

**ADAMS COUNTY ARTS COUNCIL**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**ADAMS COUNTY ARTS COUNCIL**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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**MEMBERS**

AMERICAN AND PENNSYLVANIA INSTITUTES  
OF CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Adams County Arts Council  
Gettysburg, Pennsylvania

### Opinion

We have audited the accompanying financial statements of Adams County Arts Council (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adams County Arts Council as of December 31, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Adams County Arts Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Management's Responsibility for the Financial Statements

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



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

### **Auditor's Responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Adams County Arts Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Adams County Arts Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Boles Metzger Brosius & Walborn PC*

Harrisburg, Pennsylvania

April 11, 2022

**ADAMS COUNTY ARTS COUNCIL**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

**ASSETS**

	2021	2020
Current assets:		
Cash and cash equivalents	\$467,911	\$263,713
Accounts receivable	10,876	19,512
Employee Retention Credit receivable	39,826	-
Prepaid expenses	-	614
	518,613	283,839
Total current assets	518,613	283,839
Net property and equipment	1,244,880	1,272,128
Non-current assets,		
Beneficial interest in community foundation	57,772	53,245
Total assets	\$1,821,265	\$1,609,212

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Current portion of long-term debt	\$35,675	\$29,823
Accounts payable and accrued expenses	14,108	24,124
Accrued payroll and payroll taxes	16,223	14,413
Deferred revenue	13,835	46,115
	79,841	114,475
Total current liabilities	79,841	114,475
Long-term debt, net of current portion	1,380,974	1,403,030
Total liabilities	1,460,815	1,517,505
Net assets:		
Without donor restrictions (deficit):		
Undesignated	188,006	(22,379)
Designated by the board	35,820	23,629
	223,826	1,250
With donor restrictions:		
Perpetual in nature	43,268	43,268
Purpose restrictions	93,356	47,189
	136,624	90,457
Total net assets	360,450	91,707
Total liabilities and net assets	\$1,821,265	\$1,609,212

**See notes to financial statements.**

**ADAMS COUNTY ARTS COUNCIL**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2021**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2021 Total</u>	<u>2020 Memo Total</u>
<b>Public support and revenue:</b>				
Contributions	\$199,955	\$53,152	\$253,107	\$167,081
Grants	121,653	200,707	322,360	211,088
Employee Retention Credit	106,936	-	106,936	-
Fundraising events	10,913	-	10,913	2,221
Paycheck Protection Program loan forgiveness	44,200	-	44,200	-
Program fees	134,124	-	134,124	80,603
Less cost of direct benefits	<u>(8,500)</u>	<u>-</u>	<u>(8,500)</u>	<u>-</u>
Net program fees	125,624	-	125,624	80,603
Membership dues	21,803	-	21,803	29,196
Rental income	27,479	-	27,479	16,926
Investment income	393	-	393	2,177
Change in value of endowment fund	6,553	-	6,553	6,733
Net assets released from restriction	<u>207,692</u>	<u>(207,692)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<u>873,201</u>	<u>46,167</u>	<u>919,368</u>	<u>516,025</u>
<b>Expenses:</b>				
Program	496,335	-	496,335	370,975
Management and general	105,397	-	105,397	105,134
Fundraising	<u>48,892</u>	<u>-</u>	<u>48,892</u>	<u>59,488</u>
<b>Total expenses</b>	<u>650,624</u>	<u>-</u>	<u>650,624</u>	<u>535,597</u>
<b>Change in net assets</b>	222,577	46,167	268,744	(19,572)
<b>Net assets, beginning</b>	<u>1,250</u>	<u>90,457</u>	<u>91,707</u>	<u>111,279</u>
<b>Net assets, ending</b>	<u>\$223,827</u>	<u>\$136,624</u>	<u>\$360,451</u>	<u>\$91,707</u>

