CENTER FOR PUPPETRY ARTS, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

CENTER FOR PUPPETRY ARTS, INC.

TABLE OF CONTENTS

BLAD & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
1832 INDEPENDENCE SQ., STE. A DUNWOODY, GA 30338
770-512-7600 WWW.BLADCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Center for Puppetry Arts, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of the Center for Puppetry Arts, Inc. which comprise the statements of financial position, as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the 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
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for Puppetry Arts, Inc., as of June 30, 2021 and 2020, 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.

Blad & Associates, P.C.

Dunwoody, Georgia
November 8, 2021

CENTER FOR PUPPETRY ARTS, INC.
Statements of Financial Position

	As of June 30,	
	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 937,583	$ 606,473
Marketable securities	1,108,520	602,576
Contributions and other receivables, less reserve of of $5,300 and $5,300, respectively	14,144	79,933
Grants and contracts receivable	413,034	48,500
Inventory	106,674	135,985
Prepaids	48,063	39,384
Total Current Assets	2,628,018	1,512,851
CASH RESTRICTED FOR LONG TERM PURPOSES (NOTE 2)	484,145	-
ASSETS RESTRICTED FOR ENDOWMENTS:		
Marketable securities	1,707,795	1,707,795
PROPERTY AND EQUIPMENT- NET	11,905,792	12,185,286
MUSEUM COLLECTION (NOTE 2)	4,147,859	4,072,160
WEBSITE REDESIGN- NET	42,638	71,063
TOTAL ASSETS	$ 20,916,247	$ 19,549,155
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 231,613	$ 160,119
Deferred revenue	108,007	99,671
Line of credit (Note 3)	799,832	799,832
Paycheck Protection Program loan (Note 1)	443,563	453,638
Current maturities of notes payable (Note 3)	3,307	-
Total Current Liabilities	1,586,322	1,513,260
LONG-TERM DEBT:		
Paycheck Protection Program loan (Note 1)	-	10,000
Notes payable, less current maturities (Note 3)	146,693	-
Total Liabilities	1,733,015	1,523,260
NET ASSETS (NOTE 2):		
Net Assets Without Donor Restrictions	11,213,392	11,142,440
Net Assets With Donor Restrictions:		
Restricted by purpose or time	2,114,186	1,103,500
Restricted in perpetuity	5,855,654	5,779,955
Total Net Assets With Donor Restrictions	7,969,840	6,883,455
Total Net Assets	19,183,232	18,025,895
TOTAL LIABILITIES AND NET ASSETS	$ 20,916,247	$ 19,549,155

See accompanying summary of accounting policies and notes to financial statements.

CENTER FOR PUPPETRY ARTS, INC.

Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
PUBLIC SUPPORT:			
Contributions	$ 693,089	$ 1,248,313	$ 1,941,402
Grants and contracts	109,747	-	109,747
Donated services and materials	171,288	-	171,288
Employee Retention Credit	381,234	-	381,234
Paycheck Protection Program	463,638	-	463,638
Total Public Support	1,818,996	1,248,313	3,067,309
REVENUE:			
Performances	56,890	-	56,890
Museum	189,114	-	189,114
Education	145,088	-	145,088
Special events, net of direct benefits costs of $0	163,150	-	163,150
Gift shop	82,311	-	82,311
Interest and dividends	-	84,094	84,094
Gain (loss) on marketable securities	-	565,354	565,354
Other revenue	73,478	-	73,478
Total Revenue	710,031	649,448	1,359,479
Total Public Support and Revenue before Transfers	2,529,027	1,897,761	4,426,788
Net Assets Released from Restrictions Due to Satisfaction of Donor-imposed Requirements	811,376	(811,376)	-
Total Public Support and Revenue	3,340,403	1,086,385	4,426,788
EXPENSES:			
Program	2,384,971	-	2,384,971
Management and general	637,467	-	637,467
Fundraising	247,013	-	247,013
Total Expenses	3,269,451	-	3,269,451
Net Changes in Net Assets	70,952	1,086,385	1,157,337
NET ASSETS:			
Beginning of Year	11,142,440	6,883,455	18,025,895
End of Year	$ 11,213,392	$ 7,969,840	$ 19,183,232

See accompanying summary of accounting policies and notes to financial statements.

CENTER FOR PUPPETRY ARTS, INC.

Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
PUBLIC SUPPORT:			
Contributions	$ 767,110	$ 274,466	$ 1,041,576
Grants and contracts	134,423	-	134,423
Donated services and materials	217,053	-	217,053
Membership	53,539	-	53,539
Total Public Support	1,172,125	274,466	1,446,591
REVENUE:			
Performances	646,554	-	646,554
Museum	379,198	-	379,198
Education	309,313	-	309,313
String Fling, net of direct benefits costs of $53,571	138,221	-	138,221
Gift shop	159,347	-	159,347
Interest and dividends	-	90,360	90,360
Gain (loss) on marketable securities	(18)	35,381	35,363
Other revenue	69,866	-	69,866
Total Revenue	1,702,481	125,741	1,828,222
Total Public Support and Revenue before Transfers	2,874,606	400,207	3,274,813
Net Assets Released from Restrictions Due to Satisfaction of Donor-imposed Requirements	557,191	(557,191)	-
Total Public Support and Revenue	3,431,797	(156,984)	3,274,813
EXPENSES:			
Program	3,364,380	-	3,364,380
Management and general	761,148	-	761,148
Fundraising	368,737	-	368,737
Total Expenses	4,494,265	-	4,494,265
Net Changes in Net Assets	(1,062,468)	(156,984)	(1,219,452)
NET ASSETS:			
Beginning of Year	12,204,908	7,040,439	19,245,347
End of Year	$ 11,142,440	$ 6,883,455	$ 18,025,895

CENTER FOR PUPPETRY ARTS, INC.
Statement of Functional Allocation
For the Year Ended June 30, 2021

	Program	Management and General	Fundraising	Total
Compensation and related	$ 1,142,428	$ 427,645	$ 179,699	$ 1,749,772
Outside services	144,927	60,285	25,215	230,427
Marketing	42,058	8,582	2,665	53,305
Office	5,105	1,911	803	7,819
Supplies	16,639	57	7,077	23,773
Store Inventory	32,294	-	-	32,294
Occupancy	102,007	2,678	1,338	106,023
Travel	398	81	221	700
Insurance	72,668	1,908	953	75,529
Interest	17,705	465	232	18,402
Depreciation and amortization	597,224	15,678	7,834	620,736
Telecommunications	14,809	5,543	2,329	22,681
Postage and printing	3,903	686	1,837	6,426
Bank charges	-	32,661	-	32,661
Network fees	60,954	-	-	60,954
Royalties	1,798	-	-	1,798
Bad Debt	231	540	-	771
Regrants	3,000	-	-	3,000
Donated goods and services	102,025	60,608	8,655	171,288
Other	24,798	18,139	8,155	51,092
Total expenses	$ 2,384,971	$ 637,467	$ 247,013	$ 3,269,451

See accompanying summary of accounting policies and notes to financial statements.

CENTER FOR PUPPETRY ARTS, INC.
Statement of Functional Allocation
For the Year Ended June 30, 2020

	Program	Management and General	Fundraising	Total
Compensation and related	$ 1,749,691	374,124	$ 149,235	$ 2,273,050
Outside services	320,193	79,382	152,340	551,915
Marketing	36,394	39,885	4,015	80,294
Office	9,230	1,973	787	11,990
Supplies	62,441	1,317	8,666	72,424
Store Inventory	66,772	-	-	66,772
Occupancy	132,645	3,482	1,740	137,867
Travel	6,935	423	222	7,580
Insurance	76,540	2,009	1,004	79,553
Interest	18,709	491	245	19,445
Depreciation and amortization	581,327	15,261	7,626	604,214
Telecommunications	19,979	4,272	1,704	25,955
Postage and printing	39,078	35,086	14,623	88,787
Bank charges	-	66,052	-	66,052
Network fees	65,757	-	-	65,757
Royalties	51,237	-	-	51,237
Bad Debt	6,246	14,575	-	20,821
Regrants	3,764	-	-	3,764
Donated goods and services	101,073	102,717	13,262	217,052
Other	16,369	20,099	13,268	49,736
Total expenses	$ 3,364,380	$ 761,148	$ 368,737	$ 4,494,265

See accompanying summary of accounting policies and notes to financial statements.

CENTER FOR PUPPETRY ARTS, INC.

