,703,826	1,735,191
Long-term Liabilities		
Capital lease obligations, less current portion	7,891	11,775
Total liabilities	1,711,717	1,746,966
Net Assets		
Unrestricted	275,406	84,426
Temporarily restricted	922,938	1,028,687
Total net assets	1,198,344	1,113,113
	$ 2,910,061	$ 2,860,079

	2018	2017
Unrestricted Net Assets		
Public support and revenue		
Contributions	$ 8,340,313	$ 7,015,181
In-kind contributions	147,817	215,966
Government grants and contracts	421,557	489,119
Program fees	44,887	25,350
Net investment return	104,813	13,922
Interest	1,255	862
Other	45,513	40,014
Gross special events revenue	116,976	41,192
Less cost of direct benefits to donors	(92,002)	(5,181)
Net special events revenue	24,974	36,011
Net assets released from restrictions		
Restrictions satisfied	826,155	629,436
Total unrestricted public support and revenue	9,957,284	8,465,861
Program Service Expenses		
Core programming	319,150	304,582
Festivals	322,829	311,525
Utah Film Circuit	51,241	47,536
Education	306,151	242,774
Artist Foundry	31,899	-
Fiscal Sponsorship	8,083,251	6,856,912
Total program service expenses	9,114,521	7,763,329
Supporting Service Expenses		
Management and general	478,473	493,323
Fundraising	173,310	151,705
Total supporting service expenses	651,783	645,028
Total expenses	9,766,304	8,408,357
Change in Unrestricted Net Assets	190,980	57,504
Temporarily Restricted Net Assets		
Contributions	720,406	943,750
Net assets released from restrictions		
Restrictions satisfied	(826,155)	(629,436)
Change in Temporarily Restricted Net Assets	(105,749)	314,314
Change in Net Assets	85,231	371,818
Net Assets, Beginning of Year	1,113,113	741,295
Net Assets, End of Year	$ 1,198,344	$ 1,113,113

	Program Service Expenses							Supporting Service Expenses			
	Core Programming	Festivals	Utah Film Circuit	Education	Artist Foundry	Fiscal Sponsorship	Total	Management and General	Fundraising	Total	Total Expenses
Accounting and legal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,501	$ -	$ 19,501	$ 19,501
Conferences, conventions, meetings	-	16	-	2,215	-	-	2,231	-	-	-	2,231
Depreciation and amortization	78	-	-	-	816	-	894	28,928	-	28,928	29,822
Development	454	14,908	-	86	41	-	15,489	77	30,803	30,880	46,369
Education expenses	-	-	-	61,075	-	-	61,075	-	-	-	61,075
Event expenses	50,885	53,276	26,362	8,536	330	-	139,389	171	40,856	41,027	180,416
Facilities and equipment	2,510	-	-	-	21,294	-	23,804	73,376	4	73,380	97,184
Grantee activity	10,070	-	-	-	-	8,005,056	8,015,126	-	-	-	8,015,126
Guest expenses	12,005	3,553	100	1,832	-	-	17,490	151	1,017	1,168	18,658
Honoraria	57,944	-	550	3,000	-	-	61,494	-	500	500	61,994
Insurance	374	-	-	-	-	-	374	4,133	-	4,133	4,507
Marketing	36,708	34,314	6,575	9,178	11	-	86,786	58,229	2,451	60,680	147,466
Office expense	6,333	7,533	286	1,780	1,180	70	17,182	34,071	14,107	48,178	65,360
Other expense	278	11,020	32	2,164	-	1,360	14,854	9,965	30,437	40,402	55,256
Payroll and related	141,210	198,084	16,564	191,123	8,227	76,765	631,973	249,673	145,137	394,810	1,026,783
Reference materials	292	87	217	15,935	-	-	16,531	176	-	176	16,707
Staff travel	9	38	555	9,227	-	-	9,829	22	-	22	9,851
Total expenses by function	319,150	322,829	51,241	306,151	31,899	8,083,251	9,114,521	478,473	265,312	743,785	9,858,306
Less expenses included with revenues on the statement of activities											
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	(92,002)	(92,002)	(92,002)
Total expenses	$ 319,150	$ 322,829	$ 51,241	$ 306,151	$ 31,899	$ 8,083,251	$ 9,114,521	$ 478,473	$ 173,310	$ 651,783	$ 9,766,304

