

Seagle Music Colony, Inc.
Comparative Financial Statements
December 31, 2020 and 2019

Judith L. Klingebiel CPA
128 Main Street
Greenwich, New York 12834
June 1, 2021

Seagle Music Colony, Inc.
Comparative Financial Statements
December 31, 2019 and 2018

Table of Contents

	Page
Independent Auditor's Report	1-2
Comparative Statements of Financial Position	3
Comparative Statements of Activities	4
Comparative Statements Functional Expenses	5
Comparative Statements of Cash Flows	6
Notes to Financial Statements	7-14

Judith L. Klingebiel

Independent Auditor's Report

June 1, 2021

To the Board of Directors
Seagle Music Colony, Inc.
PO Box 366
Schroon Lake, New York 12870

CERTIFIED PUBLIC ACCOUNTANT
128 MAIN STREET
GREENWICH, NEW YORK 12834
PHONE 518-692-2267
FAX 518-692-2268
EMAIL cpajlk@gmail.com

I have audited the accompanying financial statements of the Seagle Music Colony, Inc. (a non-profit organization) as of December 31, 2020 and 2019, which are comprised of the statements of financial position, and the related statements of activities and changes in net assets, cash flows, and statement of functional expenses for the years then ended, and the related notes to financial statements.

Management's Responsibility 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. 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the financial statements referred to above, present fairly, in all material respects, the financial position of the Seagle Music Colony, Inc. as of December 31, 2020 and 2019 and its

activities, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Note 18, Other Information, and Note 19, Subsequent Events, include information regarding the possible effect on the organization of the coronavirus pandemic. My opinion expressed in the preceding paragraph is not modified with respect to the matter emphasized.


Judith L. Klingebiel

Seagle Music Colony, Inc.
 Statements of Financial Position
 As of December 31, 2020 and 2019
 (With Comparative Totals for December 31, 2019)

Exhibit A

ASSETS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL 2020	TOTAL 2019
Current Assets				
Cash in Glens Falls National Bank (Note 1, 2)	\$334,042	\$77,551	\$411,593	\$384,184
Glens Falls National Bank Managed Investments (Note 1,3,12)	572,214	470,942	1,043,156	926,399
Deposit with Adirondack Community Trust (Note 5)	40,128		40,128	36,709
Unconditional Promises to Give-Current (Note 6)	133,488		133,488	133,488
Accounts Receivable (Note 6)	12,051		12,051	4,200
Prepaid Expenses (Note 7)	32,801		32,801	6,861
Inventory (Note 8)	5,612		5,612	5,646
Total Current Assets	\$1,130,336	\$548,493	\$1,678,829	\$1,497,487
Fixed and Other Assets (Note 9)				
Land, Buildings, and Improvements	2,174,551		2,174,551	2,163,501
Pianos	63,205		63,205	63,205
Kitchen, Office and Miscellaneous Equipment	150,694		150,694	150,694
Lighting, Seating, and Costumes	66,726		66,726	66,726
Less: Accumulated Depreciation	(826,079)		(826,079)	(749,672)
Total Fixed Assets and Other Assets	\$1,629,097	\$0	\$1,629,097	\$1,694,454
TOTAL ASSETS	\$2,759,433	\$548,493	\$3,307,926	\$3,191,941
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	\$24		\$24	\$4,677
Sales Tax Payable	-		-	98
Deferred Revenue (Note 10)	7,283		7,283	-
Mortgage Payable, Due Within One Year (Note 11)	11,260		11,260	10,792
Total Current Liabilities	\$18,567	\$0	\$18,567	\$15,567
Other Liabilities				
Mortgage Payable, Due After One Year (Note 11)	271,090		271,090	282,259
Total Other Liabilities	\$271,090	\$0	\$271,090	\$282,259
TOTAL LIABILITIES	\$289,657	\$0	\$289,657	\$297,826
NET ASSETS (Note 1)				
Without Donor Restrictions	\$2,469,776	-	\$2,469,776	\$2,412,247
With Donor Restrictions (Note 3, 12)		\$548,493	548,493	481,868
	\$2,469,776	\$548,493	\$3,018,269	\$2,894,115
TOTAL LIABILITIES AND NET ASSETS	\$2,759,433	\$548,493	\$3,307,926	\$3,191,941

