

THE ARTS GUILD OF OLD FORGE, INC.

FINANCIAL STATEMENTS

December 31, 2021 and 2020



grossman st. amour

CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Arts Guild of Old Forge, Inc.

Opinion

We have audited the financial statements of The Arts Guild of Old Forge, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Arts Guild of Old Forge, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year 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 (GAAS). 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 The Arts Guild of Old Forge 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.

Other Matter

The financial statements of The Arts Guild of Old Forge, Inc. for the year ended December 31, 2020, before the restatement described in Note 1, were audited by another auditor whose report dated October 18, 2021, expressed an unmodified opinion on those statements. As part of our audit of the December 31, 2021 financial statements, we also audited the adjustments described in Note 1 that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Arts Guild of Old Forge, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 The Arts Guild of Old Forge, Inc.'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 The Arts Guild of Old Forge, Inc.'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.

Grossman SA. Amour CPA

Syracuse, New York
August 18, 2022

THE ARTS GUILD OF OLD FORGE, INC.

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 486,083	\$ 349,625
Endowment funds - Community Foundation	347,638	362,319
Pledges and accounts receivable, current portion, net	167,000	83,541
Inventory	21,023	26,997
Prepaid expenses	4,290	4,575
Total current assets	<u>1,026,034</u>	<u>827,057</u>
Fixed assets, net of accumulated depreciation	<u>7,939,377</u>	<u>8,140,915</u>
Other assets:		
Pledges receivable, net of current portion	<u>80,833</u>	<u>253,990</u>
Total assets	<u>\$ 9,046,244</u>	<u>\$ 9,221,962</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 3,746	\$ 23,874
Accrued liabilities	34,546	5,567
Sales tax payable	2,545	2,258
Notes payable - current	80,000	162,882
Deferred revenue	131,239	95,953
Total current liabilities	<u>252,076</u>	<u>290,534</u>
Long-term liabilities:		
Notes payable - non-current	<u>80,000</u>	<u>160,000</u>
Total long-term liabilities	<u>80,000</u>	<u>160,000</u>
Total liabilities	332,076	450,534
Net assets:		
Net assets without donor restrictions	8,621,462	8,365,102
Net assets with donor restrictions	<u>92,706</u>	<u>406,326</u>
Total liabilities & net assets	<u>\$ 9,046,244</u>	<u>\$ 9,221,962</u>

The accompanying notes are an integral part of the financial statements.

THE ARTS GUILD OF OLD FORGE, INC.

**Statements of Activities
For the Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Benefits and fundraising	\$ 89,419	\$ -	\$ 89,419
Contributions	248,141	25,150	273,291
Memberships	132,679	-	132,679
Grants	20,800	40,250	61,050
Facility rental	61,009	-	61,009
Exhibition income	241,223	-	241,223
Performance income	52,889	-	52,889
Sales of merchandise	53,452	-	53,452
Workshops	55,949	-	55,949
Gain on endowment funds	36,050	-	36,050
Miscellaneous	603	-	603
PPP loan forgiveness	166,574	-	166,574
Net assets released from restrictions	379,020	(379,020)	-
Total revenue	1,537,808	(313,620)	1,224,188
Expenses:			
Program expenses	858,579	-	858,579
Fundraising	228,729	-	228,729
Management and General	194,140	-	194,140
Total expenses	1,281,448	-	1,281,448
Change in net assets	256,360	(313,620)	(57,260)
Net assets - beginning of year	8,365,102	406,326	8,771,428
Net assets - end of year	\$ 8,621,462	\$ 92,706	\$ 8,714,168

The accompanying notes are an integral part of the financial statements.

THE ARTS GUILD OF OLD FORGE, INC.

