Grand Teton Music Festival, Inc. and GTMF Housing, LLC

Consolidated Financial Statements
Year Ended December 31, 2023

Grand Teton Music Festival, Inc. and GTMF Housing, LLC

Consolidated Financial Statements
Year Ended December 31, 2023

Contents

Tel: 212-885-8000
Fax: 212-697-1299
www.bdo.com

BDO
200 Park Avenue
New York, NY 10166
USA

Independent Auditor's Report

The Board of Directors
Grand Teton Music Festival, Inc. and GTMF Housing, LLC
Jackson Hole, Wyoming

Opinion

We have audited the consolidated financial statements of Grand Teton Music Festival, Inc. and GTMF Housing, LLC (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 consolidated financial statements and our report, dated July 10, 2023, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, P.C.

June 28, 2024

Grand Teton Music Festival, Inc. and GTMF Housing, LLC

Consolidated Statement of Financial Position
(with comparative totals for 2022)

December 31,	2023	2022
Assets		
Current Assets		
Cash and cash equivalents (Notes 2 and 3)	$ **1,711,471**	$ 1,058,632
Investments, at fair value (Notes 2, 3, and 4)	**12,734,954**	10,603,183
Accounts receivable, net of credit losses (Note 2)	**41,707**	16,805
Pledges receivable, net, current portion (Notes 2, 3, and 6)	**769,424**	128,700
Prepaid expenses	**28,798**	25,076
Total Current Assets	**15,286,354**	11,832,396
Pledges Receivable, Net, less current portion	**1,355,460**	75,000
Property and Equipment, Net (Notes 2 and 7)	**7,078,905**	7,196,972
Right-of-Use Asset (Note 11)	**458,944**	562,007
Total Assets	$ **24,179,663**	$ 19,666,375
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ **62,077**	$ 47,580
Accrued scholarships	**60,240**	60,087
Deferred revenue (Note 2)	**923,291**	820,545
Operating lease liability, current portion (Note 11)	**117,069**	111,860
Total Current Liabilities	**1,162,677**	1,040,072
Operating Lease Liability, Net, less current portion (Note 11)	**364,747**	468,633
Total Liabilities	**1,527,424**	1,508,705
Commitments and Contingency (Notes 2, 3, 5, 7, 8, 9, 11, and 12)		
Net Assets (Notes 2, 3, 8, and 9)		
Without donor restrictions:		
Undesignated	**3,751,772**	4,456,159
Housing property, net	**2,559,107**	2,914,328
Board designated	**11,805,005**	9,333,747
Total Without Donor Restrictions	**18,115,884**	16,704,234
With donor restrictions (Notes 2, 8, and 9)	**4,536,355**	1,453,436
Total Net Assets	**22,652,239**	18,157,670
Total Liabilities and Net Assets	$ **24,179,663**	$ 19,666,375

See accompanying notes to consolidated financial statements.

Grand Teton Music Festival, Inc. and GTMF Housing, LLC

Consolidated Statement of Activities (with comparative totals for 2022)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	**2023**	2022
Revenues				
Contributions and grants	$ 3,722,872	$ 3,371,284	**$ 7,094,156**	$ 2,846,773
Donated securities	135,186	347,752	**482,938**	191,846
Contributed nonfinancial assets (Note 10)	269,646	-	**269,646**	151,295
Ticket sales	777,117	-	**777,117**	622,936
Other festival revenue	169,992	-	**169,992**	266,150
Special events, net of direct cost to donors in 2032 and 2022 of $67,156 and $12,600, respectively	73,344	-	**73,344**	80,500
Rental revenue	289,370	-	**289,370**	242,618
Interest revenue, net of fees	454,349	-	**454,349**	328,839
Realized and unrealized gains (losses) on investments, net	1,058,118	-	**1,058,118**	(1,874,975)
Net assets released from restrictions	636,117	(636,117)	**-**	-
Total Revenues	7,586,111	3,082,919	**10,669,030**	2,855,982
Expenses				
Program services:				
Festival expenses	4,009,059	-	**4,009,059**	4,076,860
Housing expenses	303,057	-	**303,057**	296,228
Total Program Services	4,312,116	-	**4,312,116**	4,373,088
Supporting services:				
Management and general	1,137,475	-	**1,137,475**	926,058
Fundraising	724,870	-	**724,870**	549,162
Total Supporting Services	1,862,345	-	**1,862,345**	1,475,220
Total Expenses	6,174,461	-	**6,174,461**	5,848,308
Non-Operating Revenues				
Employee retention credit	-	-	**-**	157,695
Total Non-Operating Revenues	-	-	**-**	157,695
Change in Net Assets	1,411,650	3,082,919	**4,494,569**	(2,834,631)
Net Assets, beginning of year	16,704,234	1,453,436	**18,157,670**	20,992,301
Net Assets, end of the year	$ 18,115,884	$ 4,536,355	**$ 22,652,239**	$ 18,157,670

See accompanying notes to consolidated financial statements.