See accompanying notes to financial statements

Seagle Music Colony, Inc.
Statement of Activities and Net Assets
As of December 31, 2020 and 2019
(With Comparative Totals for December 31, 2019)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2020	2019
OPERATING ACTIVITIES				
PUBLIC SUPPORT AND REVENUE				
Contributions	\$260,426	\$37,348	\$297,774	\$557,374
Foundation and Government Grants	49,680	87,250	136,930	46,535
Contributions In-Kind (Note 16)	3,833		3,833	13,800
SMC Guild Activities	-		-	23,321
Gala				
Underwriting and Contributions	116,252		116,252	113,885
Auction	-		-	9,100
Tickets	-		-	25,550
Less: Direct Benefit to Attendees	-		-	(30,882)
Total Gala	\$116,252		\$116,252	\$117,653
Program				
Artist Tuition, Housing Fees	6,212		6,212	101,645
Ticket Sales	1,193		1,193	108,532
Tour Fees	-		-	3,700
Advertising	-		-	6,575
Fall Season	300		300	30,215
Total Program	\$7,705	-	\$7,705	\$250,667
Store Sales, net of Costs	49		49	348
Special Events	-		-	1,000
Investment Income	18,130		18,130	20,844
Net Assets Released from Restrictions	108,274	(108,274)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	\$564,349	\$16,324	\$580,673	\$1,031,542
EXPENDITURES				
Program Related	\$320,720		\$320,720	\$657,593
Administrative and General	170,559		170,559	188,315
Gala and Other Fund Raising	114,851		114,851	125,494
Pledge and Inventory Adjustments	-		-	11,480
TOTAL EXPENDITURES	\$606,130	\$0	\$606,130	\$982,882
NONOPERATING ACTIVITIES				
Gain on Extinguishment of PPP Debt	\$46,400		\$46,400	\$0.00
Realized Gains (Losses) on Investments	21,627	\$19,588	41,215	\$60,186
Unrealized Gains (Losses) on Investments	34,485	33,505	67,990	\$107,031
Less: Investment Management Fees	(3,202)	(2,792)	(5,994)	(\$6,168)
NONOPERATING CHANGE IN NET ASSETS	\$99,310	\$50,301	\$149,611	\$161,049
CHANGE IN NET ASSETS	\$57,529	\$66,625	\$124,154	\$209,709
NET ASSETS JANUARY 1	\$2,412,247	\$481,868	\$2,894,115	\$2,684,406
NET ASSETS, DECEMBER 31 (Note 1,3,11)	\$2,469,776	\$548,493	\$3,018,269	\$2,894,115

See accompanying notes to financial statements

Seagle Music Colony, Inc.
Comparative Statement of Expenditures
For Years Ended December 31, 2020 and 2019
(with comparative totals only for December 31, 2019)

<u>Program Related</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020</u>	<u>2019</u>
Program Related Management	\$48,010		48,010	\$52,842
Other Faculty and Staff	7,865		7,865	129,637
Payroll Taxes and Benefits	15,426		15,426	27,360
Gifts in Lieu of Employment	39,926		39,926	-
Travel, Mileage, Per Diem	9,501		9,501	10,165
Artist Housing and Meals	-		-	61,571
Artist Scholarships (Note 14)	-		-	24,225
Production Expense	5,818		5,818	85,443
Pre-Season and Summer Tour	-		-	2,959
Fall Season	2,808		2,808	43,470
Publicity/Website	6,695		6,695	15,658
Office, Postage, Telephone and Printing	6,723		6,723	19,076
Insurance	29,485		29,485	37,564
Guild Activities	-		-	7,501
Renaissance Campaign Expense	-		-	649
Professional Fees, Dues	3,646		3,646	4,395
Credit Card Fees	5,563		5,563	8,796
Depreciation (Note 9)	75,109		75,109	78,553
Fixed Facilities Operation and Maintenance	64,145		64,145	47,729
Total Program Related	\$320,720	\$0	\$320,720	\$657,593
<u>Administrative and General</u>				
Administrative Staff	\$97,700		\$97,700	\$ 95,784
Payroll Taxes and Benefits	21,545		21,545	19,571
Office, Postage, Telephone, Printing	17,505		17,505	19,472
Office Rent (Note 13)	8,400		8,400	7,200
Miscellaneous	210		210	895
Travel, Mileage	233		233	13,561
Professional Fees, Dues	9,139		9,139	8,844
Filing Fees	275		275	275
Utilities	773		773	943
Interest Expense	12,453		12,453	12,869
Insurance-Director's and Officers	1,028		1,028	1,028
Strategic Planning	-		-	2,788
Rent, Property Taxes	-		0	3,498
Depreciation (Note 9)	1,298		1,298	1,587
Total Administrative and General	\$170,559	\$0	\$170,559	\$ 188,315
<u>Development</u>				
Development Director	80,370		80,370	78,795
Payroll Taxes and Benefits	18,128		18,128	16,804
Office, Postage, Telephone, Printing	2,614		2,614	4,283
Gala Expense	4,766		4,766	14,583
Administration, Solicitation, Stewardship	8,973		8,973	11,029
Total Development	114,851		114,851	125,494
TOTAL EXPENDITURES	\$606,130	\$0	\$606,130	\$971,402