**See notes to financial statements.**

**ADAMS COUNTY ARTS COUNCIL**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2020**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support and revenue:			
Contributions	147,206	\$19,875	\$167,081
Grants	81,662	129,426	211,088
Fundraising events	2,221	-	2,221
Program fees	80,603	-	80,603
Less cost of direct benefits	-	-	-
Net program fees	<u>80,603</u>	<u>-</u>	<u>80,603</u>
Membership dues	29,196	-	29,196
Rental income	16,926	-	16,926
Investment income	2,177	-	2,177
Change in value of endowment fund	6,733	-	6,733
Net assets released from restriction	<u>146,111</u>	<u>(146,111)</u>	<u>-</u>
Total support and revenue	<u>512,835</u>	<u>3,190</u>	<u>516,025</u>
Expenses:			
Program	370,975	-	370,975
Management and general	105,134	-	105,134
Fundraising	<u>59,488</u>	<u>-</u>	<u>59,488</u>
Total expenses	<u>535,597</u>	<u>-</u>	<u>535,597</u>
Change in net assets	(22,762)	3,190	(19,572)
Net assets (deficit), beginning	<u>24,012</u>	<u>87,267</u>	<u>111,279</u>
Net assets, ending	<u><u>\$1,250</u></u>	<u><u>\$90,457</u></u>	<u><u>\$91,707</u></u>

***See notes to financial statements.***



**ADAMS COUNTY ARTS COUNCIL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

Program	Supporting services			2021 Total	2020 Memo Total	
	Management and general	Fundraising	Direct benefits			
Wages	\$143,527	\$59,039	\$18,672	\$ -	\$221,238	\$228,553
Payroll taxes	11,320	5,319	1,232	-	17,871	18,640
Employee benefits	11,453	1,528	19	-	13,000	19,639
Bank service charges	-	3,851	-	-	3,851	3,207
Contributions	42,676	-	-	-	42,676	-
Depreciation	33,748	5,625	5,625	-	44,998	43,096
Dues and subscriptions	1,131	-	-	-	1,131	769
Insurance	8,843	1,474	1,473	-	11,790	10,502
Interest expense	38,206	6,367	6,367	-	50,940	55,070
IT and web services	4,510	-	-	-	4,510	5,719
Licenses and permits	-	1,593	-	-	1,593	482
Miscellaneous	-	5,361	-	-	5,361	3,196
Occupancy	24,418	4,070	4,069	-	32,557	19,076
Operating supplies	54,070	-	-	-	54,070	59,442
Professional fees	-	9,580	-	-	9,580	8,150
Program expenses	110,443	-	9,845	8,500	128,788	43,699
STAR grants	10,400	-	-	-	10,400	11,200
Telephone	1,590	1,590	1,590	-	4,770	5,157
<b>Total expenses</b>	<b>496,335</b>	<b>105,397</b>	<b>48,892</b>	<b>8,500</b>	<b>659,124</b>	<b>535,597</b>
Less cost of direct benefits	-	-	-	(8,500)	(8,500)	-
<b>Total functional expenses</b>	<b>\$496,335</b>	<b>\$105,397</b>	<b>\$48,892</b>	<b>\$ -</b>	<b>\$650,624</b>	<b>\$535,597</b>

**See notes to financial statements.**

**ADAMS COUNTY ARTS COUNCIL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program	Supporting services		Direct benefits	Total
		Management and general	Fundraising		
Wages	\$134,325	\$64,697	\$29,531	\$ -	\$228,553
Payroll taxes	11,202	5,876	1,562	-	18,640
Employee benefits	13,620	1,838	4,181	-	19,639
Bank service charges	-	3,207	-	-	3,207
Depreciation	32,322	5,387	5,387	-	43,096
Dues and subscriptions	769	-	-	-	769
Insurance	7,877	1,313	1,312	-	10,502
Interest expense	41,302	6,884	6,884	-	55,070
IT and web services	5,719	-	-	-	5,719
Licenses and permits	-	482	-	-	482
Miscellaneous	-	3,196	-	-	3,196
Occupancy	14,307	2,385	2,384	-	19,076
Operating supplies	59,442	-	-	-	59,442
Professional fees	-	8,150	-	-	8,150
Program expenses	37,171	-	6,528	-	43,699
STAR grants	11,200	-	-	-	11,200
Telephone	1,719	1,719	1,719	-	5,157
<b>Total expenses</b>	<b>370,975</b>	<b>105,134</b>	<b>59,488</b>	<b>-</b>	<b>535,597</b>
Less cost of direct benefits	-	-	-	-	-
<b>Total functional expenses</b>	<b>\$370,975</b>	<b>\$105,134</b>	<b>\$59,488</b>	<b>\$ -</b>	<b>\$535,597</b>

