

Financial Statements

Sun Valley Summer Symphony, Inc.
dba Sun Valley Music Festival
(a nonprofit organization)
Years ended October 31, 2023 and 2022



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sun Valley Summer Symphony, Inc.
d.b.a. Sun Valley Music Festival
Ketchum, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sun Valley Summer Symphony, Inc. d.b.a. Sun Valley Music Festival (a nonprofit organization), which comprise the statement of financial position as of October 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sun Valley Summer Symphony, Inc. d.b.a. Sun Valley Music Festival as of October 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 Financial Statements section of our report. We are required to be independent of Sun Valley Summer Symphony, Inc. d.b.a. Sun Valley Music Festival 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.

Management's Responsibility for the Financial Statements

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

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 Sun Valley Summer Symphony, Inc. d.b.a. Sun Valley Music Festival's ability to continue as a going concern for one year after the date that the financial statements are issued.





Auditors' Responsibility

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 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 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 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 Sun Valley Summer Symphony, Inc. d.b.a. Sun Valley Music Festival'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 Sun Valley Summer Symphony, Inc. d.b.a. Sun Valley Music Festival'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.

Report on Summarized Comparative Information

We have previously audited the Sun Valley Music Festival's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 1, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Adjustments to Prior Period Financial Statements

As part of our audit of the 2023 financial statements, we also audited the adjustments described in Note L that were applied to restate the 2022 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. Our opinion is not modified with respect to this matter.

Havis CPAs P.C.

Meridian, Idaho
March 1, 2024



SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
STATEMENTS OF FINANCIAL POSITION
October 31, 2023
With Comparative Totals as of October 31, 2022 (Restated)

	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 463,309	\$ 587,413
Operating investments	1,822,114	2,027,550
Receivables	2,227	11,875
Promises to give	76,997	14,415
Prepaid expenses	<u>35,517</u>	<u>28,749</u>
Total Current Assets	2,400,164	2,670,002
Other Assets		
Endowment investments	12,351,025	11,605,839
Right to use Sun Valley Pavilion	3,000,000	3,000,000
Property and equipment, net	<u>2,878,340</u>	<u>2,007,202</u>
Total Other Assets	<u>18,229,365</u>	<u>16,613,041</u>
Total Assets	<u>\$ 20,629,529</u>	<u>\$ 19,283,043</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 19,637	\$ 42,167
Accrued expenses	<u>116,509</u>	<u>108,810</u>
Total Liabilities	136,146	150,977
Net Assets		
Without donor restrictions	19,124,007	17,604,759
With donor restrictions	<u>1,369,376</u>	<u>1,527,307</u>
Total Net Assets	<u>20,493,383</u>	<u>19,132,066</u>
Total Liabilities and Net Assets	<u>\$ 20,629,529</u>	<u>\$ 19,283,043</u>

See notes to financial statements.

SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
STATEMENTS OF ACTIVITIES
For The Year Ended October 31, 2023
With Comparative Totals For The Year Ended October 31, 2022 (Restated)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 (Restated) Total
Revenues and Support				
Contributions	\$ 3,296,185	\$ 1,085,049	\$ 4,381,234	\$ 3,798,490
Lessons and fees	63,579		63,579	60,117
Program book revenue	84,300		84,300	86,100
Special events, net	428,369		428,369	418,777
Investment return, net	907,707	101,774	1,009,481	(2,215,398)
Cares Act income	258,358		258,358	0
Other	<u>15,727</u>	<u></u>	<u>15,727</u>	<u>22,799</u>
	5,054,225	1,186,823	6,241,048	2,170,885
Net assets released from restrictions	<u>1,344,754</u>	<u>(1,344,754)</u>	<u>0</u>	<u>0</u>
Total Revenue	6,398,979	(157,931)	6,241,048	2,170,885
Expenses				
Program services				
Summer season	2,380,089		2,380,089	2,360,066
Winter season	324,697		324,697	295,418
Education	<u>667,840</u>	<u></u>	<u>667,840</u>	<u>667,652</u>
Total Program Services	3,372,626	0	3,372,626	3,323,136
Supporting services				
Fundraising	994,101		994,101	765,506
Management & general	<u>513,004</u>	<u></u>	<u>513,004</u>	<u>457,517</u>
Total Supporting Services	1,507,105		1,507,105	1,223,023
Total Expenses	<u>4,879,731</u>	<u>0</u>	<u>4,879,731</u>	<u>4,546,159</u>
Change in Net Assets	1,519,248	(157,931)	1,361,317	(2,375,274)
Net Assets				
Beginning of Year, as restated	<u>17,604,759</u>	<u>1,527,307</u>	<u>19,132,066</u>	<u>21,507,340</u>
End of Year	<u>\$ 19,124,007</u>	<u>\$ 1,369,376</u>	<u>\$ 20,493,383</u>	<u>\$ 19,132,066</u>