See accompanying notes to financial statements

Seagle Music Colony, Inc.
 Comparative Statements of Cash Flows-Unrestricted and Restricted
 For Years Ended December 31, 2020 and 2019

Exhibit D

	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities</u>		
Increase in Net Assets	<u>\$124,154</u>	<u>\$209,709</u>
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	<u>76,407</u>	<u>80,140</u>
Unrealized (Gains)/Losses on Securities	<u>(67,990)</u>	<u>(107,031)</u>
Decrease (Increase) in Deposit with Adirondack Community Trust	<u>(3,419)</u>	<u>(3,747)</u>
Decrease (Increase) in Unconditional Promises to Give	<u>-</u>	<u>10,750</u>
Decrease(Increase) in Accounts Receivable	<u>(7,851)</u>	<u>5,750</u>
Decrease (Increase) in Prepaid Expenses	<u>(25,938)</u>	<u>6,369</u>
Decrease(Increase) in Inventory	<u>34</u>	<u>1,195</u>
(Decrease) Increase in Accounts Payable	<u>(4,653)</u>	<u>7,466</u>
(Decrease) Increase in Taxes Payable	<u>-</u>	<u>(11)</u>
(Decrease) Increase in Deferred Revenue	<u>7,283</u>	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u>\$98,027</u>	<u>210,590</u>
<u>Cash Flows from Investing Activities</u>		
Transfer to Managed Investments	<u>(48,865)</u>	<u>(197,840)</u>
Transfer from Managed Investments	<u>-</u>	<u>97,134</u>
Purchase of Equipment and Major Renovations	<u>(11,050)</u>	<u>(8,356)</u>
Net Cash Provided (Used) by Investing Activities	<u>(\$59,915)</u>	<u>(\$109,062)</u>
<u>Cash Flows from Financing Activities</u>		
Bank Mortgage Financing Retired	<u>(10,701)</u>	<u>(10,285)</u>
Net Cash Provided (Used) by Financing Activities	<u>(\$10,701)</u>	<u>(\$10,285)</u>
Net Increase (Decrease) in Cash	<u>\$27,411</u>	<u>\$91,243</u>
Cash at Beginning of Year	<u>384,184</u>	<u>292,941</u>
Cash at End of Year	<u><u>\$411,595</u></u>	<u><u>\$384,184</u></u>

See accompanying notes to financial statements

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

Note 1. Summary of Significant Accounting Policies

Organization: The Seagle Music Colony, Inc. is an organization governed by New York State not-for-profit law and applicable federal laws. It is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Business Activity: The organization was originally formed in 1915 under the name Oscar Seagle Association, Inc. for the purpose of raising money and granting scholarships to worthy students of The Seagle Colony, a summer music school located in Schroon Lake, New York. During 1997, The Oscar Seagle Association amended its charter to change the organizational purpose. The amendment was approved by the Internal Revenue Service. The name was officially changed to the Seagle Music Colony, Inc. in 2008. During 2020 the organization rebranded as the Seagle Festival and filed a Certificate of Assumed Name with the New York Department of State. The official name of the organization will remain Seagle Music Colony, Inc.

The organization now operates the music camp itself, as well as raises money for scholarship grants to worthy students, and for other purposes.

Income Tax: The organization has no unrelated business income subject to income tax.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents: For purposes of the statements of cash flows, the organization considers all highly liquid investment with an initial maturity of three months or less to be cash equivalents.

Investments: Investments in marketable securities with readily determinable fair values are reported at 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 a donor are reported as increases in net assets with donor restrictions. When the restrictions are met in the reporting period or subsequent reporting period, they are reflected as net assets released from restrictions. At December 31, 2020 and 2019 all investments were considered Level 1 investments since fair values were obtained from quoted market prices for identical assets in active markets.

