

Seagle Music Colony, Inc.
Comparative Financial Statements
December 31, 2021 and 2020

Judith L. Klingebiel CPA
73 Main Street, Suite One
Greenwich, New York 12834
May 15, 2022

Seagle Music Colony, Inc.
Comparative Financial Statements
December 31, 2021 and 2020

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

May 15, 2022

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

CERTIFIED PUBLIC ACCOUNTANT
73 MAIN STREET, SUITE ONE
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, 2021 and 2020, 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, 2021 and 2020 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.


Judith L. Klingebiel

Seagle Music Colony, Inc.
 Statements of Financial Position
 As of December 31, 2021 and 2020
 (With Comparative Totals for December 31, 2020)

Exhibit A

ASSETS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL 2021	TOTAL 2020
Current Assets				
Cash in Glens Falls National Bank (Note 1, 2)	\$322,080	\$50,550	\$372,630	\$411,593
Glens Falls National Bank Managed Investments (Note 1,3,12)	647,925	605,330	1,253,255	1,043,156
Deposit with Adirondack Community Trust (Note 5)	42,308		42,308	40,128
Unconditional Promises to Give-Current (Note 6)	133,488		133,488	133,488
Accounts Receivable (Note 6)	12,423		12,423	12,051
Prepaid Expenses (Note 7)	19,725		19,725	32,801
Inventory (Note 8)	5,006		5,006	5,612
Total Current Assets	\$1,182,955	\$655,880	\$1,838,835	\$1,678,829
Fixed and Other Assets (Note 9)				
Land, Buildings, and Improvements	2,196,532		2,196,532	2,174,551
Pianos	63,205		63,205	63,205
Kitchen, Office and Miscellaneous Equipment	179,912		179,912	150,694
Lighting, Streaming, Seating, and Costumes	101,841		101,841	66,726
Less: Accumulated Depreciation	(906,069)		(906,069)	(826,079)
Total Fixed Assets and Other Assets	\$1,635,421	\$0	\$1,635,421	\$1,629,097
TOTAL ASSETS	\$2,818,376	\$655,880	\$3,474,256	\$3,307,926
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	\$786		\$786	\$24
Payroll Liabilities	8,785		8,785	-
Deferred Revenue (Note 10)	3,522		3,522	7,283
Mortgage Payable, Due Within One Year (Note 11)	11,654		11,654	11,260
Total Current Liabilities	\$24,747	\$0	\$24,747	\$18,567
Other Liabilities				
Mortgage Payable, Due After One Year (Note 11)	259,489		259,489	271,090
Total Other Liabilities	\$259,489	\$0	\$259,489	\$271,090
TOTAL LIABILITIES	\$284,236	\$0	\$284,236	\$289,657
NET ASSETS (Note 1)				
Without Donor Restrictions	\$2,534,140	-	\$2,534,140	\$2,469,776
With Donor Restrictions (Note 3, 12)		\$655,880	655,880	548,493
	\$2,534,140	\$655,880	\$3,190,020	\$3,018,269
TOTAL LIABILITIES AND NET ASSETS	\$2,818,376	\$655,880	\$3,474,256	\$3,307,926

See accompanying notes to financial statements

Seagle Music Colony, Inc.
Statement of Activities and Net Assets
As of December 31, 2021 and 2020
(With Comparative Totals for December 31, 2020)

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES				
<u>PUBLIC SUPPORT AND REVENUE</u>				
Contributions	\$254,625	\$169,454	\$424,079	\$297,774
Foundation and Government Grants	36,300		36,300	136,930
Contributions In-Kind (Note 16)	7,800		7,800	3,833
SMC Guild Activities	3,214	7,500	10,714	-
Gala				
Underwriting and Contributions	125,070		125,070	116,252
Total Gala	\$125,070		\$125,070	\$116,252
Program				
Artist Tuition, Housing Fees	20,500		20,500	6,212
Ticket Sales	56,548		56,548	1,193
Tour Fees	250		250	-
Advertising	3,180		3,180	-
Fall Season	21,928		21,928	300
Total Program	\$102,406	-	\$102,406	\$7,705
Store Sales, Net of Cost	420		420	49
Investment Income	11,551	6,856	18,407	18,130
Net Assets Released from Restrictions	148,584	(148,584)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	\$689,970	\$35,226	\$725,196	\$580,673
<u>EXPENDITURES</u>				
Program Related	\$544,029		\$544,029	\$320,720
Administrative and General	182,419		182,419	170,559
Gala and Other Fund Raising	124,994		124,994	114,851
Pledge and Payroll Tax Adjustments	(4,799)		(4,799)	-
TOTAL EXPENDITURES	\$846,643	\$0	\$846,643	\$606,130
NONOPERATING ACTIVITIES				
Gain on Extinguishment of PPP Debt	\$148,382	-	\$148,382	\$46,400
Realized Gains (Losses) on Investments	41,148	\$35,325	76,473	41,215
Unrealized Gains (Losses) on Investments	35,308	39,901	75,209	67,990
Less: Investment Management Fees	(3,801)	(3,065)	(6,866)	(5,994)
NONOPERATING CHANGE IN NET ASSETS	\$221,037	\$72,161	\$293,198	\$149,611
CHANGE IN NET ASSETS	\$64,364	\$107,387	\$171,751	\$124,154
NET ASSETS JANUARY 1	\$2,469,776	\$548,493	\$3,018,269	\$2,894,115
NET ASSETS, DECEMBER 31 (Note 1,3,11)	\$2,534,140	\$655,880	\$3,190,020	\$3,018,269