**See notes to financial statements.**

**ADAMS COUNTY ARTS COUNCIL**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$268,744	(\$19,572)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	44,998	43,096
Net change in endowment fund	(4,527)	(4,731)
Donation of investments	(2,232)	(4,047)
Paycheck Protection Program Loan Forgiveness	(44,200)	-
(Increase) decrease in current assets:		
Accounts receivable	8,636	(12,062)
Employee Retention Credit Receivable	(39,826)	-
Unconditional promises to give	-	500
Prepaid expenses	614	(522)
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	(10,016)	15,166
Accrued payroll and payroll taxes	1,809	1,214
Deferred revenue	(32,280)	18,372
 Net cash provided (used) by operating activities	 <u>191,720</u>	 <u>37,414</u>
 Cash flows from investing activities,		
Proceeds from sale of investments	2,232	4,047
Capital expenditures	(17,750)	-
 Net cash provided (used) by Investing activities	 <u>(15,518)</u>	 <u>4,047</u>
 Cash flows from financing activities:		
Net borrowing (repayments) under line-of-credit	-	(56,710)
Principal payments on long-term debt	(22,965)	(23,413)
Issuance of long-term debt	2,121	76,144
Proceeds from Paycheck Protection Program Loan	48,840	44,200
 Net cash provided (used) by financing activities	 <u>27,996</u>	 <u>40,221</u>
 Net increase (decrease) in cash and cash equivalents	 204,198	 81,682
Cash and cash equivalents, beginning	<u>263,713</u>	<u>182,031</u>
 Cash and cash equivalents, ending	 <u>\$467,911</u>	 <u>\$263,713</u>

*(continued)*

**ADAMS COUNTY ARTS COUNCIL**

**STATEMENTS OF CASH FLOWS (continued)**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for:		
Interest	<u>\$48,821</u>	<u>\$55,070</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>
<b>Supplemental schedule of noncash operating activities:</b>		
Donated securities	<u>\$2,332</u>	<u>\$4,047</u>
Donated services and supplies	<u>\$26,995</u>	<u>\$2,657</u>
PPP Loan Forgiveness	<u>\$44,200</u>	<u>\$44,200</u>

***See notes to financial statements.***

## **ADAMS COUNTY ARTS COUNCIL**

### **NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

#### **NOTE 1 - PURPOSE AND ORGANIZATION**

Incorporated in 1993, the Adams County Arts Council is a nonprofit organization which supports the arts throughout Adams County, Pennsylvania. The Council's mission is to cultivate an arts-rich community. The Council's primary goals are to provide high quality arts education opportunities for students, to support local arts presenters, schools and artists, and to promote economic development through the arts. The Council is supported primarily through grants, public fundraising events and membership dues.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of Adams County Arts Council is presented to assist in understanding the Council's financial statements. The financial statements and notes are representations of the Council's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of these financial statements.

##### **Use of estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### **Cash and cash equivalents:**

For purposes of the statement of cash flows, the Council considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents. This includes checking, savings, certificates of deposit and money market accounts.

The USDA Note agreement specifies that the Council must maintain a separate savings account equal to 10% of the total payments made to date against the outstanding loan balance, until a sum of \$71,772 is accumulated in reserve account. During 2021, the Council made the required payments. At December 31, 2021 and 2020, the balance in the mortgage reserve account totaled \$35,820 and \$23,629, respectively. The balance of the reserve account is classified as net assets without donor restrictions designated by the board.

**ADAMS COUNTY ARTS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Uncollectible accounts receivable:**

Since bad debts have historically not been material, no allowance for uncollectible accounts has been provided. The organization uses the specific write-off method in recording uncollectible accounts.

