

**WESTERN FOLKLIFE CENTER, INC.**

FOR THE YEARS ENDED JUNE 30, 2023 and 2022  
FINANCIAL STATEMENTS

*Prepared by*

**ANDERSONBROS.CPA**

TAX, ASSURANCE, ACCOUNTING, ADVISORY

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# ANDERSONBROS.CPA

TAX, ASSURANCE, ACCOUNTING, ADVISORY

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Western Folklife Center, Inc.  
Elko, Nevada

### Opinion

We have audited the accompanying financial statements of Western Folklife Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Folklife Center, Inc. as of June 30, 2023 and 2022, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Western Folklife Center 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 Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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.

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

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



**Anderson Bros. CPAs**

Post Falls, Idaho  
August 30, 2023

**WESTERN FOLKLIFE CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 272,983	\$ 146,193
Investments, Operating	635,943	997,997
Contracts Receivable	22,902	40,350
Grants Receivable	37,493	114,592
Inventories	51,636	58,548
Prepaid Programs and Other Expenses	7,788	10,417
Total Current Assets	1,028,745	1,368,097
<b>NONCURRENT ASSETS</b>		
Money Market, Donor-Restricted Endowments	36,870	36,870
Investments, Donor-Restricted Endowments	255,931	224,084
Property and Equipment, Net	2,451,941	2,546,316
Total Noncurrent Assets	2,744,742	2,807,270
Total Assets	\$ 3,773,487	\$ 4,175,367
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 6,252	\$ 20,730
Accrued Liabilities	39,201	57,608
Total Liabilities	45,453	78,338
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	2,583,686	2,636,136
Board-Designated Endowment	764,714	1,014,824
Total Without Donor Restrictions	3,348,400	3,650,960
With Donor Restrictions	379,634	446,069
Total Net Assets	3,728,034	4,097,029
Total Liabilities and Net Assets	\$ 3,773,487	\$ 4,175,367

**WESTERN FOLKLIFE CENTER, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, SUPPORT, AND GAINS</b>						
Program Services Revenues:						
National Cowboy Poetry Gathering:						
Admissions	\$ 453,401	\$ -	\$ 453,401	\$ 10,200	\$ -	\$ 10,200
Private Contributions	111,987	95,833	207,820	56,132	2,334	58,466
In-Kind Donations	48,274	-	48,274	11,389	-	11,389
Governmental Financial Assistance	-	82,500	82,500	-	37,500	37,500
Other Revenue	84,796	-	84,796	26,987	-	26,987
Total National Cowboy Poetry Gathering	698,458	178,333	876,791	104,708	39,834	144,542
Merchandise Sales Center:						
Merchandise Sales	207,142	-	207,142	108,955	-	108,955
Private Contributions	20	-	20	(376)	-	(376)
In-Kind Donations	1,069	-	1,069	-	-	-
Other Revenue	1,627	-	1,627	16	-	16
Total Merchandise Sales Center	209,858	-	209,858	108,595	-	108,595
Media Services Center:						
Governmental Financial Assistance	10,000	-	10,000	20,582	16,000	36,582
Private Contributions	20,100	-	20,100	13,525	-	13,525
In-Kind Donations	4,800	-	4,800	2,740	-	2,740
Other Revenue	8,793	-	8,793	5,576	-	5,576
Total Media Services Center	43,693	-	43,693	42,423	16,000	58,423
Cultural Programs and Other Events:						
Private Contributions	66,541	-	66,541	11,565	-	11,565
Governmental Financial Assistance	-	14,561	14,561	-	95,050	95,050
Rental Income	22,025	-	22,025	13,500	-	13,500
In-Kind Donations	7,314	-	7,314	5,329	-	5,329
Admissions	13,629	-	13,629	6,307	-	6,307
Other Revenue	54,276	-	54,276	22,292	-	22,292
Total Cultural Programs and Other Events	163,785	14,561	178,346	58,993	95,050	154,043
Total Program Services Revenues	1,115,794	192,894	1,308,688	314,719	150,884	465,603