Grand Teton Music Festival, Inc. and GTMF Housing, LLC

Consolidated Statement of Functional Expenses
(with comparative totals for 2022)

Year ended December 31,

			Supporting Services				
	Festival	Housing	Management and General	Fundraising	Total	**2023**	2022
Salaries	$ 554,735	$ 11,321	$ 339,634	$ 226,423	$ 566,057	**$ 1,132,113**	$ 1,036,264
Payroll taxes	43,371	885	26,554	17,703	44,257	**88,513**	74,718
Benefits	50,817	1,037	31,112	20,742	51,854	**103,708**	108,381
Total Salaries and Related Expenses	648,923	13,243	397,300	264,868	662,168	**1,324,334**	1,219,363
Advertising and promotion	232,714	-	62,057	15,514	77,571	**310,285**	365,414
Education and outreach	77,590	-	8,621	-	8,621	**86,211**	98,776
Festival hall and musician condos	7,209	82,003	801	-	801	**90,013**	112,430
Fundraising	-	-	-	383,681	383,681	**383,681**	222,070
Insurance	-	12,887	94,400	-	94,400	**107,287**	89,329
Music program	1,501,681	-	166,854	-	166,854	**1,668,535**	1,478,636
Musician fees for services	1,019,300	-	-	-	-	**1,019,300**	1,005,144
Occupancy	23,604	67,538	23,604	-	23,604	**114,746**	141,082
Office expenses	56,564	-	147,059	22,625	169,684	**226,248**	231,676
Professional fees	6,162	-	92,435	24,649	117,084	**123,246**	130,421
Repairs and maintenance	37,278	18,792	-	-	-	**56,070**	61,077
Service fees	-	-	3,438	-	3,438	**3,438**	3,008
Travel	257,128	-	-	13,533	13,533	**270,661**	313,916
Total Expenses, before depreciation	3,868,153	194,463	996,569	724,870	1,721,439	**5,784,055**	5,472,342
Depreciation	140,906	108,594	140,906	-	140,906	**390,406**	375,966
Total Expenses	$ 4,009,059	$ 303,057	$ 1,137,475	$ 724,870	$ 1,862,345	**$ 6,174,461**	$ 5,848,308

See accompanying notes to consolidated financial statements.

Grand Teton Music Festival, Inc. and GTMF Housing, LLC

Consolidated Statement of Cash Flows
(with comparative totals for 2022)

Year ended December 31,	**2023**	2022
Cash Flows from Operating Activities		
Change in net assets	**$ 4,494,569**	$ (2,834,631)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	**390,406**	375,966
Net realized and unrealized (gains) losses on investments	**(1,058,118)**	1,874,975
Donated securities	**(587,263)**	(191,846)
Non-cash lease expense	**103,063**	100,818
(Increase) decrease in assets:		
Accounts and pledges receivable	**(2,089,550)**	478,610
Change in discount on pledges receivable	**143,464**	-
Prepaid expenses	**(3,722)**	(25,076)
Increase (decrease) in liabilities:		
Accounts payable	**14,497**	(1,692)
Accrued scholarships	**153**	(14,146)
Deferred revenue	**102,746**	(29,987)
Principal reduction in operating lease liability	**(98,677)**	(82,332)
Net Cash Provided by (Used in) Operating Activities	**1,411,568**	(349,341)
Cash Flows from Investing Activities		
Capital expenditures	**(272,339)**	(206,345)
Purchases of investments	**(4,683,460)**	(2,899,598)
Proceeds from sales of investments	**4,197,070**	2,289,307
Net Cash Used in Investing Activities	**(758,729)**	(816,636)
Net Change in Cash and Cash Equivalents	**652,839**	(1,165,977)
Cash and Cash Equivalents, beginning of year	**1,058,632**	2,224,609
Cash and Cash Equivalents, end of year	**$ 1,711,471**	$ 1,058,632

See accompanying notes to consolidated financial statements.