See notes to financial statements.

SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A SUN VALLEY MUSIC FESTIVAL
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended October 31, 2023
With Comparative Totals for the Year Ended October 31, 2022

	Program Services			Total Program	Supporting Services		2023 Total	2022 (Restated) Total
	Summer Season	Winter Season	Education		Fundraising	Management & General		
Personnel costs	\$ 622,117	\$ 103,497	\$ 234,745	\$ 960,359	\$ 483,032	\$ 297,253	\$ 1,740,644	\$ 1,454,499
Professional fees	941,446	120,361	302,614	1,364,421	136,148	12,351	1,512,920	1,532,490
Travel and lodging	395,482	50,930	57,552	503,964	7,332	759	512,055	501,023
Office operations	108,317	12,487	29,186	149,990	273,761	37,608	461,359	362,425
Productions	183,280	18,696	23,051	225,027	48,802		273,829	248,227
Advertising and marketing	117,854	9,058	4,298	131,210	40,991		172,201	295,421
Depreciation				0		164,848	164,848	109,687
Rent		8,900	14,924	23,824	3,225		27,049	26,064
Store merchandise	7,804			7,804			7,804	6,149
Awards and gifts	3,789	768	1,470	6,027	810	185	7,022	10,174
Total Expenses	<u>\$ 2,380,089</u>	<u>\$ 324,697</u>	<u>\$ 667,840</u>	<u>\$ 3,372,626</u>	<u>\$ 994,101</u>	<u>\$ 513,004</u>	<u>\$ 4,879,731</u>	<u>\$ 4,546,159</u>

See notes to financial statements.

SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
STATEMENTS OF CASH FLOWS
For The Year Ended October 31, 2023
With Comparative Totals For The Year Ended October 31, 2022 (Restated)

	<u>2023</u>	<u>2022</u> (Restated)
Cash Flows From Operating Activities		
Change in net assets	\$ 1,361,317	\$ (2,375,274)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	164,848	109,687
Unrealized (gain) loss on investments	(175,955)	2,686,683
Realized gain on investments	(346,256)	(26,642)
Changes in operating assets and liabilities:		
Accounts receivable	9,648	(9,704)
Promises to give, net	(62,582)	33,088
Prepaid expenses	(6,768)	8,737
Accounts payable	(22,530)	(16,051)
Accrued expenses	<u>7,699</u>	<u>(4,136)</u>
Net Cash Provided (Used) By Operating Activities	929,421	406,388
Cash Flows From Investing Activities		
Purchase of equipment	(1,035,986)	(425,847)
Purchase of investments	(4,601,023)	(3,476,267)
Proceeds from sales of investments	<u>4,583,484</u>	<u>4,001,514</u>
Net Cash Provided (Used) By Investing Activities	<u>(1,053,525)</u>	<u>99,400</u>
Net Change in Cash and Cash Equivalents	(124,104)	505,788
Cash and Cash Equivalents		
Beginning of Year	<u>587,413</u>	<u>81,625</u>
End of Year	<u>\$ 463,309</u>	<u>\$ 587,413</u>

See notes to financial statements.

**SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS**

Note A – Summary of Significant Accounting Policies

Nature of Organization

Sun Valley Summer Symphony, Inc. d.b.a. Sun Valley Music Festival (the Festival) was incorporated in the State of Idaho May 13, 1985, to provide high quality performances of the classical repertoire for the general public at various sites in the Wood River Valley. The Festival has a cultural, artistic, and educational purpose for all of its activities and has provided the Summer Music Institute and School of Music for the education and enjoyment of young musicians. The Festival's support comes primarily from individual donors.