**WESTERN FOLKLIFE CENTER, INC.**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, SUPPORT, AND GAINS (CONTINUED)</b>						
Support Revenues:						
Membership Dues	\$ 134,650	\$ -	\$ 134,650	\$ 92,200	\$ -	\$ 92,200
Private Contributions	73,953	2,295	76,248	46,103	1,181	47,284
Governmental Financial Assistance	157,366	-	157,366	64,539	545,982	610,521
In-Kind Donations	12,926	-	12,926	7,466	-	7,466
Other Revenue	1,000	-	1,000	25,523	-	25,523
Interest and Dividends	12,807	4,404	17,211	13,802	3,587	17,389
Net Investment Return	53,802	26,648	80,450	(169,910)	(41,480)	(211,390)
Total Support Revenues	<u>446,504</u>	<u>33,347</u>	<u>479,851</u>	<u>79,723</u>	<u>509,270</u>	<u>588,993</u>
 Total Revenue	 1,562,298	 226,241	 1,788,539	 394,442	 660,154	 1,054,596
 <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	 292,676	 (292,676)	 -	 718,260	 (718,260)	 -
<b>EXPENSES AND LOSSES</b>						
Program Services:						
National Cowboy Poetry Gathering	906,524	-	906,524	407,033	-	407,033
Merchandise Sales Center	163,592	-	163,592	99,011	-	99,011
Media Services Center	127,409	-	127,409	164,253	-	164,253
Cultural Programs and Other Events	462,407	-	462,407	399,504	-	399,504
Total Program Services	<u>1,659,932</u>	<u>-</u>	<u>1,659,932</u>	<u>1,069,801</u>	<u>-</u>	<u>1,069,801</u>
 Support Services:						
General and Administrative	274,560	-	274,560	278,427	-	278,427
Fundraising & Development	223,042	-	223,042	204,894	-	204,894
Total Support Services	<u>497,602</u>	<u>-</u>	<u>497,602</u>	<u>483,321</u>	<u>-</u>	<u>483,321</u>
 Total Expenses	 <u>2,157,534</u>	 <u>-</u>	 <u>2,157,534</u>	 <u>1,553,122</u>	 <u>-</u>	 <u>1,553,122</u>
 <b>CHANGE IN NET ASSETS</b>	 (302,560)	 (66,435)	 (368,995)	 (440,420)	 (58,106)	 (498,526)
 Net Assets – Beginning of Year	 <u>3,650,960</u>	 <u>446,069</u>	 <u>4,097,029</u>	 <u>4,091,380</u>	 <u>504,175</u>	 <u>4,595,555</u>
 <b>NET ASSETS – END OF YEAR</b>	 <u>\$ 3,348,400</u>	 <u>5\$ 379,634</u>	 <u>\$ 3,728,034</u>	 <u>\$ 3,650,960</u>	 <u>\$ 446,069</u>	 <u>\$ 4,097,029</u>

See independent auditors' report and notes to the financial statements

**WESTERN FOLKLIFE CENTER, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2023**

	Program Services				
	National Cowboy Poetry Gathering	Merchandise Sales Center	Media Services Center	Cultural Program and Events	Total Program Services
<b>EXPENSES</b>					
Compensation:					
Salaries and Wages	\$ 163,951	\$ 38,144	\$ 35,887	\$ 92,974	\$ 330,956
Payroll Taxes	13,197	3,147	2,870	7,466	26,680
Employee Benefits	27,080	-	7,116	17,805	52,001
Total Compensation	204,228	41,291	45,873	118,245	409,637
Banking and Investment Fees	24,084	1,039	2,892	1,771	29,786
Catering	9,722	-	-	140	9,862
Computer and Internet	828	300	7,533	4,149	12,810
Concessions	-	-	-	22,918	22,918
Contract Labor	57,756	-	13,784	25,532	97,072
Design	8,000	-	-	-	8,000
Depreciation	-	-	-	127,919	127,919
Insurance	854	-	-	28,137	28,991
Marketing and Advertising	20,119	-	-	-	20,119
Cost of Merchandise Sold	5,802	110,756	-	-	116,558
Postage and Shipping	1,844	1,680	83	41	3,648
Printing and Copying	3,597	279	-	256	4,132
Professional Services	32,555	-	20,347	13,225	66,127
Repairs and Maintenance	449	-	-	18,246	18,695
Security	5,960	-	-	-	5,960
Supplies	18,028	1,615	130	10,211	29,984
Telephone	-	-	-	-	-
Utilities	7,928	-	4,955	36,588	49,471
Artist, Consultations, and Staff:	-	-	-	-	-
Food, Travel, and Lodging	141,320	114	90	11,560	153,084
Honoraria and Fees	213,325	-	-	41,150	254,475
Other Expense	8,375	4,987	31,722	1,469	46,553
Promotional Items	25,312	-	-	-	25,312
Equipment and Facility Rentals	116,438	1,531	-	850	118,819
Total Expenses	<u>\$ 906,524</u>	<u>\$ 163,592</u>	<u>\$ 127,409</u>	<u>\$ 462,407</u>	<u>\$ 1,659,932</u>