1. Nature of the Organization

Grand Teton Music Festival, Inc. (the Festival) is a not-for-profit corporation founded in 1962 by the Jackson Hole Fine Arts Festival to foster classical music experiences for performers and audiences and to improve and enrich the cultural awareness and opportunities for people in Wyoming and the adjacent area.

GTMF Housing, LLC (Housing) was organized under Section 501(c)(3) of the Wyoming Not-for-Profit Corporation Laws, as a limited liability company of which the Festival is the sole member. The Board of Directors (Board) of the Festival voted to buy lands and build condos in 2012 for housing musicians for the festival season; this is the sole purpose of this entity.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include Grand Teton Music Festival, Inc. and GTMF Housing, LLC (collectively, the Organization), which are related through common Board membership, financial control, and identical management. Intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP). In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash.

Net Asset Classification

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

See Note 8 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes.

Cash and Cash Equivalents

Cash and cash equivalents represent short-term investments with original maturities of three months or less. GAAP requires entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the consolidated statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the consolidated statement of cash flows. The Organization has no restricted cash at December 31, 2023.

Investment Valuation and Income Recognition

Professional standards establish a framework for measuring fair value and expand the disclosures about fair value measurements. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. GAAP established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and their placement within the fair value hierarchy.

The Organization classifies fair value balances based on the fair value hierarchy defined by GAAP, as follows:

Level 1 – Valuation is based on quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

The Organization’s holdings consist principally of mutual funds and exchange-traded funds carried at their stated unit values provided by the investment managers of the funds. Each of these investment managers provides observable detailed information about the underlying securities, all of which are publicly traded securities. The valuation of these investments is based on Level 1 inputs within the hierarchy used in measuring fair value.

Investment income is recognized when earned and consists of interest, dividends, and realized and unrealized gains and losses. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis. Net realized and unrealized gains and losses are net of direct external investment expenses.

Risks and Uncertainties - Investments

The Organization’s investments consist of a variety of investment securities and investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of the Organization’s investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Accounts Receivable, Net

Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Organization estimates allowance for credit losses based on historical bad debts and identifies trends for each of its major payor sources to estimate the appropriate allowance for credit losses and provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for credit losses subsequent to the initial recording of revenue. Actual results could differ from those estimates.

Property and Equipment, Net

The costs of furniture, fixtures, and equipment are stated at their original cost or at their value on the date of donation and are depreciated over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of the assets are as follows:

Asset Category	Useful Life (Years)
Apres Vous (AV) buildings	5-39
Hall improvements and furnishings	2-39
Music equipment	5-7
Transportation equipment	5-8
Office furniture and equipment	2-8
Leasehold improvements	10

Repairs and maintenance are charged to operations in the period incurred.

It is the Organization’s policy to capitalize all fixed-asset purchases greater than $5,000.

Impairment of Long-Lived Assets

GAAP requires the Organization to review long-lived assets, such as fixed assets, 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 estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairments in 2023.

Income Taxes

The Organization was incorporated in the state of Wyoming and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, has made no provision for income taxes in the accompanying consolidated financial statements. In addition, the Organization has been determined by the Internal Revenue Service (IRS) not to be a “private foundation” within the meaning of Section 509(a) of the IRC. There was no unrelated business income for 2023.

Under GAAP, an organization must recognize the tax liability associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. The Organization is subject to routine audits by a taxing authority. was not subject to any examination by a taxing authority.

Revenue Recognition

Contributions and Grants

Contributions and grants, including unconditional promises to give that are expected to be collected within one year, are recognized as revenues in the period earned and are either classified as with donor restrictions or without donor restrictions. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met. As of December 31, 2023, the Organization did not have any conditional contributions or grants.

Pledges receivables represent unconditional promises to give and are reported at fair value by discounting the expected future pledge payments at the borrowing rate at the consolidated statement of financial position date. The discount rate used in the present value technique to determine fair value of pledges receivable is revised at each measurement date to reflect current market conditions and the creditworthiness of donors. In addition, management evaluates payment history and market conditions to estimate allowances for doubtful pledges. Changes in the fair value of pledges receivable are reported in the consolidated statement of activities as contributions and grants revenue, except for changes in the allowance, which are reported as program services expenses at each subsequent reporting date. The discount applied to the pledges receivable for the year ended December 31, 2023 was $143,464 (see Note 6).