	Program Service Expenses						Supporting Service Expenses			
	Core Programming	Festivals	Utah Film Circuit	Education	Fiscal Sponsorship	Total	Management and General	Fundraising	Total	Total Expenses
Accounting and legal	$ -	$ -	$ -	$ -	$ -	$ -	$ 61,376	$ -	$ 61,376	$ 61,376
Conferences and conventions	350	-	-	-	-	350	1,808	-	1,808	2,158
Depreciation and amortization	-	-	-	-	-	-	18,723	-	18,723	18,723
Development	775	11,504	-	-	-	12,279	997	10,339	11,336	23,615
Education expenses	-	-	-	40,838	-	40,838	-	-	-	40,838
Event expenses	50,636	71,072	25,293	15,762	-	162,763	641	2,488	3,129	165,892
Facilities and equipment	140	9	-	331	-	480	73,567	279	73,846	74,326
Grantee activity	-	-	-	-	6,778,295	6,778,295	-	-	-	6,778,295
Guest expenses	14,625	4,956	913	161	-	20,655	-	5,642	5,642	26,297
Honoraria	71,263	3,170	-	-	-	74,433	-	-	-	74,433
Insurance	-	-	-	-	-	-	5,198	-	5,198	5,198
Marketing	30,635	28,850	3,224	4,888	-	67,597	615	4,719	5,334	72,931
Office expenses	3,937	2,354	327	2,969	-	9,587	43,995	508	44,503	54,090
Other expenses	227	165	84	1,110	-	1,586	70,876	-	70,876	72,462
Payroll and related	131,102	187,442	16,879	161,294	78,617	575,334	213,878	132,842	346,720	922,054
Reference materials	892	22	239	9,627	-	10,780	-	-	-	10,780
Staff travel	-	1,981	577	5,794	-	8,352	1,649	69	1,718	10,070
Total expenses by function	304,582	311,525	47,536	242,774	6,856,912	7,763,329	493,323	156,886	650,209	8,413,538
Less expenses included with revenues on the statement of activities										
Cost of direct benefit to donors	-	-	-	-	-	-	-	(5,181)	(5,181)	(5,181)
Total expenses	$ 304,582	$ 311,525	$ 47,536	$ 242,774	$ 6,856,912	$ 7,763,329	$ 493,323	$ 151,705	$ 645,028	$ 8,408,357

	2018	2017
Operating Activities		
Change in net assets	$ 85,231	$ 371,818
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	29,822	18,723
Bad debt	-	15,439
Realized and unrealized gain on operating investments	(31,653)	(2,293)
Contributed property and equipment, capitalized	-	(83,200)
Contributed investments	-	(475,000)
Changes in operating assets and liabilities		
Contributions receivable	(60,567)	(53,015)
Prepaid expenses	3,794	(24,503)
Accounts payable	812	(30,385)
Grants payable	(24,656)	1,286,683
Deferred revenue	9,200	-
Other current liabilities	(16,873)	54,050
Net Cash from (used for) Operating Activities	(4,890)	1,078,317
Investing Activities		
Change in restricted cash - fiscal sponsorship	44,153	(1,285,400)
Purchase of property and equipment	(23,290)	(34,775)
Proceeds on sale of property and equipment	500	-
Proceeds on sale of operating investments	-	35,176
Net Cash from (used for) Investing Activities	21,363	(1,288,877)
Financing Activities		
Payments on capital lease obligations	(3,732)	(3,878)
Net Cash used for Financing Activities	(3,732)	(3,878)
Net Change in Cash	12,741	(214,438)
Cash, Beginning of Year	230,153	440,713
Cash, End of Year	$ 242,894	$ 230,153
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Contributed investments	$ -	$ 475,000
Equipment financed through capital lease arrangment	-	19,385
Contributed property and equipment, capitalized	-	83,200
	$ -	$ 577,585

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Utah Film Center (UFC) is a nonprofit corporation organized to bring the world of film to local audiences through free community screenings and discussions, outreach programs, and visiting artists and professionals. UFC also acts as a fiscal sponsor for select film projects. UFC emphasizes social content and artistic excellence and presents documentary, independent, and dramatic cinema year-round. UFC collaborates with various educational and community organizations to promote a diversity of ideas, to provide forums for underrepresented groups, and to develop new audiences for film.

UFC currently operates the following programs:

- Core Programming – UFC's core programming includes regular screenings of the best independent and international films. Many screenings feature a post-screening discussion with the filmmaker, a topic expert or a panel of experts. Through its core programming, UFC encourages dialogue about current social, cultural and economic issues. Efforts are made to partner with and reach out to interested nonprofit, business, and community organizations to help build audiences for each screening.

- Festivals – UFC annually presents two specialty film festivals:

    - *Damn These Heels! LGBT Film Festival* - Damn These Heels! is a community event that illuminates LGBT issues, ideas, hopes and yearnings through the power of film.

    - *Tumbleweeds Film Festival for Children and Youth* - Tumbleweeds is the only festival of its kind in the intermountain west and provides children ages 4-14 with access to films from around the world.

- Utah Film Circuit – The Utah Film Circuit provides Utah's under-served communities with access to the best independent, international and documentary films that they would otherwise not have an opportunity to see. UFC works closely with locally based groups, who select, promote and coordinate programming for their specific community, based on UFC's core programming.