**WESTERN FOLKLIFE CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

	Support Services			Total
	General and Administrative	Development	Total Support Services	
<b>EXPENSES (CONTINUED)</b>				
Compensation:				
Salaries and Wages	\$ 156,745	\$ 135,977	\$ 292,722	\$ 623,678
Payroll Taxes	12,583	10,895	23,478	50,158
Employee Benefits	30,333	26,350	56,683	108,684
Total Compensation	<u>199,661</u>	<u>173,222</u>	<u>372,883</u>	<u>782,520</u>
Banking and Investment Fees	14,717	6,084	20,801	50,587
Catering	-	7,265	7,265	17,127
Computer and Internet	3,015	-	3,015	15,825
Concessions	-	-	-	22,918
Contract Labor	5,100	-	5,100	102,172
Design	-	-	-	8,000
Depreciation	-	-	-	127,919
Insurance	3,557	-	3,557	32,548
Marketing and Advertising	1,321	6,239	7,560	27,679
Cost of Merchandise Sold	-	-	-	116,558
Postage and Shipping	5,196	-	5,196	8,844
Printing and Copying	1,354	-	1,354	5,486
Professional Services	17,391	20,347	37,738	103,865
Repairs and Maintenance	1,123	-	1,123	19,818
Security	-	-	-	5,960
Supplies	2,970	4,241	7,211	37,195
Telephone	-	-	-	-
Utilities	3,716	4,955	8,671	58,142
Artist, Consultations, and Staff:	-	-	-	-
Food, Travel, and Lodging	5,223	-	5,223	158,307
Honoraria and Fees	-	-	-	254,475
Other Expense	8,251	294	8,545	55,098
Promotional Items	-	395	395	25,707
Equipment and Facility Rentals	1,965	-	1,965	120,784
Total Expenses	<u>\$ 274,560</u>	<u>\$ 223,042</u>	<u>\$ 497,602</u>	<u>\$ 2,157,534</u>

**WESTERN FOLKLIFE CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	Program Services				
	National Cowboy Poetry Gathering	Merchandise Sales Center	Media Services Center	Cultural Program and Events	Total Program Services
<b>EXPENSES</b>					
Compensation:					
Salaries and Wages	\$ 175,594	\$ 34,696	\$ 36,206	\$ 121,033	\$ 367,529
Payroll Taxes	13,792	2,861	2,856	9,510	29,019
Employee Benefits	31,559	-	7,328	24,275	63,162
Total Compensation	220,945	37,557	46,390	154,818	459,710
Banking and Investment Fees	3,435	315	1,996	1,332	7,078
Catering	5,223	-	-	113	5,336
Computer and Internet	711	525	861	3,564	5,661
Concessions	-	-	-	5,215	5,215
Contract Labor	13,600	-	58,330	2,655	74,585
Design	4,600	-	-	1,025	5,625
Depreciation	-	-	-	129,842	129,842
Insurance	780	-	-	28,144	28,924
Marketing and Advertising	24,484	246	-	-	24,730
Cost of Merchandise Sold	-	56,575	-	-	56,575
Postage and Shipping	540	(97)	131	-	574
Printing and Copying	2,269	-	-	531	2,800
Professional Services	30,388	-	18,992	12,345	61,725
Repairs and Maintenance	400	-	1,502	19,161	21,063
Security	-	-	-	-	-
Supplies	11,572	1,528	1,383	2,935	17,418
Telephone	-	-	-	-	-
Utilities	7,150	-	4,469	26,766	38,385
Artist, Consultations, and Staff:	-	-	-	-	-
Food, Travel, and Lodging	29,334	52	75	2,570	32,031
Honoraria and Fees	40,155	-	-	6,143	46,298
Other Expense	(194)	2,256	30,124	1,212	33,398
Promotional Items	6,907	54	-	-	6,961
Equipment and Facility Rentals	4,734	-	-	1,133	5,867
Total Expenses	<u>\$ 407,033</u>	<u>\$ 99,011</u>	<u>\$ 164,253</u>	<u>\$ 399,504</u>	<u>\$ 1,069,801</u>