Allowance for Uncollectible Pledges

The Foundation provides an allowance for pledges receivable for the pledges that are specifically identified as to their uncertainty in regard to collectability. At December 31, 2023, there was no allowance for pledges receivable.

Revenue Recognition for Exchange Transactions

The Organization earns sales revenue largely from ticket sales, season subscriptions, and program book advertisements. Sales funds are received as services are purchased. Ticket sales and season subscriptions revenues are recorded as events are performed. Program book advertisement revenue is recorded once the Organization displays the advertisement. Sales revenues are billed at different rates depending on what service is purchased. The performance obligation for ticket and season subscription revenue is to provide entertainment to customers and is satisfied once the event takes place. The performance obligation for advertisement revenue is to showcase advertisement purchasers during events and is satisfied once the advertisement is showcased. All individual sales are considered independent, as each service’s sales price is not dependent on the other.

The Organization applies Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (ASC 606). The Organization recognizes revenue when control of the promised goods or services is transferred to outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization has identified ticket sales, concessions, and program book ads as categories subject to the adoption of ASC 606. Revenues with customers are comprised of the following:

December 31, 2023	
Ticket sales	$ 777,117
Concessions	26,848
Program book ads	131,945
Special events, exchange portion, tickets	29,200
Total Revenue Subject to ASC 606	965,110
Total Revenue Not Subject to ASC 606	9,703,920
Total Revenue and Support	$ 10,669,030

Contract Assets

Amounts related to services provided to customers that have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances typically consist of services provided to customers who are still receiving services at the end of the year. There was no amount recognized as contract assets for the year ended December 31, 2023.

Contract Liabilities

Contract liabilities consist of payments made by customers for goods and services not yet performed or delivered. Current liabilities are expected to be performed or delivered within the next fiscal year. There was no amount recognized as contract liabilities for the year ended December 31, 2023.

Advertising

The Organization follows the policy of charging advertising costs, including contributed nonfinancial assets, to expense as incurred.

Use of Estimates

In preparing consolidated financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts included in the fiscal year 2022 financial statements have been reclassified to conform to the fiscal year 2023 presentation.

Functional Allocation of Expenses

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the consolidated statement of activities and consolidated statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on the respective program area, with the exception of those employees who are allocated across all departments based on estimated time spent.
- Other than personnel services, costs are allocated based on full time equivalent.

Management and general expenses include those costs that are not directly identifiable with any specific program, but that provide for the overall support and direction of the organization.

Development costs are expensed as incurred, even though they may result in contributions received in future years.

Net Asset Classification

The state of Wyoming enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date. This law sets standards for endowment spending and preservation of the original gift in accordance with donor intent. Based on its interpretation of the provisions of UPMIFA, the Organization is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and, in doing so, consider a number of factors, including the duration and preservation of its donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as net assets with donor restrictions the original value of gifts donated to be held in perpetuity. Additionally, net assets with time restrictions are classified within net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization.

Accounting Pronouncement Recently Adopted

Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables, and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the consolidated statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. The adoption of this ASU did not have a material impact on the consolidated financial statements.

3. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

Year ended December 31, 2023		
Financial assets available within one year:		
Cash and cash equivalents	$	1,711,471
Investments, at fair value		12,734,954
Accounts and pledges receivable, current portion		811,131
Total Financial Assets Available Within One Year		15,257,556
Less financial assets held to meet donor-imposed restriction:		
Purpose restricted		(4,536,355)
Less financial assets not available within one year:		
Contributions receivable		(1,355,460)
Amounts Available for General Expenditures Within One Year	$	9,365,741

Liquidity Management

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The

Organization's Board has the ability to call upon Board-designated funds as part of their liquidity management. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

4. Investments, at Fair Value

The table below sets forth assets measured at fair value:

December 31, 2023

	Level 1	Total
Mutual funds	$ 7,540,319	$ 7,540,319
Exchange-traded funds	4,673,134	4,673,134
Total Investments, in fair value hierarchy	$ 12,213,453	12,213,453
Private equity funds*		521,501
Total Investments, at fair value		$ 12,734,954

* Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy table. The fair value amounts presented in the preceding table are intended to permit reconciliation of the fair value hierarchy to the accompanying consolidated statement of financial position.