Promises to Give: Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions received are recorded as with donor restricted or without donor restricted support depending on the existence and or nature of any donor restrictions. Contributions received for a subsequent period are classified as with donor restrictions subject to the passage of time. Grants received in 2020 and 2019 for use during 2021 and 2020 are reflected in restricted net assets at December 31, 2020 and 2019.

Financial Statement Presentation: The assets, liabilities and net assets of the organization are reported as follows: See Note 12.

Net Assets Without Donor Restrictions - Expendable funds available for general support of organization operations.

Net Assets With Donor Restrictions – Funds available only for the purpose or period specified by the donor.

Contributed Services: Contributed volunteer services are not reflected in the statements either as contributions or as a corresponding expense because of the absence of clearly measurable criteria for

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

recognition. Actual donated services, other than board members, were approximately 6,000 hours in 2019 with an estimated value of \$152,580. Because the organization was essentially shut down due to COVID-19, there were no volunteer hours in 2020 other than board members.

Property, Plant and Equipment: Property, plant, and equipment acquired prior to January 1, 1995 are recorded at estimated fair market value. Assets with a cost in excess of \$1,000 acquired subsequent to that date are recorded at cost, or if donated, at fair market value at the date of donation. Depreciation is recorded using the straight line method over the estimated useful life of the asset.

Note 2. Cash and Equivalent

Cash and equivalent consists of the following:	2020	2019
Cash in Bank, Checking	\$137,638	\$103,443
Cash in Bank, Savings	<u>273,955</u>	<u>280,741</u>
Total	<u>\$411,593</u>	<u>\$384,184</u>
Without donor restrictions	\$223,915	\$208,438
With donor restrictions	77,551	66,410
With board designations	<u>110,127</u>	<u>109,336</u>
Total	<u>\$411,593</u>	<u>\$384,184</u>

Deposits up to \$250,000 as of December 31, 2020 and 2019 are insured by the Federal Deposit Insurance Corporation (FDIC). Bank Statement balances in excess of \$250,000 represent a credit risk, which is the risk that a bank fails to continue as a business and cannot cover all of the deposits. The balances in organization accounts temporarily exceed FDIC limits by \$161,593 at December 31, 2020 and \$134,184 at December 31, 2019

Note 3. Investment Accounts

With Donor Restrictions:

Darren K. Woods Scholarship Fund

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Cash and Equivalents	\$ 2,160	\$2,160	\$ 2,492	\$ 2,492
Fixed Income	7,319	7,481	4,654	4,727
Equities	<u>23,514</u>	<u>33,919</u>	<u>23,399</u>	<u>30,900</u>
Total	<u>\$32,993</u>	<u>\$ 43,560</u>	<u>\$30,545</u>	<u>\$38,119</u>

The original principal of \$25,000 is donor restricted for scholarships. The income and fund growth are to be used to fund some or all of the tuition for young artists. Transfers of \$-0- and \$1,621 were made in 2020 and 2019. See Note 11.

Janet & Moe Friedman Scholarship Fund

Cash and Equivalents	\$ 8,922	\$ 8,922	\$ 6,985	\$ 6,985
Fixed Income	24,061	24,570	15,679	15,910
Equities	<u>75,575</u>	<u>109,737</u>	<u>80,425</u>	<u>103,998</u>
Total	<u>\$108,558</u>	<u>\$143,229</u>	<u>\$103,089</u>	<u>\$126,893</u>

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

The original principal of \$80,000 is donor restricted for scholarships. The income and fund growth are to be used to fund some or all of the tuition for young artists, one of whom shall be designated as the Janet & Moe Friedman Scholar. Transfers of \$-0- and \$5,403, were made in 2020 and 2019.

The donors have agreed that upon authorization of 2/3 of the board of directors, 50% of the principal of this fund may be used on a temporary basis for cash flow needs of the organization. However, only one transfer can occur within a twelve month period and the draw must be repaid within nine months. No such transfers occurred in 2020 or 2019. See Note 11.

Jim & Eileen Carnahan Endowment Fund

Cash and Equivalents	\$ 8,768	\$ 8,768	\$ 4,531	\$ 4,531
Fixed Income	24,205	24,692	14,933	15,394
Equities	<u>90,405</u>	<u>111,878</u>	<u>96,381</u>	<u>108,663</u>
Total Carnahan Endowment Fund	<u>\$123,378</u>	<u>\$145,338</u>	<u>\$115,845</u>	<u>\$128,588</u>

This endowment fund was established in December, 2019. At the end of 2019, fair value of the assets of this fund fell below the level of the original gifts due to unfavorable market fluctuations shortly after donor contributions.