Statements of Cash Flows

	For the Year Ended June 30, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes In net assets	$ 1,157,337	$ (1,219,452)
Adjustments to changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	620,736	604,214
Realized/unrealized loss (gain) on marketable securities	(565,354)	(1,636)
Contributions restricted for long term purposes	(818,755)	-
Donated museum collection items	(75,699)	(8,770)
Bad debt provision	771	20,821
Paycheck Protection Program loan forgiveness	(463,638)	
(Increase) decrease in accounts receivable	(299,516)	51,506
(Increase) decrease in inventory	29,311	(19,955)
(Increase) decrease in prepaids	(8,679)	77,592
(Increase) decrease in allowance for uncollectible	-	4,700
Increase (decrease) in accounts payable and accruals	71,495	26,689
Increase (decrease) in deferred revenue	8,336	(28,825)
Net cash flows from operating activities	(343,655)	(493,116)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Marketable securities proceeds (purchases)	59,410	114,478
Purchases of website redesign	-	(28,425)
Purchases of property and equipment	(312,818)	(49,875)
Net cash flows from investing activities	(253,408)	36,178
CASH FLOWS FROM FINANCING ACTIVITIES:		
Paycheck Protection Program loan - round 1 (Note 1)	-	463,638
Paycheck Protection Program loan - round 2 (Note 1)	443,563	-
Net proceeds received from notes payable	150,000	200,832
Collections of contributions restricted for long-term purposes	818,755	-
Net cash flows from financing activities	1,412,318	664,470
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	815,255	207,532
Beginning of year	606,473	398,941
End of year	$ 1,421,728	$ 606,473
RECONCILIATION OF CASH BALANCE:		
Cash and cash equivalents	$ 937,583	$ 606,473
Cash restricted for long-term purposes	484,145	-
	$ 1,421,728	$ 606,473
SUPPLEMENTAL INFORMATION:		
Interest expense payments	$ 18,402	$ 19,445

See accompanying summary of accounting policies and notes to financial statements.

CENTER FOR PUPPETRY ARTS, INC.

SUMMARY OF ACCOUNTING POLICIES

ORGANIZATION

The Center for Puppetry Arts, Inc., (the "Organization"), is a Georgia non-profit corporation. The Organization's purpose is to promote puppetry arts to the public through performances, a museum and education.

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The net assets, revenue, support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions into two classes:

> *Net assets without donor restrictions* are currently available for purposes under the direction of the board, designated by the board for specific use, or resources invested in furniture and equipment.
>
> *Net assets with donor restrictions* are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled

USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires reliance on accounting information based on estimates which may or may not come true in the near term. Significant estimates include the functional expense allocation, the capitalization of property and equipment and the estimated fair value of donated museum collections.

INCOME TAXES

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying financial statements. In addition, the Organization has been classified as an entity that is not a private foundation within the meaning of section 509(a).

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of June 30, 2021 and 2020, there are no known items which would result in a material accrual related to where the Organization has federal or state attributable tax positions. Generally, taxing authorities have three years to examine a filing from the later of the filing date or the extended due date of the filing.

CENTER FOR PUPPETRY ARTS, INC.

SUMMARY OF ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all highly liquid temporary investments with a maturity of three months or less. The Organization maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

MARKETABLE SECURITIES

Marketable securities are recorded at fair value with gains and losses reported in the statement of activities. Donated marketable securities are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy. Balances may, at times, exceed federally insured limits. Management believes it is not exposed to any significant credit risk on marketable securities accounts and the Organization has not experienced any such losses in such accounts during the fiscal year.

FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value for marketable securities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, generally accepted accounting principles established a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

Level 1:	Quoted prices in active markets for identical assets or liabilities
Level 2:	Other significant observable inputs not quoted on active markets, but corroborated by market data
Level 3:	Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to fair value of the underlying assets

The value on a recurring basis as of June 30, 2021, is as follows:

	Total	Level 1	Level 2	Level 3
Publicly traded securities	$ 2,816,315	$2,816,315	$ -	$ -

The value on a recurring basis as of June 30, 2020, is as follows:

	Total	Level 1	Level 2	Level 3
Publicly traded securities	$ 2,310,371	$2,310,371	$ -	$ -

CENTER FOR PUPPETRY ARTS, INC.

SUMMARY OF ACCOUNTING POLICIES

FAIR VALUES OF FINANCIAL INSTRUMENTS, continued

Marketable securities consist of the following as of June 30:

	2021	2020
Fixed income funds	$ 881,344	$ 561,873
Equity funds	1,670,988	1,457,388
Alternative strategies funds	86,667	193,482
Real estate investment funds	177,316	97,628
	$ 2,816,315	$2,310,371

Gains and losses from investments are reported in the statements of activities.