See accompanying notes to financial statements

Seagle Music Colony, Inc.
Comparative Statement of Expenditures
For Years Ended December 31, 2021 and 2020
(with comparative totals only for December 31, 2020)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2021</u>	<u>2020</u>
<u>Program Related</u>				
Program Related Management	\$59,209		59,209	\$48,010
Other Faculty and Staff	126,369		126,369	7,865
Payroll Taxes and Benefits	23,753		23,753	15,426
Gifts in Lieu of Employment	-		-	39,926
Travel, Mileage, Per Diem	8,848		8,848	9,501
Artist Housing and Meals	51,344		51,344	-
Production Expense	54,031		54,031	5,818
Fall Season	17,981		17,981	2,808
Publicity/Website	792		792	6,695
Office, Postage, Telephone and Printing	14,219		14,219	6,723
Insurance	45,769		45,769	29,485
Guild Activities	3,220		3,220	-
Other Program-Opera	650		650	-
Professional Fees, Dues	244		244	3,646
Credit Card Fees	5,613		5,613	5,563
Depreciation (Note 9)	78,202		78,202	75,109
Fixed Facilities Operation and Maintenance	53,785		53,785	64,145
Total Program Related	\$544,029	\$0	\$544,029	\$320,720
<u>Administrative and General</u>				
Administrative Staff	\$108,475		\$108,475	\$ 97,700
Payroll Taxes and Benefits	20,154		20,154	21,545
Office, Postage, Telephone, Printing	19,625		19,625	17,505
Office Rent (Note 13)	8,400		8,400	8,400
Miscellaneous	50		50	210
Travel, Mileage	1,860		1,860	233
Professional Fees, Dues	8,026		8,026	9,139
Filing Fees	275		275	275
Utilities	791		791	773
Interest Expense	11,947		11,947	12,453
Insurance-Director's and Officers	1,028		1,028	1,028
Depreciation (Note 9)	1,788		1,788	1,298
Total Administrative and General	\$182,419	\$0	\$182,419	\$ 170,559
<u>Development</u>				
Development Director	87,203		87,203	80,370
Payroll Taxes and Benefits	15,795		15,795	18,128
Office, Postage, Telephone, Printing	3,476		3,476	2,614
Gala Expense	10,092		10,092	4,766
Administration, Solicitation, Stewardship	8,428		8,428	8,973
Total Development	124,994		124,994	114,851
TOTAL EXPENDITURES	\$851,442	\$0	\$851,442	\$606,130

See accompanying notes to financial statements

Seagle Music Colony, Inc.
 Comparative Statements of Cash Flows-Unrestricted and Restricted
 For Years Ended December 31, 2021 and 2020