**WESTERN FOLKLIFE CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

	Support Services			Total
	General and Administrative	Development	Total Support Services	
<b>EXPENSES (CONTINUED)</b>				
Compensation:				
Salaries and Wages	\$ 156,372	\$ 131,700	\$ 288,072	\$ 655,601
Payroll Taxes	12,093	10,272	22,365	51,384
Employee Benefits	30,230	26,035	56,265	119,427
Total Compensation	<u>198,695</u>	<u>168,007</u>	<u>366,702</u>	<u>826,412</u>
Banking and Investment Fees	14,772	4,757	19,529	26,607
Catering	-	-	-	5,336
Computer and Internet	9,815	-	9,815	15,476
Concessions	-	-	-	5,215
Contract Labor	12,075	434	12,509	87,094
Design	-	-	-	5,625
Depreciation	-	-	-	129,842
Insurance	3,970	-	3,970	32,894
Marketing and Advertising	1,071	-	1,071	25,801
Cost of Merchandise Sold	-	-	-	56,575
Postage and Shipping	1,985	1,321	3,306	3,880
Printing and Copying	647	4,954	5,601	8,401
Professional Services	17,306	18,992	36,298	98,023
Repairs and Maintenance	252	-	252	21,315
Security	-	-	-	-
Supplies	1,807	663	2,470	19,888
Telephone	-	-	-	-
Utilities	3,351	4,469	7,820	46,205
Artist, Consultations, and Staff:	-	-	-	-
Food, Travel, and Lodging	4,625	316	4,941	36,972
Honoraria and Fees	-	500	500	46,798
Other Expense	3,654	195	3,849	37,247
Promotional Items	-	286	286	7,247
Equipment and Facility Rentals	4,402	-	4,402	10,269
Total Expenses	<u>\$ 278,427</u>	<u>\$ 204,894</u>	<u>\$ 483,321</u>	<u>\$ 1,553,122</u>

**WESTERN FOLKLIFE CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (368,995)	\$ (498,526)
Adjustments to Reconcile Changes in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation	127,919	129,842
Net Realized and Unrealized Gain on Sale of Investments	(80,450)	169,332
Forgiveness of PPP Loan	-	-
Changes in:		
Accounts Receivable	94,547	(89,336)
Inventories	6,912	2,230
Prepaid Program and Other Expenses	2,629	(5,756)
Accounts Payable	(14,478)	11,397
Accrued Liabilities	(18,407)	42,353
Net Cash Used by Operating Activities	(250,323)	(238,464)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Marketable Securities, Net	679,253	478,987
Purchases of Marketable Securities, Net	(268,596)	(253,987)
Purchase of Property and Equipment	(33,544)	(49,013)
Net Cash Provided by Investing Activities	377,113	175,987
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	126,790	(62,477)
Cash and Cash Equivalents – Beginning of Year	146,193	208,670
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	\$ 272,983	\$ 146,193
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ -	\$ -

**WESTERN FOLKLIFE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Western Folklife Center, Inc. (the Center) is dedicated to exploring, presenting, and preserving the diverse and dynamic cultural heritage of the American West. The Center celebrates the wisdom, artistry, and ingenuity of western folkways through exhibitions, educational programs, media programs, research and preservation projects, its website, and its premier event, the National Cowboy Poetry Gathering. The Center nurtures connections among rural and ranching cultures globally, exploring universal themes in working traditions and artistic expression, which the Center believes are vital links to the past, present, and future of the American West.

**The Western Folklife Center: “A Place of Personal Meaning”**

For the Center’s most engaged participants, the Western Folklife Center and its programs create a place of deep personal meaning.

- The Center connects people to the authentic cultures of the West, and all aspects of the work, from programming to board development and marketing to fundraising, which must be grounded in authenticity.
- The Center’s programs help articulate a sense of place for the West.
- The Center’s work nourishes the soul and challenges the intellect. It engages the emotions and the mind.
- The Center’s work is a touchstone for the past, yet grounded in the present with a vision for the future of the West.
- The Center provides a sense of belonging and connection for both a local and a far-flung audience, and the Center brings together people with a similar sense of personal meaning and interests.
- The Center’s efforts to research, document, present, and preserve the expressive culture of the people of the West are vital to the region and the nation.
- The Center’s programs entertain and engage. The experiences the Center provides are both intimate/private as well as expansive/public. Inclusive and egalitarian values are an important element in the work.
- The Center’s work helps communities in the rural West realize and appreciate their cultural assets.