RECEIVABLES

Receivables are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions and grants with payment dates in future periods, restricted by the donor for specific purposes, or designated for future periods are reported as revenue with donor restrictions that increases that net asset class. Management reviews amounts past due and provides an allowance for those amounts deemed uncollectible. Management has recorded an allowance of $5,300 and $5,300 for the years ended June 30, 2021 and 2020, respectively.

INVENTORY

The Organization's inventory consists primarily of items held for resale in the gift shop. Inventory is stated at the lower of cost or market.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or the fair market value at the time of the donation for contributed items. Depreciation is computed over the estimated useful lives (3-40 years) of the assets using the straight-line method. Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong the useful lives of assets are capitalized.

CENTER FOR PUPPETRY ARTS, INC.

SUMMARY OF ACCOUNTING POLICIES

PROPERTY AND EQUIPMENT, continued

Property and equipment consist of the following:

	As of June 30,	
	2021	2020
Buildings and improvements	$16,931,105	$16,873,215
Furniture and equipment	1,417,425	1,314,097
Vehicles	59,403	59,403
Construction in progress	175,678	24,080
Land	1,781,074	1,781,074
Property and Equipment	20,364,685	20,051,867
Less accumulated depreciation	(8,458,893)	(7,866,581)
Property and Equipment - Net	$11,905,792	$12,185,286

MUSEUM COLLECTION

The museum collection represents works of arts or historically significant items in the field of puppetry that are held for public exhibition in the Organization's museum or exhibits. The Organization's policy is to capitalize all collections at cost or, for donated items, at fair market value at the time of the donation. In accordance with the Organization's policy, the proceeds from the sale of collection items must be used to acquire other collection items. The Organization has designated the collection as inexhaustible and, accordingly, does not record depreciation for these assets. For the years ended June 30, 2021 and 2020, the museum collection totaled $4,147,859 and $4,072,160, respectively.

WEBSITE REDESIGN

Website costs incurred during the planning, training and operation stages are expensed as incurred. Website application and infrastructure development costs are capitalized. Once in use, the website capitalized costs are amortized over estimated useful life of 3 years. Amortization expense totaled $42,638 and $14,212, respectively, for the years ended June 30, 2021 and 2020.

PUBLIC SUPPORT AND REVENUE RECOGNITION

Support is recognized in the year received at its fair market value. Contributions with donor-imposed restrictions are reported as restricted-support. The satisfaction or expiration of donor-imposed restrictions is recorded as a transfer from net assets with restrictions to net assets without restrictions in the year the satisfaction or expiration occur.

The Organization classifies donor-restricted contributions as net assets without donor restrictions if the restrictions are met in the same reporting period in which the contributions are received.

PUBLIC SUPPORT AND REVENUE RECOGNITION, continued

Pledges to give payments in future years are recorded as support in the year the pledge is made. The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using current risk-free rates of return based on U.S. Treasury Securities yields with maturity dates similar to the expected collection period.

Effective July 1, 2019, the Organization recognizes revenue from contracts in accordance with Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) using the five-step approach. Revenues are recognized at a point in time.

EXPENSE RECOGNITION

All expenses are recognized in the statement of activities as decreases in net assets without donor restrictions. The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification.

ADVERTISING

The Organization charged advertising totaling $148,123 and $198,009 to expense during the years ended June 30, 2021 and 2020, respectively. Primarily all of the advertising was donated to the Organization. For nondirect-response advertising, the Organization's policy is to expense costs as incurred.

DONATED SERVICES AND MATERIALS

Donated services and materials are recognized at their estimated values at the date of service or donation. The accompanying statements of activities reflect the following contributed services and materials:

	For the year ended June 30,	
	2021	2020
Advertising and publicity	$94,818	$ 112,716
Supplies and maintenance	4,395	5,652
Travel	29	12,320
Legal	36,733	36,487
Information technology services	34,800	34,800
Other	513	15,078
	$ 171,288	$ 217,053

DONATED SERVICES AND MATERIALS, continued

In addition, many individuals volunteer time and perform a variety of tasks that assist the Organization with various administrative and program functions. No amounts have been recorded in the financial statements to reflect these volunteers because these donated services do not meet the criteria for recognition.