**Statements of Activities
For the Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Benefits and fundraising	\$ 50,791	\$ -	\$ 50,791
Contributions	518,280	308,298	826,578
Memberships	133,370	-	133,370
Grants	13,800	39,925	53,725
Facility rental	13,787	-	13,787
Exhibition income	120,250	-	120,250
Performance income	4,600	-	4,600
Sales of merchandise	35,162	-	35,162
Workshops	36,791	-	36,791
Gain on endowment funds	25,523	-	25,523
Miscellaneous	12,660	-	12,660
Satisfaction of grant and donor imposed restrictions	90,286	(90,286)	-
Restrictions satisfied by debt payments	453,627	(453,627)	-
	<u>1,508,927</u>	<u>(195,690)</u>	<u>1,313,237</u>
Expenses:			
Program expenses	717,307	-	717,307
Fundraising	200,111	-	200,111
Management and general	206,281	-	206,281
	<u>1,123,699</u>	<u>-</u>	<u>1,123,699</u>
Change in net assets	385,228	(195,690)	189,538
Net assets - beginning of year (as restated)	<u>7,979,874</u>	<u>602,016</u>	<u>8,581,890</u>
Net assets - end of year	<u><u>\$ 8,365,102</u></u>	<u><u>\$ 406,326</u></u>	<u><u>\$ 8,771,428</u></u>

The accompanying notes are an integral part of the financial statements.

The Arts Guild of Old Forge
Statements of Functional Expenses
Years ended December 31, 2021

	Program Services	Fundraising	Management and General	Total
Salaries & wages	\$ 263,919	\$ 135,736	\$ 103,796	\$ 503,451
Payroll taxes & fringe benefits	32,811	17,037	13,251	63,099
Benefit and fundraising expense	-	21,647	-	21,647
Maintenance & repair	6,748	6,748	13,495	26,991
Professional fees	29,561	-	29,562	59,123
Development expense	1,679	-	-	1,679
Exhibition expense	108,886	-	-	108,886
Insurance	13,267	6,633	6,633	26,533
Marketing	29,713	3,302	-	33,015
Dues & subscriptions	-	-	673	673
Service charges & fees	15,611	867	867	17,345
Office expense	2,663	2,663	7,989	13,315
Postage & shipping	-	-	3,248	3,248
Performance expense	37,995	-	-	37,995
Store merchandise	25,236	-	-	25,236
Occupancy	19,162	-	19,162	38,324
Workshop expense	17,082	-	-	17,082
Facility rental expense	-	20,739	-	20,739
Miscellaneous	13,813	-	-	13,813
Bad debt expense	-	-	(17,893)	(17,893)
Amortization & depreciation	240,433	13,357	13,357	267,147
Expenses	\$ 858,579	\$ 228,729	\$ 194,140	\$ 1,281,448

The accompanying notes are an integral part of the financial statements.

The Arts Guild of Old Forge
Statements of Functional Expenses
Years ended December 31, 2020

	Program Services	Fundraising	Management and General	Total
Salaries & wages	\$ 263,215	\$ 138,464	\$ 110,898	\$ 512,577
Payroll taxes & fringe benefits	19,342	10,175	8,149	37,666
Benefit and fundraising expense	-	11,424	-	11,424
Maintenance & repair	3,642	3,642	7,285	14,569
Professional fees	32,354	-	32,353	64,707
Development expense	1,442	-	-	1,442
Exhibition expense	57,606	-	-	57,606
Insurance	16,695	8,348	8,348	33,391
Marketing	10,068	1,119	-	11,187
Travel & conferences	35	-	-	35
Dues & subscriptions	-	-	616	616
Service charges & fees	11,125	618	618	12,361
Office expense	1,322	1,322	3,967	6,611
Postage & shipping	-	-	3,267	3,267
Performance expense	2,967	-	-	2,967
Store merchandise	14,117	-	-	14,117
Occupancy	17,093	-	17,092	34,185
Workshop expense	16,758	-	-	16,758
Facility rental expense	-	11,312	-	11,312
Miscellaneous	3,148	-	-	3,148
Interest	7,580	421	421	8,422
Amortization & depreciation	238,798	13,266	13,267	265,331
Expenses	<u>\$ 717,307</u>	<u>\$ 200,111</u>	<u>\$ 206,281</u>	<u>\$ 1,123,699</u>

The accompanying notes are an integral part of the financial statements.