Exhibit D

	<u>2021</u>	<u>2020</u>
<u>Cash Flows from Operating Activities</u>		
Increase in Net Assets	<u>\$171,751</u>	<u>\$124,154</u>
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	<u>79,990</u>	<u>76,407</u>
Unrealized (Gains)/Losses on Securities	<u>(75,209)</u>	<u>(67,990)</u>
Decrease (Increase) in Deposit with Adirondack Community Trust	<u>(2,180)</u>	<u>(3,419)</u>
Decrease(Increase) in Accounts Receivable	<u>(372)</u>	<u>(7,851)</u>
Decrease (Increase) in Prepaid Expenses	<u>13,076</u>	<u>(25,938)</u>
Decrease(Increase) in Inventory	<u>606</u>	<u>34</u>
(Decrease) Increase in Accounts Payable	<u>762</u>	<u>(4,653)</u>
(Decrease) Increase in Payroll Liabilities	<u>(8,785)</u>	<u>-</u>
(Decrease) Increase in Deferred Revenue	<u>(3,761)</u>	<u>7,283</u>
Net Cash Provided (Used) by Operating Activities	<u>\$175,878</u>	<u>\$ 98,027</u>
<u>Cash Flows from Investing Activities</u>		
Transfer to Managed Investments	<u>(141,766)</u>	<u>(48,865)</u>
Transfer from Managed Investments	<u>24,444</u>	<u>-</u>
Purchase of Equipment and Major Renovations	<u>(86,314)</u>	<u>(11,050)</u>
Net Cash Provided (Used) by Investing Activities	<u>(\$203,636)</u>	<u>(\$59,915)</u>
<u>Cash Flows from Financing Activities</u>		
Bank Mortgage Financing Retired	<u>(11,207)</u>	<u>(10,701)</u>
Net Cash Provided (Used) by Financing Activities	<u>(\$11,207)</u>	<u>(\$10,701)</u>
Net Increase (Decrease) in Cash	<u>(\$38,965)</u>	<u>\$27,411</u>
Cash at Beginning of Year	<u>411,595</u>	<u>384,184</u>
Cash at End of Year	<u><u>\$372,630</u></u>	<u><u>\$411,595</u></u>

See accompanying notes to financial statements

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

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 2021 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, 2021 and 2020 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 2021 and 2020 for use during 2021 and 2020 are reflected in restricted net assets on December 31, 2021 and 2020. See Note 12.

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

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, 2021 and 2020

recognition. Because the organization was essentially shut down due to COVID-19, there were no volunteer hours in 2020 other than board members. In 2021 there were approximately 4000 hours with an estimated value of \$114,100.

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 after 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:	2021	2020
Cash in Bank, Checking	\$131,136	\$137,638
Cash in Bank, Savings	<u>241,494</u>	<u>273,955</u>
Total	<u>\$372,630</u>	<u>\$411,593</u>
Without donor restrictions	\$226,062	\$223,915
With donor restrictions	50,550	77,551
With board designations	<u>96,018</u>	<u>110,127</u>
Total	<u>\$372,630</u>	<u>\$411,593</u>

Deposits up to \$250,000 as of December 31, 2021 and 2020 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 the deposits. The balances in organization accounts temporarily exceed FDIC limits by \$122,630 on December 31, 2021 and \$161,593 at December 31, 2020

Note 3. Investment Accounts

With Donor Restrictions:

Darren K. Woods Scholarship Fund

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and Equivalents	\$ 2,538	\$ 2,538	\$ 2,160	\$ 2,160
Fixed Income	8,136	8,064	7,319	7,481
Equities	<u>24,870</u>	<u>38,631</u>	<u>23,514</u>	<u>33,919</u>
Total	<u>\$ 35,544</u>	<u>\$ 49,233</u>	<u>\$ 32,993</u>	<u>\$ 43,560</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 \$1,783 and \$-0- were made in 2021 and 2020. See Note 11.

Janet & Moe Friedman Scholarship Fund

Cash and Equivalents	\$ 5,263	\$ 5,263	\$ 8,922	\$ 8,922
Fixed Income	27,493	27,238	24,061	24,570
Equities	<u>82,920</u>	<u>129,045</u>	<u>75,575</u>	<u>109,737</u>
Total	<u>\$115,676</u>	<u>\$161,546</u>	<u>\$108,558</u>	<u>\$143,229</u>

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

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 \$5,898 and \$-0- were made in 2021 and 2020.

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 2021 or 2020. See Note 11.

Jim & Eileen Carnahan Endowment Fund

Cash and Equivalents	\$ 4,757	\$ 4,757	\$ 8,768	\$ 8,768
Fixed Income	27,877	27,591	24,205	24,692
Equities	<u>95,656</u>	<u>131,557</u>	<u>90,405</u>	<u>111,878</u>
Total Carnahan Endowment Fund	<u>\$128,290</u>	<u>\$163,905</u>	<u>\$123,378</u>	<u>\$145,338</u>

Distributions from the fund may be made only for charitable or educational purposes. Distributions may not be made from original gifts. Distributions of \$5,885 and \$-0- were made in 2021 and 2020.