The market or fair value of the investments detailed above is determined by reference to market quotations at December 31, 2023, except for the fair market value of the private equity funds, which is determined on a yearly basis upon receipt of reports submitted by the investment entities. The Organization had no financial assets or financial liabilities that were measured at fair value on a non-recurring basis during the year ended December 31, 2023. In addition, there were no transfers between levels during the year ended December 31, 2023.

In accordance with ASU 2009-12, the Organization's disclosures include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the NAV per share or its equivalent for which the fair value is not readily determinable, as of December 31, 2023.

The following table sets forth a summary of the Organization's investments with a reported NAV as of and for the year ended December 31, 2023:

Investment Type	Fair Value**	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private equity funds	$ 521,501	N/A	Quarterly	90 days' prior written notice

** The fair value of the investment has been estimated using the NAV of the investment.

In general, risks associated with such investments include those related to their underlying investments. There can be no assurance that the Organization will continue to achieve the same level of returns on its investments in limited partnerships and other investment companies that it has received during the past periods or that it will achieve any returns on such investments at all. In addition, there can be no assurance that the Organization will receive a return of all or any portion of its current or future capital investments in limited partnerships and other investment companies. The failure of the Organization to receive the return of a material portion of its capital investments in these investments, or to achieve historic levels of returns on such investments, could have a material adverse effect on the Organization's financial condition and results of operations.

5. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments. The Organization places its temporary cash investments with high-quality financial institutions and, by policy, limits the amount of credit exposure to any one institution. At times, such investments may be in excess of Federal Deposit Insurance Corporation limits.

6. Pledges Receivable, Net

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met. Included in pledges receivable are the following unconditional promises to give:

December 31, 2023	
Pledges receivable	$ 2,268,348
Less: discount of 4.03%	(143,464)
Net Present Value of Pledges Receivable	$ 2,124,884
Amounts due, excluding discounts, in:	
Less than one year	$ 769,424
One to three years	1,498,924
	$ 2,268,348

The remainder of this page was intentionally left blank.

7. Property and Equipment, Net

Property and equipment, net, consists of the following:

December 31, 2023		
AV buildings	$	3,979,479
Land		93,085
Hall improvements		8,864,652
Hall furnishings		350,163
Music equipment		823,014
Transportation equipment		67,650
Office furniture and equipment		179,882
Leasehold improvements		158,970
Total Property and Equipment		14,516,895
Less: accumulated depreciation		7,437,990
Property and Equipment, Net	$	7,078,905

Depreciation expense was $390,406 for the year ended December 31, 2023.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following:

December 31, 2023		
Maurice Walk Endowment Fund	$	1,000,000
Other Endowment		1,100,000
Walk Hall Maintenance Fund		108,136
Setting the Stage Campaign		1,835,670
Pledges - time and/or purpose		492,549
	$	4,536,355

During the year ended December 31, 2023, net assets with donor restrictions of $636,117 were expended, satisfying the restriction stipulated by the donor and, accordingly, were released from restrictions for the following purposes:

Hall improvements	$	11,300
Setting the Stage Campaign		315,817
Music education		150,000
New pledges		159,000
	$	636,117

Maurice Walk Endowment Fund

As of December 31, 2023, the Organization has one donor-restricted endowment fund where the principal is to be held in perpetuity, the Maurice Walk Endowment Fund (MWEF), with a balance of

$1,000,000 at the end of each year. With respect to the MWEF, the Organization's investment policy states: "In 1981 Maurice Walk started the Maurice Walk Endowment Fund (MWEF) with a donor restricted gift of $500,000. In 2014, the Board permanently fixed the principal of the MWEF at $1,000,000. The principal is restricted and can never be spent down; however, future investment gains from the MWEF are without donor restriction and available for Organization use and any future losses reduce the funds without donor restrictions only."

9. Endowment and Investment Funds

In 2016, the Board adopted an updated formal written policy on the management of the endowment and investment funds. The Organization recognizes and follows, in all respects, UPMIFA, which provides standards for the management and investment of certain endowments.

As part of that policy, spending, as approved by the Board, is based on a total return strategy, which includes both income and appreciation (both realized and unrealized gains). The Organization's current spending rule allows for the spending of up to 5% of a 12-quarter moving average of the total funds, which is calculated as of September 30 for the following year's budget.