The Arts Guild of Old Forge

Statements of Cash Flows

	Years Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (57,260)	\$ 186,985
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision (recovery of)	(17,893)	-
Forgiveness of ppp loan	(82,882)	-
Depreciation & amortization	267,147	265,331
Endowment funds, net of fees	14,681	(82,653)
Changes in operating assets and liabilities:		
Pledges receivable	107,590	201,770
Grant receivable	-	5,000
Inventory	5,974	(5,097)
Prepaid expenses	285	5,795
Accounts payable	(20,128)	15,653
Accrued liabilities & sales tax payable	29,266	879
Deferred revenue	35,286	32,516
Net cash provided by operating activities	<u>282,066</u>	<u>626,179</u>
Cash flows from investing activities:		
Purchase of property and equipment	(65,608)	(42,836)
Net cash used in investing activities	<u>(65,608)</u>	<u>(42,836)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program	-	82,882
Payments on long-term debt	(80,000)	(453,627)
Net cash used in financing activities	<u>(80,000)</u>	<u>(370,745)</u>
Net increase in cash and cash equivalents	136,458	212,598
Cash and cash equivalents at beginning of year	<u>349,625</u>	<u>137,027</u>
Cash and cash equivalents at end of year	\$ <u>486,083</u>	\$ <u>349,625</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	<u>\$ 6,327</u>	<u>\$ 8,422</u>

The accompanying notes are an integral part of the financial statements.

THE ARTS GUILD OF OLD FORGE, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

The Arts Center of Old Forge is owned and operated by The Arts Guild of Old Forge, Inc. (the Organization), a New York not-for-profit educational organization incorporated in 1967. The Organization's purpose is to promote and support arts activities in the wider Old Forge Community.

Restatement

In May 2014, the FASB issued a new standard related to revenue recognition, ASU 2014-09, Revenue from Contracts with Customers. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective method). The standard was effective for the year ending December 31, 2020, however was not implemented in the 2020 financial statements. Therefore the 2020 financial statements are restated to reflect implementation of the new standards as of the required effective dates.

The most significant impact of the standard relates to the accounting for membership revenue. The Organization offers several membership levels which provide the membership benefits, including unlimited visits, gift shop discounts and other benefits, for a year from when the membership is purchased. The Organization identified all memberships in force at January 1, 2020, which is the earliest period presented in the accompanying consolidated financial statements. Membership contracts in place at that time were amortized into revenue over the remaining months in the membership term. The resulting deferred revenue was recorded as a prior period adjustment as of January 1, 2020 and membership revenue was restated to amortize all memberships over the months covered, to correct the error in reporting.

The following table reflects the impact of adopting ASU 2014-09 on the consolidated statement of financial position and consolidated statement of activities as of December 31, 2020:

	December 31, 2020 As Reported	ASU 2014-09 Adjustment	December 31, 2020 As Restated
Statement of financial position:			
<i>Liabilities:</i>			
Deferred revenue	\$ 43,712	\$ 52,241	\$ 95,953
<i>Net assets:</i>			
Without donor restrictions	8,417,343	(52,241)	8,365,102
Statement of activities:			
Membership revenue	130,817	2,553	133,370
Change in net assets	\$ 186,985	\$ 2,553	\$ 189,538

The Arts Guild of Old Forge

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

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 for the reporting period and as of the financial statement date. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

Classification of Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

The Organization had net assets with donor restrictions of \$92,706 and \$406,326 at December 31, 2021 and 2020, respectively. Net assets released from restrictions were \$379,020 and \$453,627 for the years ended December 31, 2021 and 2020, respectively.

The Arts Guild of Old Forge

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Availability and Liquidity

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization monitors and reports on cash to the Board, monthly, with any excess invested in a savings account. The Organization submits grant or contract payment requests as the expenditures are incurred and are allowable per grant/contract terms.