Erica and John Foster Endowment Fund

Cash and Equivalents	\$ 5,228	\$ 5,228	\$ 8,038	\$ 8,038
Fixed Income	26,464	26,289	23,542	24,105
Equities	<u>88,838</u>	<u>124,678</u>	<u>84,301</u>	<u>106,672</u>
Total Foster Endowment Fund	<u>\$120,530</u>	<u>\$156,195</u>	<u>\$115,881</u>	<u>\$138,815</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 \$5,785 and \$-0- were made in 2021 and 2020.

Kempton and Nancy Smith Endowment Fund

Cash and Equivalents	\$ 25,500	\$ 25,500		
Fixed Income	8,433	8,409		
Equities	<u>40,020</u>	<u>40,542</u>		
Total Smith Endowment Fund	<u>\$ 73,953</u>	<u>\$ 74,451</u>		

The Smith Endowment Fund was established late in 2021 to be used only for charitable or educational purposes either directly or by contributions to other organizations for such purposes. Distributions may be made out of the total fund income calculated by taking 5% of the average of the fund balance of the prior twelve quarters. Distributions may not be made from the original gift.

Total Investments with Donor Restrictions	<u>\$473,993</u>	<u>\$605,330</u>	<u>\$380,810</u>	<u>\$470,942</u>
---	------------------	------------------	------------------	------------------

Investments with Board Designations:

Ruth H. Pelmas Fund

Cash and Equivalents	\$ 5,135	\$ 5,135	\$ 7,195	\$ 7,195
Fixed Income	23,634	23,428	20,834	21,270

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Equities	<u>73,020</u>	<u>111,368</u>	<u>67,702</u>	<u>95,390</u>
Total Ruth H. Pelmas Fund	<u>\$101,789</u>	<u>\$139,931</u>	<u>\$95,731</u>	<u>\$123,855</u>

The Ruth H. Pelmas bequest was not restricted, but the board has designated that only earnings may be expended. Transfers from earnings of \$5,094 and \$-0- were made in 2021 and 2020.

SMC Renaissance Fund

Cash and Equivalents	\$ 18,933	\$ 18,933	\$ 28,029	\$ 28,029
Fixed Income	173,948	171,141	38,564	140,912
Equities	<u>222,500</u>	<u>317,920</u>	<u>210,000</u>	<u>279,418</u>
Total SMC Renaissance Fund	<u>\$415,381</u>	<u>\$ 507,994</u>	<u>\$376,593</u>	<u>\$ 448,359</u>

No distributions from the fund were made in 2021 or 2020. This fund was established by the board to set aside unexpended funds of the renaissance project.

Total with Board Designations:	<u>\$517,170</u>	<u>\$ 647,925</u>	<u>\$472,324</u>	<u>\$ 572,214</u>
Total all Investments	<u>\$991,163</u>	<u>\$1,253,255</u>	<u>\$853,134</u>	<u>\$1,043,156</u>

Note 4. Availability and Liquidity

Financial assets at year-end:

Cash and equivalents	\$372,630
Support Receivable	145,911
Investments, including cash in investment accounts	<u>1,253,255</u>
Total financial assets	<u>\$1,771,796</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions:	<u>655,880</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$1,115,916</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 \$42,308 and \$40,128 as of December 31, 2021 and 2020.

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Note 6. Unconditional Promises to Give

	2021	2020
<u>Pledges, Other than Campaign</u>	\$12,423	\$ 12,051
<u>Campaign Pledges</u>		

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 other facility improvements. Total amount pledged through December 31, 2021 was \$1,646,500.

Discounted projected pledge payments are \$133,488, all of which are past due. Management is evaluating the status of all pledges.

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, 2021 and 2020.

Note 7. Prepaid Expenses

Prepaid expenses at December 31, 2021 and 2020 represent deposits for future events and expenses paid in advance of \$19,726 and \$32,801 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 on December 31, 2021 and 2020 is \$5,006 and \$5,612.

Note 9. Property, Plant and Equipment

As of December 31, 2021 and 2020, property, plant and equipment, at cost or estimated fair market value at the date of donation, consist of the following:

	2021	2020
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	612,540
Improvements-Women's Housing	40,462	38,274
Water Building	28,316	28,316
Other Capital Improvements	91,077	76,659
Renaissance Project	47,950	47,950
Site Improvements	52,826	47,451
Shed	13,600	13,600
Pianos	63,205	63,205
Lighting and Technical	92,345	51,497
Kitchen, Office and Misc. Equipment	107,627	84,144
Theater Seating	13,232	13,232
Costumes	<u>2,000</u>	<u>2,000</u>
Total	<u>\$2,541,488</u>	<u>\$2,455,176</u>

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Assets are depreciated using the straight-line method over estimated useful life. Depreciation of \$79,990 and \$76,407 was recorded for the years ended December 31, 2021 and 2020. Accumulated depreciation was \$906,069 and \$826,079 as of December 31, 2021 and 2020.