Distributions from the fund may be made only for charitable or educational purposes. Distributions may not be made from original gifts. Distributions of \$-0- and \$5,153 were made in 2020 and 2019.

Erica and John Foster Endowment Fund

Cash and Equivalents	\$ 8,038	\$ 8,038	\$ 3,753	\$ 3,753
Fixed Income	23,542	24,105	13,871	14,442
Equities	<u>84,301</u>	<u>106,672</u>	<u>91,755</u>	<u>103,663</u>
Total Foster Endowment Fund	<u>\$115,881</u>	<u>\$138,815</u>	<u>\$109,379</u>	<u>\$121,858</u>

This endowment fund was established late in 2019. Distributions from the fund may be made for charitable or educational purposes from the total income of the fund. Distributions may not be made from the original gift. Each year distributions shall first be made to fund the Erica & John Foster Scholar. Distributions of \$-0- and \$5,300 were made in 2020 and 2019.

Total Investments with Donor Restrictions	<u>\$380,810</u>	<u>\$470,942</u>	<u>\$358,858</u>	<u>\$415,458</u>
---	------------------	------------------	------------------	------------------

Investments with Board Designations:

Ruth H. Pelmas Fund

Cash and Equivalents	\$ 7,195	\$ 7,195	\$ 5,828	\$ 5,828
Fixed Income	20,834	21,270	13,632	13,811
Equities	<u>67,702</u>	<u>95,390</u>	<u>70,535</u>	<u>89,840</u>
Total Ruth H. Pelmas Fund	<u>\$95,731</u>	<u>\$123,855</u>	<u>\$89,995</u>	<u>\$109,479</u>

The Ruth H. Pelmas bequest was not restricted, but the board has designated that only earnings may be expended. Transfers from earnings of \$-0- and \$4,657 were made in 2020 and 2019.

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

SMC Renaissance Fund

Cash and Equivalents	\$ 28,029	\$ 28,029	\$ 17,378	\$ 17,378
Fixed Income	138,564	140,912	118,297	120,960
Equities	<u>210,000</u>	<u>279,418</u>	<u>221,783</u>	<u>263,124</u>
Total SMC Renaissance Fund	<u>\$376,593</u>	<u>\$448,359</u>	<u>\$357,458</u>	<u>\$401,462</u>

Distributions from the fund of \$-0- and \$75,000 were made in 2020 and 2019. This fund was established by the board to set aside unexpended funds of the renaissance project.

Total with Board Designations:	<u>\$472,324</u>	<u>\$ 572,214</u>	<u>\$447,453</u>	<u>\$510,941</u>
Total all Investments	<u>\$853,134</u>	<u>\$1,043,156</u>	<u>\$806,311</u>	<u>\$926,399</u>

Note 4. Availability and Liquidity

Financial assets at year-end:

Cash and equivalents	\$411,593
Support Receivable	145,539
Investments, including cash in investment accounts	<u>1,043,156</u>

Total financial assets \$1,600,288

Less amounts not available to be used within one year:

Net assets with donor restrictions:	<u>470,942</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$1,129,346</u>

Note 5. Adirondack Community Trust

The organization has assets on deposit with the Adirondack Foundation (formerly the Adirondack Community Trust). The reporting of those assets is determined by *Financial Standards Board, Statement of Financial Accounting Standard No. 136, Transfer of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. These assets are reported as an asset on the financial statements of the Seagle Music Colony, Inc, but the legal ownership of the assets remains with the Adirondack Foundation.

The Board of Trustees of the Adirondack Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Adirondack Foundation, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The market value of the investment in Adirondack Foundation was \$40,128 and \$36,709 as of December 31, 2020 and 2019.

Note 6. Unconditional Promises to Give

	2020	2019
<u>Pledges, Other than Campaign</u>	\$12,052	\$ 4,200

Campaign Pledges

In 2011, in recognition of the one hundredth anniversary of the Seagle Music Colony, the organization embarked on a capital campaign, the current goal of which is to raise \$8-\$10,000,000 for the purpose of building a new performance space, growing an endowment, and establishing operating reserves. The project was been expanded to include new faculty housing, completed in 2017, and

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

other facility improvements. Total amount pledged through December 31, 2020 was \$1,646,500. See Note 17.