**Promises to give:**

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. The Council uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior experience and management's analysis of specific pledges made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions are substantially met.

**Property and equipment:**

Property and equipment are recorded at cost. The organization capitalizes assets purchased with a cost greater than \$2,500. Depreciation is provided by the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	40 years
Equipment and furniture	5 - 7 years

**Investments:**

U.S. Generally accepted accounting principles, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs in situations where markets do not exist or are illiquid and have the lowest priority. The Council uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The Council measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value and are readily available for all investments of the Council. Purchases and sales of securities are recorded on a trade-date basis.

**Net Assets:**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

## ADAMS COUNTY ARTS COUNCIL

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Net Assets (continued):**

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

##### **Contributions:**

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

##### **Functional allocation of expenses:**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

##### **Income taxes:**

The Internal Revenue Service has determined that Adams County Arts Council is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, contributions to the Council are deductible for Federal income tax purposes.

##### **Subsequent events:**

The Council has evaluated subsequent events through April 11, 2022, the date which the financial statements were available to be issued.

**ADAMS COUNTY ARTS COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$467,911	\$263,713
Accounts receivable	10,876	19,512
Employee Retention Credit	39,826	-
	<hr/>	<hr/>
Financial assets at year end	518,613	283,225
Available line of credit	100,000	100,000
Less those unavailable for general expenditures:		
Board designated Mortgage Reserve funds	(35,820)	(23,629)
Restricted by donor with time or purpose restrictions	(93,356)	(47,189)
	<hr/>	<hr/>
Financial assets available within one year to meet cash needs for general expenditures	<u>\$489,437</u>	<u>\$312,407</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.



**ADAMS COUNTY ARTS COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 4 - PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment, less accumulated depreciation at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$1,636,258	\$1,636,258
Furniture and equipment	<u>64,003</u>	<u>50,262</u>
	1,700,261	1,686,520
Accumulated depreciation	<u>(455,381)</u>	<u>(414,392)</u>
Net property and equipment	<u><u>\$1,244,880</u></u>	<u><u>\$1,272,128</u></u>

**NOTE 5 - INVESTMENTS**

The following schedule summarized the investment return and its classification in the statement of activities for the years ended December 31, 2021 and 2020, including donated stocks sold during the year:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$393	\$2,177
Net realized and unrealized gain (loss)	<u>-</u>	<u>-</u>
Total investment return	<u><u>\$393</u></u>	<u><u>\$2,177</u></u>

**NOTE 6 - FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis at December 31, 2021 and 2020 are as follows:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted prices in active markets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
December 31, 2021				
Beneficial interest	<u>\$57,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$57,772</u>
December 31, 2020				
Beneficial interest	<u>\$53,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$53,245</u>

**ADAMS COUNTY ARTS COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 6 - FAIR VALUE MEASUREMENTS (continued)**

For assets falling within Level 3 in the fair value hierarchy, the activity recognized during the years ended December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
<b>Beneficial interest in Community Foundations:</b>		
Balance, beginning	\$53,245	\$48,514
Distributions	(2,026)	(2,002)
Earnings	<u>6,553</u>	<u>6,733</u>
Balance, ending	<u><u>\$57,772</u></u>	<u><u>\$53,245</u></u>

The unrealized gain for beneficial interests in Community Foundations, classified as Level 3, are included as change in value of endowment funds in the statement of activities.

**NOTE 7 - BENEFICIAL INTEREST IN COMMUNITY FOUNDATION**

The Adams County Community Foundation is a community foundation made up of several component funds, which includes the Adams County Arts Council Endowment Fund. The Board of Trustees of the 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 Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community serviced. At December 31, 2021 and 2020 the total market value of this endowment fund was \$57,772 and \$53,245, respectively. The Council received \$2,026 and \$2,002 from the fund in 2021 and 2020, respectively.

**NOTE 8 - NOTE PAYABLE, BANK**

The Council has available a line-of-credit of \$100,000. Interest is payable on the outstanding balance at a variable rate. The line is unsecured. There were no balances outstanding at December 31, 2021 and 2020.