The Center was formed in 1980 as a nonprofit organization incorporated in both Nevada and Utah. The Center maintains a year-round cultural center in the historic Pioneer Hotel building located in Elko, Nevada.

The Center is governed by a board of trustees, along with a National Advisory Council made up of leaders in Western cultural life. The Center is staffed by employees in Elko, Nevada, along with hundreds of volunteers.

**WESTERN FOLKLIFE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Description of Program and Supporting Services**

The following program and supporting services are included in the accompanying financial statements:

***The National Cowboy Poetry Gathering*** is a grand celebration of Western people, their lifestyles, and traditions. As January turns to February, cowboys, ranchers, rural, and urban people travel en masse to the small community of Elko, Nevada, to join with friends, family, and all those who share their love of rural life in the West. Together, they listen to poetry and music, learn about cowboy culture in the U.S. and around the world, experience great art, watch Western films, learn a craft, and gather together to eat, drink, and swap stories. For the last 30 years, thousands of people – both rural and urban – have made this pilgrimage time and time again.

***Merchandise Sales Center (the Center)*** maintains a year-round cultural center in the historic Pioneer Hotel building located in Elko, Nevada, from which the Center provides cultural events and merchandise sales to both members and the general public to facilitate a year-round experience, understanding, and appreciation of the diverse cultural heritage of the American West.

***Media Services Center*** includes audio and visual works promoting Western American music and poetry.

***Cultural Programs and Other Events*** include a museum, exhibits, and revolving collections to enhance and promote the diverse cultural heritage of the American West.

***General and Administrative*** include the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Center's program strategy through the Office of the Executive Director; secure proper administrative functioning of the board of trustees; maintain competent legal services for the program administration of the Center; and manage the financial and budgetary responsibilities through the Office of the Chief Financial Officer.

***Fund-raising*** provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

***Membership Development*** encompasses the identification, cultivation, and expansion of the Center's membership as the primary effort to promote preservation awareness and to increase public involvement in preservation activities.

**WESTERN FOLKLIFE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Center 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.

**Income Tax Status**

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS). In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the Center is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income tax Return (Form 990-T) with the IRS. Accordingly, no liability for federal income taxes has been provided in the financial statements. The Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2020.

Management believes that the entity 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 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.

**Cash and Cash Equivalents**

The Center considers all cash and highly liquid financial investments with an initial maturity of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowment, or other long-term purposes are excluded from this definition.

**Financial Instruments and Credit Risk**

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 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 accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of the Center's mission. 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 Center.

**WESTERN FOLKLIFE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

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

**Contracts Receivable**

Contracts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Center determines the allowance based on experience, third-party contracts, and other circumstances, which may affect the ability of customers or employees to meet their obligations. It is the Center's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management believes no allowance for doubtful accounts is necessary at June 30, 2023 and 2022.

**Donated Assets and In-Kind Donations**

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation. The related expenses are presented in the line items that reflect the nature of the activity.

**Donated Services**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Volunteers also provided program services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

**Inventories**

Inventories consist of books, tapes, videos, and other American Western merchandise. Purchased inventories are stated at the lower of cost or net realizable value determined by the first-in, first-out method. A general inventory provision in the amount of \$78,000 has been recorded to reflect the net realizable value of the inventory as of June 30, 2023 and 2022.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Depreciation is computed using the straight-line method.



**WESTERN FOLKLIFE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment (Continued)**

Property and equipment also includes collections, which include books, posters, audio/video recordings, and other works of art that have been determined to have cultural, aesthetic, or historical value worth preserving perpetually. These assets are originally recorded at purchased cost or at estimated fair market value at the date of gift if donated. Donated items for which a fair value cannot be objectively measured are not recorded. These assets are considered inexhaustible and, therefore, no depreciation has been provided for them.

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 assets.

**Net Assets**

Net assets, revenues, 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:

***Net Assets Without Donor Restrictions*** – Net assets available for use in general operations. Board-designated net assets without donor restrictions consist of net assets designated by the board of trustees for a board-designated endowment.

***Net Assets With Donor Restrictions*** – Net assets subject to donor restrictions that may or will be met by expenditures or the actions 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 board of trustees.