- Education – UFC offers multiple development services and training of K-12 educators on how to integrate film making and the media arts into educational settings. UFC works closely with community partners to fund and offer its education programs.

- Artist Foundry – The Artist Foundry was created to fill a need and empower local independent filmmakers to create fresh cinematic stories through community, resources, and infrastructure.

- Fiscal Sponsorship – UFC acts as a fiscal sponsor for select film projects that are consistent with its mission, that emphasize social content and artistic excellence, including documentary, independent and dramatic films. Through the fiscal sponsorship program, UFC can ensure funding agencies and contributors that funds are well managed and spent according to their guidelines.

Utah Film Support Foundation (the Foundation) is a separate nonprofit organization established solely to hold investments and to assist in funding UFC's operating rent costs. The Foundation is governed by a separate Board of Directors, the majority of which are appointed by UFC's Board of Directors. The Board of Directors of the Foundation authorizes supporting distributions to UFC or on behalf of UFC.

Principles of Consolidation

The consolidated financial statements include the accounts of Utah Film Center and Utah Film Support Foundation (effective with the establishment of the Foundation during the year ended August 31, 2017) because the Utah Film Center has both control and an economic interest in the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Center."

Restricted Cash

Restricted cash is restricted by the board for use in the fiscal sponsorship program including the payment of grants payable (Note 6).

Contributions Receivable

The Center records contributions receivable expected to be collected within one year at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines an allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. At August 31, 2018 and 2017, the Center has not recorded an allowance. At August 31, 2018 and 2017, the Center's contributions receivable are all expected to be collected within one year.

Property and Equipment

Property and equipment additions over $500 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Center reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended August 31, 2018 and 2017.

Investments

The Center records investment purchases at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the consolidated statements of financial position. Net investment return /(loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment, management, and custodial fees.

Grants Payable

Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. The Center has no conditional grants at August 31, 2018 and 2017.

Net Assets

Net assets, contributions, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Center and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Center's Board of Directors.

The Center reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Center. The restrictions stipulate that resources be maintained permanently but permit the Center to expend the income generated in accordance with the provisions of the agreements. At August 31, 2018 and 2017, the Center has no permanently restricted net assets.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions receivable are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Center's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Center records donated professional services at the respective fair values of the services received (Note 9).

Advertising Costs

Advertising costs are expensed as incurred, and approximated $147,000 and $73,000, during the years ended August 31, 2018 and 2017, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Center is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Center is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Center has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

Financial Instruments of Credit Risk

The Center manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Center has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Center's mission.

Subsequent Events

Management has evaluated subsequent events through December 19, 2018, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

The Center reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Center develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

At August 31, 2018 and 2017, investment assets are valued based on appraised values of the underlying assets invested in or values determined by management based on operating cash flows and an applied market based rate of capitalization expected to be used by a potential buyer of the investment and are classified within Level 3.

The following table presents assets measured at fair value on a recurring basis at August 31, 2018:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Ownership interest in real estate limited liability companies	$ 506,653	$ -	$ -	$ 506,653

The following table presents assets measured at fair value on a recurring basis at August 31, 2017:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Ownership interest in real estate limited liability companies	$ 475,000	$ -	$ -	$ 475,000

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended August 31, 2018 and 2017:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)
Year Ended August 31, 2018	Ownership Interests
Balance, August 31, 2017	$ 475,000
Unrealized gains	31,653
Distributions from ownership interest in real estate limited liability companies	73,160
Withdrawals	(73,160)
Balance, August 31, 2018	$ 506,653

Year Ended August 31, 2017	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3) Ownership Interests
Balance, August 31, 2016	$ -
Contributed ownership interests	475,000
Distributions from ownership interest in real estate limited liability companies	11,629
Withdrawals	(11,629)
Balance, August 31, 2017	$ 475,000

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended August 31, 2018 and 2017:

	2018	2017
Operating investments		
Distributions from ownership interest in real estate limited liability companies	$ 73,160	$ 11,629
Net realized and unrealized gains	31,653	2,293
	$ 104,813	$ 13,922

Note 4 - Contributions Receivable

Contributions receivable consists of the following for the years ended August 31, 2018 and 2017:

	2018	2017
Salt Lake County - Zoo, Arts and Parks (ZAP)	$ 96,388	$ 99,146
Utah Office of Education - Spark	200,000	200,000
State of Utah	-	37,500
Festivals	3,718	12,000
Other	118,643	9,536
	$ 418,749	$ 358,182

Note 5 - Property and Equipment

Property and equipment consists of the following for the years ended August 31, 2018 and 2017:

	2018	2017
Equipment	$ 66,108	$ 53,678
Furniture and fixtures	37,610	27,250
Leasehold improvements	63,419	63,419
	167,137	144,347
Less accumulated depreciation	(49,321)	(19,499)
	$ 117,816	$ 124,848