**ADAMS COUNTY ARTS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 9 - LONG-TERM DEBT**

Long-term debt consists of the following at December 31, 2021 and 2020:

	2021	2020
Note payable in monthly installments of \$5,982 including interest at 3.75%, until maturity in 2051. This note is secured by real estate, improvements and fixtures at 125 South Washington Street, Gettysburg.	\$1,289,544	\$1,312,509
Note payable in monthly installments of \$321 including interest at 2.75%, until maturity in 2050. This note is secured by the Organization's assets.	78,265	76,144
Paycheck Protection Program loan payable to the SBA. The loan has an interest rate of 1%. Monthly payments were scheduled to begin in September 2021 if the loan was not forgiven, and had a maturity date of September 2023. The loan was forgiven in 2021.	-	44,200
Paycheck Protection Program loan payable to the SBA. The loan has an interest rate of 1%. Monthly payments were scheduled to begin in July 2022 if the loan had not been forgiven, and had a maturity date of June 2024. The loan was forgiven in 2022.	48,840	-
Total long-term debt	1,416,649	1,432,853
Less current portion	35,675	29,823
Long-term debt, net of current portion	\$1,380,974	\$1,403,030

**ADAMS COUNTY ARTS COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 9 - LONG-TERM DEBT (continued)**

Principal maturities of long-term debt are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$35,675
2023	51,429
2024	40,149
2025	28,719
2026	29,794
Thereafter	<u>1,230,883</u>
Total	<u><u>\$1,416,649</u></u>

**NOTE 10 - DEFERRED REVENUE**

Deferred revenue represents deposits, class and special event registration fees for future periods received prior to the period end. It also includes grants received in advance of services to be performed. Revenue is recognized in the year in which the income is earned. The balance deferred at December 31, 2021 and 2020 is \$13,835 and \$46,115, respectively.

**NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2021 and 2020, as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose:		
Eat Smart, Play Hard classes	\$8,478	\$11,340
Star grants	8,000	7,200
Scholarships/Summer Camp and Youth Program	41,733	23,672
Young Artist Encouragement Award	2,305	2,805
Mortgage Payments	3,200	2,172
Outreach Coordinator Salary	8,695	-
Roof Repairs	9,834	-
Parklet	11,111	-
Total purpose restrictions	<u>93,356</u>	<u>47,189</u>
Perpetual in nature, Beneficial interest in Community Foundation	<u>43,268</u>	<u>43,268</u>
Total with donor restrictions	<u><u>\$136,624</u></u>	<u><u>\$90,457</u></u>

**ADAMS COUNTY ARTS COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 - PROGRAM EXPENSES**

Program expenses included on the statement of functional expenses consist of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Art classes/Education	\$46,253	\$25,889
Costume party	3,160	2,860
Eat Smart Play Hard	6,438	800
Gingerbread celebration	-	1,200
Golf outing	9,845	6,528
Jingle Ball	49,088	750
Juried art exhibit	6,698	-
Local art	-	1,035
Other program costs	<u>7,306</u>	<u>4,637</u>
Total program expenses	<u><u>\$128,788</u></u>	<u><u>\$43,699</u></u>

**NOTE 13 - FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, insurance, and interest which are allocated on a square footage basis, as well as salaries and wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

Functional expenses are as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
Program	\$496,335	76 %	\$370,975	69 %
Management and general	105,397	16	105,134	20
Fundraising	<u>48,892</u>	<u>8</u>	<u>59,488</u>	<u>11</u>
Total expenses	<u><u>\$650,624</u></u>	<u><u>100 %</u></u>	<u><u>\$535,597</u></u>	<u><u>100 %</u></u>

**ADAMS COUNTY ARTS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 14 - RETIREMENT PLAN**

The Council offers staff employees the opportunity for participation in a contributory retirement plan. The Council matches employees' contributions up to 3% of their compensation. The expense to the Council in this arrangement was \$3,040 and \$3,155 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 15 - SUBSEQUENT EVENTS**

In February 2022, the Council received forgiveness for the second round of the Paycheck Protection Program loan in the amount of \$48,840.