The Center reports contributions and other support as including donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, these net assets are reclassified and reported in the statements of activities as net assets released from restrictions.

**WESTERN FOLKLIFE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Functional Allocation of Expenses**

The costs of providing program and supporting activities have been summarized on a functional basis in the statement of activities. The 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.

**Marketing and Advertising**

The Center uses marketing and advertising to promote its programs among the audiences it serves. Marketing and advertising are expensed as incurred. Total advertising costs for the years ended June 30, 2023 and 2022 was \$27,679 and \$25,801, respectively.

**Subsequent Events**

Subsequent events were evaluated by management through August 30, 2023, which is the date these financial statements were available to be issued.

**WESTERN FOLKLIFE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 FAIR VALUE MEASUREMENTS**

The Center reports certain assets at fair value in the 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, 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 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 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 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, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market- corroborated inputs.

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

In some cases, the inputs used to measure the fair value of an asset 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. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Center's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of the Center's investment assets are classified within Level 1 because they are comprised of various marketable securities with readily determinable fair values based on daily redemption values. The Center invests in U.S. government securities and U.S. corporate fixed income securities traded in the financial markets. Those U.S. government securities and corporate fixed income securities 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. There are no investments that are considered to be Level 3 measurements.

**WESTERN FOLKLIFE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

Fair values of assets measured on a recurring basis at June 30, 2023, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
U.S. Governmental Securities:			
Federal Agencies	\$ -	\$ -	\$ -
Treasury Securities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Common Stock	4,818	-	4,818
U.S. Exchange-Traded and Closed-End Fund	241,594	-	241,594
U.S. Corporate Fixed Income	-	-	-
U.S. Mutual Funds, Other	645,462	-	645,462
	<u>645,462</u>	<u>-</u>	<u>645,462</u>
Total	<u>\$ 891,874</u>	<u>\$ -</u>	<u>\$ 891,874</u>
Investments, Operating			\$ 635,943
Investments, Donor-Restricted Endowments			255,931
Total			<u>\$ 891,874</u>

Fair values of assets measured on a recurring basis at June 30, 2022, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
U.S. Governmental Securities:			
Federal Agencies	\$ -	\$ -	\$ -
Treasury Securities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Common Stock	182,750	-	182,750
U.S. Exchange-Traded and Closed-End Fund	390,901	-	390,901
U.S. Corporate Fixed Income	-	-	-
U.S. Mutual Funds, Other	648,430	-	648,430
	<u>648,430</u>	<u>-</u>	<u>648,430</u>
Total	<u>\$ 1,222,081</u>	<u>\$ -</u>	<u>\$ 1,222,081</u>
Investments, Operating			\$ 997,997
Investments, Donor-Restricted Endowments			224,084
Total			<u>\$ 1,222,081</u>

**WESTERN FOLKLIFE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 3 NET INVESTMENT RETURN**

Net investment return consists of the following for the year ended June 30:

	2023	2022
Operating Investments:		
Interest and Dividends	\$ 12,807	\$ 13,802
Net Realized and Unrealized Gain (Loss)	53,802	(169,910)
Total Operating Investments	66,609	(156,108)
Endowment Investments:		
Interest and Dividends	4,404	3,587
Net Realized and Unrealized Gain (Loss)	26,648	(41,480)
Total Endowment Investments	31,052	(37,893)
Total	\$ 97,661	\$ (194,001)

**NOTE 4 ENDOWMENTS**

Because endowment investment funds include funds derived originally from permanently restricted gifts, the management of those funds is subject to the Uniform Prudent Management of Institutional Funds (Uniform Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Furthermore, Nevada Revised Statute (NRS) section 164.667 allows boards that hold endowment funds to expend or accumulate endowment funds.

The board has interpreted state law as allowing it to use any of the investment returns as is prudent considering the Center's long and short-term needs, expected total return on its investments, price level trends, and general economic conditions. The following is a summary of the Center's endowments:

**Board-Designated Endowment**

As of June 30, 2023, the board of trustees had designated \$764,714, of net assets without donor restrictions as a program endowment fund to support the programs of the Center.

The center has a spending policy of appropriating for distribution each year 5% of the Center's board-designated endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Center considered the long-term expected investment return on the endowment. Accordingly, over the long term, the Center expects the current spending policy to allow its program endowment fund to grow at an average of 5% annually. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment returns.