Discounted projected pledge payments are \$133,488, all of which are past due.

Generally accepted accounting principles require that pledges due after one year be discounted. The current discount rate is 2.5%. The discount on past due pledges is \$1,562 at December 31, 2020 and 2019.

Pledges deemed uncollectible in the amount of \$10,750 were written off in 2019.

Note 7. Prepaid Expenses

Prepaid expenses at December 31, 2020 and 2019 represent deposits for future events and expenses paid in advance of \$32,801 and \$6,861 which are properly allocable to 2021 and 2020.

Note 8. Inventory

Inventory, valued at cost, consists of audio of previous Vespers performances and promotional items displaying the Seagle Music Colony logo. Balance at December 31, 2020 and 2019 is \$5,612 and \$5,646. Obsolete merchandise of \$731 was written off in 2019.

Note 9. Property, Plant and Equipment

As of December 31, 2020 and 2019, property, plant and equipment, at cost or estimated fair market value at the date of donation, consist of the following:

	2020	2019
Land and Buildings (Donated)	\$ 251,453	\$ 251,453
Land, Purchased	163,831	163,831
Building Rights, Adjoining Property	105,000	105,000
Rehearsal Building	577,898	577,898
New Men's Housing	278,126	278,126
New Faculty Housing	612,540	610,323
Improvements-Women's Housing	38,274	38,274
Water Building	28,316	28,316
Other Capital Improvements	76,659	67,826
Renaissance Project	47,950	47,950
Site Improvements	47,451	47,451
Shed	13,600	13,600
Pianos	63,205	63,205
Lighting	51,497	51,497
Kitchen, Office and Misc. Equipment	84,144	84,144
Theater Seating	13,232	13,232
Costumes	<u>2,000</u>	<u>2,000</u>
Total	<u>\$2,455,176</u>	<u>\$2,444,126</u>

Assets are depreciated using the straight line method over estimated useful life. Depreciation of \$76,407 and \$80,140 was recorded for the years ended December 31, 2020 and 2019. Accumulated depreciation was \$826,079 and \$749,672 as of December 31, 2020 and 2019.

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

Note 10. Deferred Revenue

Deferred revenue represents revenue received in the current year for the ensuing year. Ticket subscriptions received in 2019 and 2020 for the 2021 season total \$7,280. Deferred revenue of \$9,058 at December 31, 2019 was reported as restricted income.

Note 11. Mortgages and Loans Payable

In April, 2018 the organization obtained bank financing of \$310,000 at 4.25% in order to retire the previous seller-financed mortgage used to purchase adjacent property.

Bank financing, Current, due 2021	Principal	\$11,260
	Interest	11,776

Amortization of long term portion is as follows:

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
2022	11,747	11,288
2023	12,256	10,779
2024	12,788	10,248
2025	13,342	9,694
Beyond	<u>220,957</u>	<u>63,287</u>
Total	<u>\$271,090</u>	<u>\$105,296</u>

Note 12. Net Assets with Donor Restrictions

Subject to expenditure for specific purpose, other than restricted investment accounts:

	2020	2019
Scholarships	\$ 13,875	\$3,875
Alumni Scholarships	11,133	5,875
Fulton Fryar Scholarship	5,941	-0-
In-School Opera	5,000	-0-
Streaming	18,000	-0-
Harmony Video Recording	4,000	-0-
Musical Director	2,500	-0-
Endowment	5,366	5,366
Chairs	500	500
Composer/Librettist Fellowship	6,000	6,000
Piano Fund	2,900	2,900
Archival	500	500
Lighting	<u>1,836</u>	<u>1,836</u>
Total	<u>\$ 77,551</u>	<u>\$ 26,852</u>

Subject to appropriation and expenditure for when specified event occurs:

Subject to the passage of time:

For periods after December 31	<u>\$ 15,000</u>	<u>\$39,558</u>
-------------------------------	------------------	-----------------

The time restricted donations at December 31, 2019 were released for general use due to the COVID pandemic.

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

The Darren K. Woods Scholarship Fund, the original principal of \$25,000, is donor restricted for scholarships. The income and fund growth are to be used to fund some or all of the tuition for young artists. See Note 3.