The Organization's financial assets available within one year of the balance sheet date for general expenditures were as follows at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 486,083	\$ 349,625
Funds held outside the Organization	347,638	362,319
Pledge and accounts receivable, current portion	167,000	83,541
Inventory	<u>21,023</u>	<u>26,997</u>
Total financial assets	1,021,744	822,482
Less: net assets with donor restrictions	(92,706)	(406,326)
Less: minimum balance required	<u>(10,000)</u>	<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 919,038</u></u>	<u><u>\$ 406,156</u></u>

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. The Organization does not have any restricted cash balances at December 31, 2021 and 2020.

Concentration of Credit Risk and Contingencies

The Organization maintains its cash at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits.

Methods Used for Allocation of Expenses among Program and Supporting Services

Costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These allocations were based on direct expenditures, analysis of personnel time, and space utilized for the related activities.

The Arts Guild of Old Forge

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Organization follows FASB ASU 2014-09, Revenue from Contracts with Customers. This ASU requires the recognition of revenue related to the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled to in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues. The Organization's significant revenue streams are as follows:

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 statement of activities as net assets released from restriction.

Grants received are recorded as without donor restrictions or with donor restrictions support based on the nature of donor restrictions. Grants are recognized when the Organization incurs expenses related to the contract. Generally, the funds are not remitted until a voucher for services provided or expenses incurred has been submitted for reimbursement. Funds received in advance of services provided or expenses incurred are recorded as deferred revenue.

Membership benefits are typically valid for one year after the membership is purchased. Membership revenue is recognized pro-rata on a monthly basis over the term of the membership. Any unrecognized membership revenue is recorded as deferred revenue in the accompanying consolidated statement of financial position at the end of the year.

Exhibition, Performance, Special Event and Rental Income is recognized at the time the associated event occurs. Any payments of deposits or tickets sold prior to the event or program date are recorded in deferred revenue in the accompanying consolidated statement of financial position at the end of the year.

Sale of merchandise primarily consists of sales of inventory in the gift shop. Revenue is recognized at the time the sale is made. Returns of merchandise after the sale is made are not typically significant.

In-kind contributions of services are recognized as revenues when they create or enhance non-financial assets, or require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized.

The Arts Guild of Old Forge

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Pledges and Accounts Receivable

Unconditional promises to give are shown at their present value net of estimated uncollectable accounts (if any). The Organization uses the allowance method to determine uncollectible promises receivable is based on the prior years' experience and management's analysis of specific promises made.

Inventory

Inventory, which consists of artwork, educational materials and gift items, is stated at the lower of cost or market. Cost is determined on a first in, first out method.

Property and Equipment

Property and equipment are recorded at cost or if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight line method over the estimated useful lives of the respective assets. When property is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the statement of activities. The Organization capitalizes items over \$2,500. Expenses for repairs and maintenance are charged to expenses as incurred.

The Organization reviews its investment in property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by comparison of the carrying amount of the property to the future net undiscounted cash flow expected to be generated by the property and any estimated proceeds from the eventual disposition of the property. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There was no impairment loss recognized in 2021 or 2020.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Accounting standards require that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in its tax return (Form 990), including maintenance of tax exempt status. The Organization believes its financial statements do not include any uncertain tax positions. The Organization's information returns are subject to examination by taxing authorities for a period of three years from the date they are filed. It is the Organization's policy to recognize any interest and penalties in the statement of activities.

The Arts Guild of Old Forge
Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Risks and Uncertainties

In March 2020, the World Health Organization categorized Coronavirus Disease 2019 ("COVID-19") as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The spread of this virus globally has caused business disruption domestically in the United States, the area in which the Company operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this pandemic.

Subsequent Events

Management has evaluated subsequent events through August 18, 2022, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

2. Pledges Receivable

Pledges receivable are summarized as follows at December 31:

	2021	2020
New building campaign	\$ -	\$ 1,500
Clear view campaign	247,833	356,367
	247,833	357,867
Less: unamortized discount	-	(2,442)
Less: allowance for uncollectible pledges	-	(17,894)
	\$ 247,833	\$ 337,531

At December 31, 2021, the net pledges receivable are due as follows:

Less than one year	\$ 167,000
One to five years	80,833
	\$ 247,833

Pledges receivable are presented at present value using discount rate based on the LIBOR rate. An allowance for uncollectable pledges is based on management judgement considering historical information and the Organization's policy of writing off receivable balances when management deems them uncollectible.