**WESTERN FOLKLIFE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 4 ENDOWMENTS (CONTINUED)**

**Board-Designated Endowment (Continued)**

To achieve this objective, the Center has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix of equity and debt securities intended to result in a consistent inflation-protected rate of return with sufficient liquidity to make an annual distribution of 5%, while allowing for fund growth. Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed so as not to expose the fund to unacceptable levels of risk.

Composition of and changes in the board-designated endowment net assets for the year ended June 30, were as follows:

	2023	2022
Board-Designated Endowment Net Assets -		
Beginning of Year	\$ 1,014,824	\$ 1,411,690
Private Contribution	-	-
Investment Income	69,886	11,716
Net Appreciation (Decline)	(3,871)	(169,911)
Amounts Appropriated for Expenditure:		
Investment/Broker Fees	(9,125)	(13,671)
Draws for Expenditures	(307,000)	(225,000)
Board-Designated Endowment Net Assets -		
End of Year	\$ 764,714	\$ 1,014,824

**Donor-Restricted Endowments**

**The Hearst Foundation**

The William Randolph Hearst Foundation (the Hearst Foundation) awarded the Center a \$100,000 program endowment grant. The grant agreement provides that the original amount of the grant is to be permanently restricted and allows appropriating for distribution each year 5% of the Hearst Foundation endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned.

In prior years, the Hearst Foundation has allowed the board of trustees to increase the appropriation percentage to 6% for expenditures when circumstances require such utilization as necessary; however, the Center has not appropriated more than the 5% as specified in the original agreement. The agreement also contains various annual reporting requirements including the amount of contributions to the endowment, an investment summary, endowment utilization, and general organizational updates.

**WESTERN FOLKLIFE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 4 ENDOWMENTS (CONTINUED)**

**Donor-Restricted Endowments (Continued)**

**Utah Arts**

In 1994, the Center provided a cash match of \$15,330 pursuant to an agreement with the Utah Arts Endowment Fund Program (UAE) and UAE provided an endowment deposit of \$20,279, for a total invested balance of \$35,609. The funds deposited by the UAE cannot be withdrawn for any reason, but the funds deposited by the Center can be withdrawn, which would then terminate the endowment.

This endowment fund is under the control of and is being invested by the Utah State Treasurer's office. The earnings from the fund are deposited into the Utah Public Treasurers Investment Fund interest account. Although the balance of \$15,330 in this account belongs to the Center and can be withdrawn anytime for any purpose, it is reported as permanently restricted since, as noted above, the Center would lose the UAE portion of \$20,279 should the funds be withdrawn.

The donor-restricted endowments' are classified as net assets with donor restrictions and are composed of the following as of June 30, 2023 is as follows:

	<u>Expendable</u>	<u>Permanently Endowed</u>	<u>Endowment Net Assets</u>
The Hearst Foundation	\$ 127,102	\$ 100,000	\$ 227,102
Utah Arts	-	35,609	35,609
Glaser Fund	30,090	-	30,090
Total	<u>\$ 157,192</u>	<u>\$ 135,609</u>	<u>\$ 292,801</u>

The donor-restricted endowments' are classified as net assets with donor restrictions and are composed of the following as of June 30, 2022 is as follows:

	<u>Expendable</u>	<u>Permanently Endowed</u>	<u>Endowment Net Assets</u>
The Hearst Foundation	\$ 96,867	\$ 100,000	\$ 196,867
Utah Arts	-	35,609	35,609
Glaser Fund	28,478	-	28,478
Total	<u>\$ 125,345</u>	<u>\$ 135,609</u>	<u>\$ 260,954</u>

**WESTERN FOLKLIFE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

Changes in donor-restricted endowments' net assets as of June 30, 2023, are as follows:

	Expendable	Permanently Endowed	Endowment Net Assets
Endowment Net Assets -			
Beginning of Year	\$ 125,345	\$ 135,609	260,954
Investment Income (loss)	(1,383)	-	(1,383)
Other income	5,487		5,487
Net Appreciation (Decline)	28,031	-	28,031
Transfers	-		-
Amounts Appropriated for Expenditures	(288)	-	(288)
Total	\$ 157,192	\$ 135,609	\$ 292,801

Changes in donor-restricted endowments' net assets as of June 30, 2022, are as follows:

	Expendable	Permanently Endowed	Endowment Net Assets
Endowment Net Assets -			
Beginning of Year	\$ 175,232	\$ 135,609	310,841
Investment Income (loss)	2,357	-	2,357
Other income	2,327		2,327
Net Appreciation (Decline)	(43,837)	-	(43,837)
Transfers	(10,409)		(10,409)
Amounts Appropriated for Expenditures	(325)	-	(325)
Total	\$ 125,345	\$ 135,609	\$ 260,954

**NOTE 5 INVENTORIES**

Inventories are comprised of the following as of June 30:

	2023	2022
Merchandise Inventory	\$ 39,052	\$ 47,952
Food and Beverage	12,584	10,596
Consignment Merchandise	87,815	72,878
Total	139,451	131,426
Less: Consignment Merchandise	(87,815)	(72,878)
Total Inventories	\$ 51,636	\$ 58,548



**WESTERN FOLKLIFE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	2023	2022
Nondepreciable:		
Land	\$ 77,500	\$ 77,500
Exhibits	56,983	56,983
Books and Collections	71,009	71,009
Total Nondepreciable	205,492	205,492
Depreciable:		
Buildings and Improvements	4,362,761	4,329,217
Equipment, Furniture, and Fixtures	1,023,868	1,023,868
Total Depreciable	5,386,629	5,353,085
Total Property and Equipment	5,592,121	5,558,577
Less: Accumulated Depreciation	(3,140,180)	(3,012,261)
Property and Equipment, Net	\$ 2,451,941	\$ 2,546,316

**NOTE 7 EMPLOYEE BENEFIT PLAN**

**Tax-Deferred Annuity Plan**

The Center sponsors a tax-deferred annuity plan (the Plan) qualified under Section 403(b) of the IRC. The Plan covers full-time employees of the Center. Employees may make contributions to the Plan up to the maximum amount allowed by the IRC if they wish. The Center has not contributed to the Plan for the years ended June 30, 2023 and 2022.

**NOTE 8 REVOLVING LINE OF CREDIT**

As of June 30, 2023 and 2022, the Center had \$-0- outstanding from a revolving line of credit with Nevada State Bank. Bank advances on the credit line are payable annually on September 12, including interest at a variable rate of 2.5% over prime with a 7.5% maximum floor interest rate percentage if prime is below the minimum interest rate (7.5% at June 30, 2023). The credit line is secured by substantially all assets.

**WESTERN FOLKLIFE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by the donors. Spendable net assets with donor restrictions consisted of the following at June 30:

	2023	2022
Contributions for Specific Projects	\$ 86,654	\$ 183,853
Hearst Endowment Spendable Earnings	127,281	98,129
Utah Arts Endowment Spendable Earnings	-	-
Art Glaser Fund Spendable Earnings	30,090	28,478
Total Spendable	\$ 244,025	\$ 310,460

Net assets were released from restrictions as follows during the year ended June 30:

	2023	2022
Satisfaction of Purpose Restrictions		
Program Expenses	\$ (129,343)	\$ (601,042)
	(129,343)	(601,042)
Expiration of Time Restrictions	(163,333)	(117,218)
Total Net Assets Released from Restrictions	\$ (292,676)	\$ (718,260)

**WESTERN FOLKLIFE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 10 LIQUIDITY AND AVAILABILITY**

Based on analysis of its revenue cycles and per its financial policies, the Western Folklife Center maintains a minimum operating reserve of at least 90 days, with the value calculated based on budgeted annual operating expenses, less noncash items and has a \$75,000 line of credit available to meet cash flow needs.

The reserve itself consists of these assets without donor restrictions. The reserve as of June 30, 2023, consists of cash and cash equivalents, operating investments, and accounts receivable, as follows:

Financial Assets at June 30, 2023:

Cash & Cash Equivalents	\$ 272,983
Investments, Operating	635,943
Accounts Receivable (expected within 90 days)	22,902
Money Market, Donor-Restricted Endowments	36,870
Investments, Donor-Restricted Endowments	<u>255,931</u>
Total Financial Assets	<u>1,224,629</u>

Available Line of Credit	75,000
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Less amounts not available to be used within one year:

Net Assets with Donor Restrictions	379,634
Board Designated Funds for Future Use	<u>764,714</u>
	<u>1,144,348</u>

Financial assets available to meet general expenditures over the next twelve months

<u>\$ 155,281</u>
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