Basis of Accounting

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

Basis of Presentation

The Festival classifies net assets, revenues, expenses, gains and losses according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

Use of Estimates

The Festival uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from estimates.

Cash and Cash Equivalents

The Festival considers all unrestricted, short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS**

Note A – Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

Financial instruments that potentially subject the Festival to significant concentrations of credit risk consist principally of cash and investments. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000 and the Securities Investor Protection Corporation for up to \$500,000. Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Festival has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Festival.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received as assets, decreases of liabilities, or expenses, depending on the form of the benefit received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges are not collateralized and, as a result, management continually monitors the financial condition and payment history of its income sources to reduce the risk of loss.

Investments

Investments with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from five to forty years. The Festival capitalizes all property and equipment with a cost in excess of \$500 and a useful life longer than one year.

**SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS**

Note A – Summary of Significant Accounting Policies (Continued)

Accrued Vacation

Includes amounts for vacation days, which are earned ratably during the year based upon length of employment. Accrued vacation is included in accrued expenses on the statement of financial position.

Fair Value

The Festival uses fair value for reporting financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the statement of financial position, which approximates fair value due to their short term, highly liquid nature.

Revenue Recognition

Revenue is recognized when earned. Program revenue and fees are deferred to the applicable period in which the related services are performed or expenditures are incurred. Special event ticket sales and sponsorships are recorded in the period in which the event occurs.

Contributions and Donor Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Special Events and Fundraising

Special events are shown net of costs that are direct benefits. Direct benefits expense totaled \$127,003 and \$86,575 for the years ended October 31, 2023 and 2022. Ticket sales revenue associated with the events totaled \$152,877 and \$150,200 for the years ended October 31, 2023 and 2022, respectively. Contributions received from donors at special events totaled \$402,495 and \$355,152 for the years ended October 31, 2023 and 2022, respectively.

**SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS**

Note A – Summary of Significant Accounting Policies (Continued)

Donated Services

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Festival also has many individuals who volunteer their time and perform a variety of tasks that assist the organization with its fund-raising and program services. No amounts have been reflected in the financial statements for these donated services.

Functional Allocation of Expenses

The costs of providing the programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Salaries and wages, benefits and payroll taxes are allocated based on the time spent by each employee on each respective program or supporting function. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Festival.

Advertising and Marketing

The Festival uses advertising and marketing to promote its programs among the audience it serves. The production costs of advertising and marketing are expensed as incurred. The Festival incurred \$404,944 and \$364,530 in advertising and marketing expenses for the years ended October 31, 2023 and 2022, respectively.

Income Tax Status

The Festival is classified as a Section 501(c)(3) organization that is exempt from income taxes under the Federal Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements. In addition, the Festival has been classified as an organization that is not a private foundation under Section 509(a)(2).

**SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS**

Note A – Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Festival may recognize tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2023 or 2022.

The Festival files Form 990 in the U.S. federal jurisdiction. The Festival is generally no longer subject to examination by the Internal Revenue Service for years before 2019.

Prior Year Comparative Totals

The financial statements include certain 2022 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in connection with the 2022 financial statements from which the summarize information was derived.

Subsequent Events

Subsequent events have been evaluated through March 1, 2024, which is the date the financial statements were available to be issued.

**SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS**

Note B – Liquidity and Availability of Resources

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

Cash	\$	463,309
Receivables		2,227
Promises to give		76,997
Operating investments		<u>1,822,114</u>
Total financial assets available within one year		2,364,647
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions		<u>(1,369,376)</u>
Total financial assets available within one year after restriction	\$	<u>995,271</u>

As part of the Festival’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 Endowment fund consists of funds designated by the board as endowments. The board-designated endowment is subject to an annual spending rate of 3.5%. Although the Festival does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board’s annual budget approval and appropriation), these amounts could be made available if necessary. As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds.