Note 6 - Grants Payable

Grants payable consists of amounts payable under the fiscal sponsorship program as follows for the years ended August 31, 2018 and 2017:

	2018	2017
Hollywood Assaults	$ 579,500	$ -
Untitled Incest	285,000	285,000
Hunting Ground	277,667	180,000
The Radicals	105,450	105,450
READy or Not	95,000	-
Piper's Price	52,250	-
The Vow Film, LLC	50,000	-
Rex Lee Story	42,750	-
Bend the Arc	39,458	64,458
Phoebe Snow Foundation - TBD	28,501	265,393
Untitled Medical Project	23,750	285,000
Roll Red Roll	23,750	-
Possible Selves	19,993	40,375
Mr. Rogers	-	190,000
Unrest	-	80,823
Bending the Arc Theater Release	-	66,926
AG Project	-	48,932
Solar Mommas	-	46,700
Other	17,947	6,615
	$ 1,641,016	$ 1,665,672

Note 7 - Leases

The Organization leases office space under an operating lease, and equipment under a capital lease expiring at various dates through 2023.

Future minimum lease payments are as follows:

Years Ending August 31,	Capital Leases	Operating Leases
2019	$ 4,284	$ 65,819
2020	4,284	67,793
2021	3,927	69,823
2022	-	71,910
2023	-	74,081
Total minimum lease payments	12,495	$ 349,426
Less amount representing interest	(720)	
Capital lease obligation	$ 11,775	

Rent expense for the years ended August 31, 2018 and 2017, was $73,600 and $62,040, respectively.

Leased property under capital leases at August 31, 2018 and 2017, includes:

	2018	2017
Equipment	$ 19,385	$ 19,385
Less accumulated amortization	(7,610)	(3,878)
	$ 11,775	$ 15,507

Note 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets consists of the following for the years ended August 31, 2018 and 2017:

	2018	2017
Restricted by donors for		
Office rent (a)	$ 506,653	$ 475,000
Core programming	8,949	2,556
Education	88,588	117,039
Tumbleweeds Film Festival	-	58,062
Damn These Heels!	-	17,848
Promises to give, the proceeds from which have been restricted by donors for		
Spark	200,000	200,000
Damn These Heels!	2,218	7,000
Tumbleweeds Film Festival	1,500	5,000
Utah Film Circuit	350	-
Time restrictions (proceeds are not restricted by donors)		
Salt Lake County - Zoo, Arts and Parks (ZAP)	96,388	99,146
Other contributions receivable	18,292	47,036
	$ 922,938	$ 1,028,687

(a) During the year ended August 31, 2017, a contribution of ownership interests in real estate limited liabilities companies was made to the Utah Film Support Foundation (the Foundation), which is a Type I supporting organization under the Internal Revenue Code, and which exists solely to support the Utah Film Center. Under terms of the Foundation's organizing and governing documents, the Center controls the governing board of the Foundation. The Center, by virtue of its control of the Foundation's governing body, has the authority and control to determine how the assets and income from the Foundation are to be used by the Center. The Center has chosen to classify the nets assets as restricted for office rent during the period of its current lease.

Note 9 - Donated Professional Services, Materials, and Facilities

The Center received donated professional services, materials, and facilities as follows for the years ended August 31, 2018 and 2017:

	Program Services	Management and General	Fundraising and Development	Total
August 31, 2018				
Honoraria	$ 50,434	$ -	$ 410	$ 50,844
Event expenses - venue	15,228	19	4,463	19,710
Other	3,946	2,647	8,085	14,678
Marketing	36,832	24,713	1,040	62,585
	$ 106,440	$ 27,379	$ 13,998	$ 147,817

	Program Services	Management and General	Fundraising and Development	Total
August 31, 2017				
Honoraria	$ 52,838	$ -	$ -	$ 52,838
Event expenses - venue	20,716	82	317	21,115
Facilities and equipment - office space and parking	134	20,468	78	20,680
Marketing	35,344	322	2,467	38,133
	$ 109,032	$ 20,872	$ 2,862	$ 132,766

During the year ended August 31, 2017, the Center received and capitalized a donation of office furniture and improvements valued at $83,200.

Note 10 - Related Party Transactions

During the years ended August 31, 2018 and 2017, the Center leased office space from an entity that is affiliated with certain members of the board of directors of the Foundation (see Note 7). Rent expense relating to this lease for the years ended August 31, 2018 and 2017 totals $73,600 and $62,040, respectively. During the year ended August 31, 2017, $20,680 was not required to be paid and is therefore recorded as in-kind donated rent.

During the year ended August 31, 2017, the Center received a contribution of ownership interests in real estate limited liability companies totaling $475,000 from entities affiliated with certain members of the Board of Directors of the Foundation (see Notes 2 and 8).