At December 31, 2021 and 2020, two donors accounted for 97% and 92% of total promises to give, respectively.

The Arts Guild of Old Forge

Notes to Financial Statements

3. Beneficial Interest on Assets Held by Others

The Organization is the beneficiary under a fund agreement with the Community Foundation of Herkimer & Oneida Counties, Inc. A portion of the earnings and principal of this Fund can be distributed annually to support the general operations and capital needs of the Organization. The Board of Directors of the Foundation shall determine the portion available for distribution to the Organization each year. Under the terms of the fund, the Organization is required to maintain a minimum market value of \$10,000 in the fund at all times as required by the Community Foundation. Changes in the fund are comprised of the following for the years ended December 31:

	2021	2020
Beginning balance	\$ 362,319	\$ 279,666
Contributions	10,000	71,320
Amounts appropriated for expenditure	(55,598)	(10,000)
Investment income(loss)	36,050	25,523
Administrative fees	(5,133)	(4,190)
Ending balance	<u>\$ 347,638</u>	<u>\$ 362,319</u>

4. Fixed Assets

Fixed assets at December 31, 2021 and 2020 consist of the following:

	2021	2020
Land	\$ 605,193	\$ 551,815
Building & improvements	10,253,550	10,253,551
Equipment	496,903	484,673
	11,355,646	11,290,039
Less: accumulated depreciation	(3,416,269)	(3,149,124)
	<u>\$ 7,939,377</u>	<u>\$ 8,140,915</u>

5. Line of Credit

The Organization has an available line of credit with Community Bank, N. A., secured by various assets. At December 31, 2021 and 2020, there was no outstanding balance on this line.

The Arts Guild of Old Forge
Notes to Financial Statements

7. Notes Payable

Notes payable consist of the following at December 31:

	2021	2020
In July 2019 two individuals loaned the Organization \$240,000 with zero interest. Annual principal payments of \$80,000 are scheduled to be paid beginning July 2021 through July 2023.	\$ 160,000	\$ 240,000
A loan held with Adirondack Bank from the Federal Economic Stimulus under the CARES Act Paycheck Protection Program due to COVID-19 pandemic. This loan was forgiven in full during 2021.	-	82,882
Total notes payable	160,000	322,882
Less: current portion	(80,000)	(162,882)
Total long-term portion	\$ 80,000	\$ 160,000

Future maturities at December 31, 2021 are as follows:

2022	\$ 80,000
2023	80,000
Total	\$ 160,000

8. Operating Leases

The Organization leases a postage meter which requires quarterly payments of \$126 through March 2023, and a copier which requires monthly payments of \$394 through March 2024. Total lease expense for the years ended December 31, 2021 and 2020 was \$5,232.

Future lease payments are as follows for years ending December 31:

2022	\$ 5,232
2023	4,854
2024	1,182

The Arts Guild of Old Forge

Notes to Financial Statements

9. Payroll Protection Program Loan

The Organization was granted a loan in the amount of \$82,882 from Adirondack Bank through the Small Business (SBA) in April 2020, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act which was enacted March 27, 2020. The PPP provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses. Under the terms of the PPP, the loan balance can be forgiven, in full or part based on the use of the funds for qualifying expenses in accordance with the requirements of the CARES Act. The Organization received notification from Adirondack Bank that the SBA has approved its application for loan forgiveness in full in February 2021, therefore loan forgiveness income has been recognized in 2021 on the accompanying statement of activities.

In 2021, the Organization applied for and was awarded \$83,692 through the Small Business Association (SBA), pursuant to the PPP Second Draw Loan under Division A, Title I of the CARES Act. In 2021, the Organization received notification from Adirondack Bank that the SBA approved its application for loan forgiveness in full, as such the balance forgiven of \$83,692 has been recognized as revenue within the statement of activities for the year ended December 31, 2021.