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 are \$3,522 and \$7,280 on December 31, 2021 and 2020.

Note 11. Loans Payable

The organization obtained a mortgage of \$310,000 at 4.25% fixed for 5 years with real property located at 999 Charley Hill Road, Schroon Lake, NY as collateral. Beginning in 2023, the 5 year mark, the rate may be adjusted at 5 year intervals. The maximum term is 20 years.

Mortgage Payable, Current, due 2022 Principal	\$ 11,654
Due After One Year	\$259,489

The organization was the recipient of two loans under the Paycheck Protection Program. The first loan granted in 2020 was \$46,400 and was forgiven in December, 2020. The second loan was granted in 2021 for \$148,382 and was forgiven in August, 2021. The forgiveness is reported on the Statement of Activity under Non-Operating Activities Gain on Extinguishment of PPP Loan.

Note 12. Net Assets with Donor Restrictions

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

	2021	2020
Scholarships	\$ 12,875	\$13,875
Alumni Scholarships	9,233	11,133
Fulton Fryar Scholarship	8,870	5,941
In-School Opera	-0-	5,000
Streaming	-0-	18,000
Harmony Video Recording	-0-	4,000
Musical Director	2,500	2,500
Endowment	5,336	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>\$ 50,550</u>	<u>\$ 77,551</u>

Subject to appropriation and expenditure for when specified event occurs:

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 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

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

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.

The Smith Endowment Fund was established late in 2021 to be used only for charitable or educational purposes either directly or by contributions to other organizations for such purposes. Distributions may be made out of the total fund income calculated by taking 5% of the average of the fund balance of the prior twelve quarters. Distributions may not be made from the original gift.

Total fair value subject to appropriation and expenditure when the specified event occurs is:

	2021	2020
Darren K. Woods Scholarship Fund	\$ 49,233	\$ 43,560
Janet & Moe Friedman Scholarship Fund	161,546	143,229
Jim & Eileen Carnahan Endowment Fund	163,905	145,338
Erica & John Foster Endowment Fund	156,195	138,815
Kemp and Nancy Smith Endowment Fund	<u>74,451</u>	<u>-0-</u>
Total Subject to Expenditure upon Specific Event	<u>\$605,330</u>	<u>\$470,942</u>

Note 13. Governing Board Designations (Fair Value)

SMC Renaissance Fund	\$507,994	\$448,359
Bequest board designated for future purposes (Cash)	96,018	110,127
Ruth H. Pelmas Fund	<u>139,931</u>	<u>123,855</u>
Total Board Designations	<u>\$743,943</u>	<u>\$682,341</u>

Note 14. Leased Facilities

The organization leases office and meeting space for use during the Winter. Total payments were \$8,400 for 2021 and 2020.

Note 15. Tuition Scholarships

The board of directors awards tuition scholarships to worthy students based on their ability to pay. Such scholarships were \$10,000 and \$-0- for 2021 and 2020. 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 \$65,500 and \$-0- for 2021 and 2020. No students were in attendance in 2020 due to the COVID pandemic.

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Note 16. In-Kind Donations

The organization received the following in-kind donations in 2021 and 2020:

	2021	2020
Piano Tuning Services	\$ 2,000	\$ -0-
Professional Fees	800	800
Video Editing	-0-	3,033
Wigs	<u>5,000</u>	<u>-0-</u>
Total	<u>\$ 7,800</u>	<u>\$ 3,833</u>

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 were in residence at about half capacity and both training and performing continued. However, performances had limited in-person attendance in addition to live streaming. An abbreviated Fall season with workshops and a touring revue followed the limited Summer season. For 2022 plans are in place to execute typical Summer and Fall seasons with in-person programming for 9 weeks in the Summer and 7 weeks in the Fall with some live-streamed content to engage audiences for that format gained in the last two seasons. The gala will be in person. All CDC and NYS guidelines will be followed.

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 Note 6.

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 \$2,000 and \$-0- in 2021 and 2020, which was designated for scholarships.

Note 19. Subsequent Events

The organization has evaluated subsequent events through May 15, 2022, the date which the financial statements were available to be issued.