CONCENTRATIONS

During the year ended June 30, 2021, the Organization received revenue from one source representing 17% of its total revenues.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, which is the date the financial statements were available to be issued.

RECENTLY ADOPTED ACCOUNTING POLICY

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The Organization adopted the provisions of this new standard during the year ended June 30, 2020. Under the new standard, restricted cash is included with cash and cash equivalents in the statements of cash flows.

In May 2014, the FASB issued a new accounting standard, ASU 2014-09 (Topic 606), which impacts revenue recognition for exchange transactions. The Organization adopted the provisions of this new standard during the year ended June 30, 2020. The provisions of the new standard did not have a material impact on the financial statements of the Organization.

In June 2018, the FASB issued a new accounting standard, ASU 2018-08 (Topic 958), to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The Organization adopted the provisions of this new standard during the year ended June 30, 2020. The provisions of the new standard did not have a material impact on the financial statements of the Organization.

CENTER FOR PUPPETRY ARTS, INC.

SUMMARY OF ACCOUNTING POLICIES

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting standard, ASU No. 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for fiscal years beginning after December 15, 2021. It is to be adopted using a modified retrospective approach or through a cumulative effect adjustment to the opening balance of net assets in the period of adoption. The Organization is does not anticipate a material impact on the financial statements upon adoption of this new standard.

NOTE 1 – ECONOMIC UNCERTAINTY DUE TO COVID-19 PANDEMIC AND PPP LOAN

During the years ended June 30, 2021 and 2020, the United States economy was negatively impacted as a result of the COVID-19 pandemic. As the pandemic continues, the Organization continues to evaluate the financial and organizational impact of the economic uncertainty.

On April 17, 2020, the Organization obtained a $462,700 loan under the first round of the Small Business Administration's Paycheck Protection Program (PPP). Under the terms of the loan agreement, the Organization will make equal monthly payments plus 1% interest beginning in November 2020 with a maturity date of April 2022. If certain conditions are met under the program's loan use guidelines, the loan can be forgiven.

On March 26, 2021, the Organization obtained a $442,625 loan under the second round of the PPP. Under the terms of the loan agreement, the Organization will make equal monthly payments plus 1% interest over a period of time. If certain conditions are met under the programs' loan use guidelines, the loan can be forgiven. Management represents that during the year ended June 30, 2022, the Organization intends to comply with these guidelines and fully expects the entire amount to be forgiven.

Based on non-authoritative technical practice aids and current industry discussions, not-for-profit entities have the option to account for PPP loans under either the debt or grant model. The Organization has chosen to follow the debt model, which records the PPP loan as a financial liability until the SBA has approved the forgiveness. At that point in time, the Organization will recognize income to the extent of the forgiveness. During the year ended June 30, 2021, the Organization applied for and received full forgiveness from its lender for the PPP round 1 and recognized $463,638 of revenue related to the original loan and accrued interest.

During the year of June 30, 2021, the Organization was shut down as a result of a government mandate. As a result, the Organization was eligible for assistance via the Employee Retention Credit. The Organization applied for the credit and anticipates a refund of $381,234 during the year of June 30, 2022. The entire balance is included in grants and contracts receivable as of June 30, 2021.

NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS

Amounts required to be invested in perpetuity:

	As of June 30, 2021	As of June 30, 2020
General endowment fund (a)	$ 402,500	$ 402,500
Artistic endowment fund (b)	945,918	945,918
Barbara Wylly endowment fund (c)	209,377	209,377
Goizueta Foundation endowment(b)	150,000	150,000
Museum collection	4,147,859	4,072,160
	$ 5,855,654	$5,779,955

(a) -income is unrestricted (Capital Campaign III)
(b) -income is restricted for creative programming, portion of income must be reinvested (Artistic Endowment Campaign)
(c) -income is restricted to support the executive director's artistic and programming responsibilities (Barbara Wylly Endowment Campaign)

The Organization's endowment investment policy is to primarily invest in money market funds and publicly traded equity and debt instruments. Amounts are spent from the endowments at the Organization's discretion. Changes in assets invested with endowment funds are as follows:

	Restricted for specified purpose	Restricted in perpetuity	Total
Balance at 6/30/19	$ 751,818	$ 1,707,795	$ 2,459,613
Interest and dividends earned	90,360	-	90,360
Management fees	(11,531)	-	(11,531)
Realized and unrealized gains (loss)	35,381	-	35,381
Withdrawals	(90,000)	-	(90,000)
Balance at 6/30/20	776,028	1,707,795	2,483,823
Interest and dividends earned	84,094	-	84,094
Management fees	(12,448)	-	(12,448)
Realized and unrealized gains (loss)	565,354	-	565,354
Withdrawals	(200,000)	-	(200,000)
Balance at 6/30/21	$ 1,213,028 *	$ 1,707,795	$ 2,920,823

* $104,508 of these investments are held in cash accounts and, therefore, these amounts are included in cash and cash equivalents on the Statement of Financial Position as of June 30, 2021.

NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS, continued

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) has been adopted by the State of Georgia. The Board of the Organization has reviewed UPMIFA and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, the fair value of original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this determination, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers: (1) The duration and preservation of the endowment fund; (2) The purposes of the Organization and the endowment fund; (3) General economic conditions; (4) The possible effect of inflation or deflation; (5) The expected total return from income and the appreciation of investments; (6) Other resources of the Organization; and (7) The investment policies of the Organization.

The assets of the general endowment are invested in a segregated investment account and the remaining endowment funds (collectively referred to as the “consolidated artistic endowment fund”) are invested in another investment account.

NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS, continued

Net assets with specified purposes consisted of cash and receivables restricted for the following:

	As of June 30, 2021		2020
Capital campaign purpose related to facility expansion/renovation	$ 505,835	*	$ 90,247
Artistic purposes – accum. earnings on artistic endowment	628,270		302,234
Operating – accum. earnings on general endowment	584,758		473,794
Field Trips	-		50,000
Website redesign	15,000	*	11,125
Distance learning/education	25,000		25,000
Museum	120,000		25,000
Guest Artist	25,000		25,000
New production	25,000		25,000
Future fiscal period	40,000		3,000
Sensory Friendly Programming	-		35,000
Bilingual Programming	-		12,500
Strategic Planning	-		12,500
Dark Crystal Acquisition	-		10,000
Marketing	15,000		-
African American puppetry	40,000		-
Other	90,323		3,100
	$ 2,114,186		$ 1,103,500

*Donor-imposed restrictions that limit their use to long term purposes are reflected as noncurrent assets.

NOTE 3 – DEBT

The Organization has an $800,000 line of credit from a bank. The line of credit is secured by all assets and matures in January 2022. Under the terms of the agreement, interest is payable monthly at the bank's prime rate minus 1.5 percent with the principal payable in full at maturity. Prime rate as of June 30, 2021 was 3.3%. The outstanding balance as of June 30, 2021 was $799,832.

During the year ended June 30, 2021, the Organization obtained a $150,000 promissory note payable with the US Small Business Administration. The note is collateralized by all tangible and intangible personal property. Under the terms of the agreement, the note is payable in monthly installments, the annual interest rate is 2.75%, and the note matures in 30 years. As of June 30, 2021, the current amount due is $3,307 with the remaining balance of $146,693 being considered long-term.

NOTE 3 – DEBT, continued

Future maturities of the note payable are as follows:

Year Ending June 30,	
2022	$ 3,307
2023	3,400
2024	3,494
2025	3,592
2026	3,691
Thereafter	132,516
Total	$ 150,000

NOTE 4 – CONTINGENCIES

Grants and contributions often require the fulfillment of certain conditions as set forth in the terms of the related instrument. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management represents that the Organization has complied with any such conditions. Although the return of funds is a possibility, management deems the contingency unlikely.

NOTE 5 – PENSION PLAN

The Organization has a Tax Deferred Annuity plan, as defined under Section 403(b) of the Internal Revenue Code. The employee can make contributions to the plan through a salary reduction agreement with the Organization, subject to certain maximum limitations. The Organization can make a discretionary contribution to the plan up to three percent of the employee's compensation. The plan is underwritten and maintained by an outside party. During the years ended June 30, 2021 and 2020, total employer's contributions to the plan were $228 and $26,235, respectively.

NOTE 6 – LIQUIDITY AND FUNDS AVAILABLE

The Organization has $2,628,018 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and cash equivalents of $937,583, marketable securities of $1,108,520, receivables of $427,178, inventory of $106,674, and prepaid expenses of $48,063. The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents to meet short term normal operating expenses. Including in these financial assets are a total amount of $2,153,195 with donor-imposed restrictions. The Organization has a $800,000 line of credit as discussed in Note 3. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.