Note C - Investments

Investments as of October 31 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Cost	\$ 13,553,881	\$ 13,190,086
Unrealized gain	<u>619,258</u>	<u>443,303</u>
Fair value	<u>\$ 14,173,139</u>	<u>\$ 13,633,389</u>

SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS

Note C – Investments (Continued)

Investment income (loss) consists of the following for the year ended October 31:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 549,733	\$ 509,935
Unrealized (loss) gain	175,955	(2,686,683)
Realized gain	346,256	26,642
Portfolio management fees	<u>(62,463)</u>	<u>(65,292)</u>
	<u>\$ 1,009,481</u>	<u>\$ (2,215,398)</u>

Note D – Fair Value of Assets and Liabilities

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value instrument.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A significant portion of investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values. U.S. Government and corporate obligations, as well as bond mutual funds, are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2. The fair value of the private equity fund is based on a pricing model applied to the quoted market prices of the underlying fund investments. These are considered to be Level 3 investments.

**SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS**

Note D – Fair Value of Assets and Liabilities (Continued)

The following table sets forth by level, within the fair value hierarchy, the Festival’s investments at fair value as of October 31, 2023.

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Fixed income funds	\$ 4,130,911	\$ 0	\$ 4,130,911	\$ 0
US equities and funds	5,949,145	5,949,145		
Global equity funds	314,521	314,521		
Non US equity funds	2,040,435	2,040,435		
Other equity funds	146,248	146,248		
Alternative investment funds	660,277	660,277		
Other investments	726,698	726,698		
Private equity fund	204,904			204,904
Total	\$ 14,173,139	\$ 9,837,324	\$ 4,130,911	\$ 204,904

The following table sets forth by level, within the fair value hierarchy, the Festival’s investments at fair value as of October 31, 2022.

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Fixed income funds	\$ 3,088,140	\$ 0	\$ 3,088,140	\$ 0
US equities and funds	6,388,060	6,388,060		
Global equity funds	346,468	346,468		
Non US equity funds	1,968,954	1,968,954		
Other equity funds	148,274	148,274		
Alternative investment funds	748,843	748,843		
Other investments	714,746	714,746		
Private equity fund	229,904			229,904
Total	\$ 13,633,389	\$ 10,315,345	\$ 3,088,140	\$ 229,904

	<u>2023</u>	<u>2022</u>
Reconciliation of Level 3 assets		
Beginning	\$ 229,904	\$ 499,414
Purchases/contributions and returns on investments	(25,000)	(269,510)
Total	\$ 204,904	\$ 229,904

**SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS**

Note E – Endowment Funds

The Festival's endowment (the Endowment) consists of net assets without donor restrictions designated for endowment by the Board of Directors. All endowment funds are a board-designated endowment.

The Board of Trustees of the Festival has interpreted the Idaho Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Festival retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Festival considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, these factors include: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Festival, and (7) the Festival's investment policies.

The Festival has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is 6%-7% on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate of return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

**SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS**

Note E – Endowment Funds (Continued)

The Festival uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment each year. The long-term annual draw shall be 3.5% of the trailing twelve quarter average of the Endowment. The Board shall approve a draw amount each fiscal year in accordance with annual budget projections. Such amount shall not exceed 3.5% but may be less than 3.5% depending on projected financial needs. In establishing this policy, the Board of Directors considered the long-term expected return on the Endowment, and sets the rate with the objective of maintaining the purchasing power of the Endowment over time.

	<u>2023</u>	<u>2022</u>
Board Designated – Without Restriction		
Beginning of year	\$ 11,605,839	\$ 13,308,754
Investment return, net	814,592	(1,908,133)
Contributions	300,594	484,593
Distributions	<u>(370,000)</u>	<u>(279,375)</u>
Change in endowment net assets	<u>745,186</u>	<u>(1,702,915)</u>
Endowment net assets, end of year	<u>\$ 12,351,025</u>	<u>\$ 11,605,839</u>

Note F – Property and Equipment

At October 31, property and equipment consists of the following:

	<u>2023</u>	<u>2022</u>
Stage	\$ 568,820	\$ 452,167
Big screen – Lawn Experience	861,391	0
Musical instruments	472,732	459,399
Buildings and improvements	815,293	815,293
Equipment	<u>1,316,306</u>	<u>1,271,697</u>
	4,034,542	2,998,556
Less accumulated depreciation	<u>(1,156,202)</u>	<u>(991,354)</u>
	<u>\$ 2,878,340</u>	<u>\$ 2,007,202</u>

Depreciation expense for the year ended October 31, 2023 and 2022 was \$164,848 and \$109,687, respectively.

**SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS**

Note G – Right To Use Sun Valley Pavilion

In exchange for a contribution of \$3,000,000 in 2008, the Festival was granted, in perpetuity, the exclusive right to use the Sun Valley Pavilion during four continuous weeks in July and August each year, and the exclusive right to use storage areas within the facility. Management evaluates this right of use asset annually for impairment and concluded that no impairment exists at October 31, 2023 and 2022, respectively.

Note H – CARES Act

During the second quarter of 2020 the Festival qualified for the Employee Retention Credit (ERC) that was part of the CARES Act in the amount of \$258,358. The CARES Act provides a fully refundable tax credit against the Social Security tax under Section 3111(a) of the Internal Revenue Code of 1986. The ERC is based on wages paid by eligible employer after March 12, 2020 and before January 1, 2021 and is designed to encourage employers to keep employees on their payroll despite experiencing economic hardship due to the COVID-19 pandemic. Eligibility for the ERC is for entities that had wages not covered by the PPP loan and had its operations fully or partially suspended because of COVID-19 or its gross receipts in a calendar quarter for 2020 declined by more than 50% from the same period in 2019. The ERC is included in revenues in the statement of activities.

**SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS**

Note I – Net Assets

The detail of the Festival’s net asset categories at October 31, is as follows:

	<u>2023</u>	<u>2022</u>
Without donor restrictions:		
Invested in intangibles and property	\$ 5,878,340	\$ 5,007,202
Board designated - endowment funds	12,351,025	11,605,839
Other net assets without donor restrictions	<u>894,642</u>	<u>991,718</u>
Total without donor restrictions	19,124,007	17,604,759
With donor restrictions:		
Unexpended funds received for restricted purposes:		
Reserves restricted for improvements in Summer		
Concerts at the Sun Valley Pavilion	473,915	620,072
Moran Guest Artist Fund	453,126	522,501
Capital Campaign - Lawn Improvements	62,500	97,389
Gifts given in advance for events and programs in 2024	363,366	275,045
Music Institute	<u>16,469</u>	<u>12,300</u>
Total with donor restrictions	<u>1,369,376</u>	<u>1,527,307</u>
Total net assets	<u>\$ 20,493,383</u>	<u>\$ 19,132,066</u>

Note J – Defined Contribution Plan

The Festival has a defined contribution plan for eligible employees. Employee participation in this plan is voluntary and subject to certain minimum eligibility requirements. Employer contributions of \$59,134 and \$49,811 were made to the plan for the year ended October 31, 2023 and 2022, respectively.

Note K – Related Party Transactions

The Festival rents a venue for their School of Music program from a related party under a short-term operating lease. For the years ended October 31, 2023 and 2022, lease payments made to a related party totaled \$21,232 and \$33,005, respectively.

**SUN VALLEY SUMMER SYMPHONY, INC.
D.B.A. SUN VALLEY MUSIC FESTIVAL
NOTES TO FINANCIAL STATEMENTS**

Note L – Restatement

During 2023, Management determined that \$578,916 in investment income covering the fiscal year ending October 31, 2022 was incorrectly recorded as net assets without donor restrictions on the 2022 financial statements. Income from investments should be restricted according to the investment statement balance at year-end. The changes in restricted investments, net assets with and without donor restrictions, and related balances for the year ended October 31, 2022 is summarized as follows:

	As Previously Reported	Restated
Reserves restricted for improvements in Summer		
Concerts at the Sun Valley Pavilion	\$ 1,446,690	\$ 620,072
Moran Guest Artist Fund	\$ 274,799	\$ 522,501
Net assets with donor restrictions – end of year	\$ 2,106,223	\$ 1,527,307
Net assets without donor restrictions – end of year	\$ 17,025,843	\$ 17,604,759