The Janet & Moe Friedman Scholarship Fund, the original principal of \$80,000, is donor restricted for scholarships. The income and fund growth are to be used to fund some or all of the tuition for young artists, one of whom shall be designated as the Janet & Moe Friedman Scholar. The donors have agreed that upon authorization of 2/3 of the board of directors, 50% of the principal of this fund may be used on a temporary basis for cash flow needs of the organization. However, only one transfer can occur within a twelve month period and the draw must be repaid within nine months. See Note 3.

The Jim & Eileen Carnahan Endowment Fund was established in 2018. Distributions from the fund may be made for charitable or educational purposes from the total income of the fund. Distributions may not be made from the original gifts. See Note 3.

The Erica & John Foster Memorial Fund, also an endowment, was established late in 2018. Distributions from the fund may be made for charitable or educational purposes from the total income of the fund. Distributions may not be made from the original gift. Each year distributions shall first be made to fund the Erica & John Foster Scholar. Total fair value subject to appropriation and expenditure for when the specified event occurs is:

	2020	2019
Darren K. Woods Scholarship Fund	\$ 43,560	\$ 38,119
Janet & Moe Friedman Scholarship Fund	143,229	126,893
Jim & Eileen Carnahan Endowment Fund	145,338	128,588
Erica & John Foster Endowment Fund	<u>138,815</u>	<u>121,858</u>
Total Subject to Expenditure upon Specific Event	<u>\$470,942</u>	<u>\$415,458</u>

Note 13. Governing Board Designations (Fair Value)

SMC Renaissance Fund	\$448,359	\$401,462
Bequest board designated for future purposes	110,127	109,336
H. Pelmas Fund	<u>123,855</u>	<u>109,479</u>
Total Board Designations	<u>\$682,341</u>	<u>\$620,277</u>

Note 14. Leased Facilities

The organization leases office and meeting space for use during the Winter. Total payments were \$8,400 for 2020 and 2019.

Note 15. Tuition Scholarships

The board of directors awards tuition scholarships to worthy students based on their ability to pay. Such scholarships were \$-0- and \$24,225 for 2020 and 2019. Scholarships are funded by current year operations, and income from the scholarship endowment may also be used for this purpose. These scholarships are in addition to current contributions restricted for that purpose which were \$-0- and \$84,550 for 2020 and 2019. No students were in attendance in 2020 due to the COVID pandemic.

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

Note 16. In-Kind Donations

The organization received the following in-kind donations in 2020 and 2019:

	2020	2019
Piano Tuning Services	\$ -0-	\$ 3,000
Professional Fees	800	800
Video Editing	3,033	-0-
Wigs	<u>-0-</u>	<u>10,000</u>
Total	<u>\$ 3,833</u>	<u>\$ 13,800</u>

The organization also received in-kind auction items of \$-0- and \$5,300 in 2020 and 2019 which are not included with gala contributions and sponsorships.

Note 17. Related Party Transactions

The only related party transactions are the purchase of tickets at published prices and contributions by officers and directors. It is not practical to determine the total amount of such transactions.

Note 18. Other Information

For the 2021 Summer season, artists will be in residence at about half capacity and both training and performing will continue. However, performances will be by live streaming only. The campus will not be open to audience, volunteers, or any other guests. An abbreviated Fall season with workshops and a touring revue will follow the usual Summer season. The organization is following all current COVID guidelines.

Overall, the Renaissance Campaign has had a moving goal since inception. Of the eventual goal of \$8-10,000,000, about \$1,646,500 has been raised. See also Note 5.

The organization is beneficiary of a donor advised fund held at the United Jewish Endowment Fund of The Jewish Federation of Greater Washington. The organization is designated to receive an annual distribution of 5% of the rolling 12 quarter average of the fund's June 30 year end value. The organization received \$-0- and \$2,000 in 2020 and 2019, which was designated for scholarships.

Note 19. Subsequent Events

During 2020, United States and global markets experienced significant declines in value resulting from uncertainty caused by the coronavirus pandemic. The organization continues to monitor its investment portfolios and its liquidity, and is actively working to minimize the impact of any declines. The organization's financial statements as of December 31, 2019 do not include adjustments to fair value that may have resulted from declines.

Plans are underway to minimize the current and future impact of events surrounding the pandemic. The organization applied for and received a loan in the amount of \$42,400 under the Paycheck Protection Program, which has now been forgiven. The extinguished loan is shown in the other income section of the Statement of Activities.

The organization has evaluated subsequent events through June 4, 2021, the date which the financial statements were available to be issued.