To achieve its investment objectives, the Organization increased the fixed-income target allocations by 5% and decreased the equities target allocation by 5% compared to the previous policy. Funds are invested in a well-diversified asset mix, which include objectives of mutual funds and equities ranging from 40% to 60% with a target of 55% and fixed-income investments ranging from 40% to 60% with a target of 45%, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5% of the moving average over the last 12 quarters, while growing the fund if possible. Accordingly, the Organization expects its funds, over time, to produce investment returns that will equal or exceed the sum of spending plus inflation. Actual returns in any given year may vary from that expectation.

Board-Designated Net Assets

The remaining invested funds of the Organization were $11,805,005 at December 31, 2023, which are considered to be Board-designated funds to be utilized under Board direction for the future needs of the Organization.

During 2023, upon approval of the Board, the entire balance of the reserve funds $259,935 has been released into unrestricted net assets. Both of these two categories are within net assets without donor restrictions.

The remainder of this page was intentionally left blank.

10. Contributions of Nonfinancial Assets

The Organization received in-kind contributions of housing, vehicle, and beverages that were used for Festival events and other mission-based programs. The Organization valued these in-kind contributions at what it would cost to procure similar items. The Organization received donated goods and housing as follows:

December 31, 2023

		Revenue Recognized	Donor Restrictions	Valuation Techniques and Inputs
Housing	$	234,650	No associated donor restrictions	Valued based on difference between fair market value less the price paid
Vehicle		14,826	No associated donor restrictions	Valued based on fair market value of the vehicle
Beverages		20,170	No associated donor restrictions	Valued based on fair market value of the goods
Total	$	269,646		

11. Lease

The Organization adopted ASU 2016-02, *Accounting for Leases (Topic 842)*, effective January 1, 2022. The Organization entered into a five-year lease extension agreement for its Jackson, Wyoming office as of March 1, 2023 through February 28, 2028, which is classified as an operating lease based on the terms of the agreement. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than a year (or initially, greater than one year remaining under the lease at the date of adoption of ASU 2016-02), the Organization records the related right-of-use (ROU) assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. The Organization's leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the ROU assets and liabilities unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the ROU assets and liabilities, unless the Organization is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, the Organization has elected to use the rate implicit in the lease, determined using a period comparable with that of the lease term. The Organization has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASU 2016 02. As such, the Organization accounts for the applicable non-lease components together with the related lease components when determining the ROU assets and liabilities.

The Organization has made an accounting policy election not to record leases with an initial term of less than a year as ROU assets and liabilities.

The following tables summarize information related to the lease assets and liabilities:

Year ended December 31, 2023		
Lease costs:		
Operating lease costs:		
Amortization of ROU assets	$	103,063
Interest on lease liabilities		13,183
Total Lease Costs	$	116,246

December 31, 2023		
ROU assets and liabilities:		
Operating lease right-of-use assets	$	458,944
Operating lease liabilities		481,816

Year ended December 31, 2023		
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	111,860
Weighted-average remaining lease term – operating leases (years)		4.17
Weighted-average discount rate – operating leases (%)		2.5

For operating leases, ROU assets are recorded in operating lease ROU, net, and lease liabilities are recorded in operating lease liability in the accompanying consolidated statement of financial position. Amortization expense is recorded as a component of office expenses in consolidated statement of functional expenses.

The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of December 31, 2023:

Year ending December 31,		
2024	$	117,069
2025		119,996
2026		122,996
2027		126,071
2028		21,098
Total Minimum Lease Payments		507,230
Less: amounts representing interest		25,414
Present Value of Net Minimum Lease Payments		481,816
Less: current portion		117,069
	$	364,747

12. Employee Benefit Plan

The Organization has a 403(b) plan that allows all full-time employees, except for seasonal employees, as defined in the plan agreement, to enter the plan. The plan includes a matching feature that matches salary deferrals 100% up to 5% of the employees' pay. Matching contributions as well as employee deferrals are 100% vested immediately. The Organization may also elect to make discretionary matching contributions. The Organization contributed $46,660 to the plan for the year ended December 31, 2023.

13. Subsequent Events

The Organization's management has performed subsequent events procedures through June 28, 2024, the date the consolidated financial statements were made available to be issued, and there were no subsequent events requiring adjustment to the consolidated financial statements or disclosures.