

SEATTLE ARTS & LECTURES

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED JUNE 30, 2022 AND 2021

SEATTLE ARTS & LECTURES
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Seattle Arts & Lectures
Seattle, Washington

Opinion

We have audited the accompanying financial statements of Seattle Arts & Lectures (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year 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 Seattle Arts & Lectures as of June 30, 2022, 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 audits 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 Seattle Arts & Lectures and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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; 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.

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 Seattle Arts & Lectures' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 generally accepted auditing standards and will always detect a material misstatement when it exists.

Auditors' Responsibilities for the Audit of the Financial Statements

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, including omissions, 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 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 Seattle Arts & Lectures 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 Seattle Arts & Lectures 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.

Other Matter - Prior Period Financial Statements

The financial statements of Seattle Arts & Lectures as of and for the year ended June 30, 2021, were audited by Jones & Associates PLLC, whose partners and professional staff joined Jacobson Jarvis & Co PLLC as of September 1, 2022, and has subsequently cleared operations. Jones & Associates PLLC expressed an unmodified opinion on those statements in their report dated March 21, 2022.



Jacobson Jarvis & Co, PLLC
Seattle, Washington
February 16, 2023

SEATTLE ARTS & LECTURES

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 724,488	\$ 546,185
Investments	1,310,579	1,070,774
Accounts receivable	14,461	22,500
Pledges receivable	146,690	186,930
Prepaid expenses and other assets	<u>120,635</u>	<u>118,836</u>
Total Current Assets	2,316,853	1,945,225
Pledges receivable, noncurrent, net of discounts of \$15,269 and \$0	158,731	57,000
Property and equipment, net	<u>6,331</u>	<u>19,047</u>
	<u>\$ 2,481,915</u>	<u>\$ 2,021,272</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities		
Accounts payable and accrued expenses	\$ 110,028	\$ 155,211
Deferred revenue	<u>34,152</u>	<u>57,633</u>
Total Current Liabilities	<u>144,180</u>	<u>212,844</u>
Net Assets		
Without donor restriction	1,752,040	1,553,942
With donor restriction	<u>585,695</u>	<u>254,486</u>
Total Net Assets	<u>2,337,735</u>	<u>1,808,428</u>
	<u>\$ 2,481,915</u>	<u>\$ 2,021,272</u>

SEATTLE ARTS & LECTURES

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Program service fees			
Public events	\$ 538,197	\$ -	\$ 538,197
Education programs	106,436	-	106,436
Total Program Service Fees	644,633	-	644,633
Contributions	493,229	867,555	1,360,784
Gifts in-kind	352,601	-	352,601
Special events	577,444	-	577,444
Government grants and contracts	183,980	-	183,980
Investment return and other	(17,438)	-	(17,438)
Total Support	2,234,449	867,555	3,102,004
Net assets released from restrictions			
Satisfaction of program restrictions	230,241	(230,241)	-
Satisfaction of time restrictions	306,105	(306,105)	-
	536,346	(536,346)	-
Total Revenue and Support	2,770,795	331,209	3,102,004
Expenses			
Program services	1,409,993	-	1,409,993
Management and general	542,093	-	542,093
Fundraising	620,611	-	620,611
Total Expenses	2,572,697	-	2,572,697
Change in Net Assets	198,098	331,209	529,307
Net Assets			
Net Assets - Beginning of Year	1,553,942	254,486	1,808,428
Net Asset - End of Year	\$ 1,752,040	\$ 585,695	\$ 2,337,735

See notes to financial statements.

SEATTLE ARTS & LECTURES

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Program service fees			
Public events	\$ 805,079	\$ -	\$ 805,079
Education programs	85,286	-	85,286
Total Program Service Fees	890,365	-	890,365
Contributions	560,223	228,987	789,210
Gifts in-kind	277,591	-	277,591
Special events	418,793	-	418,793
Government grants and contracts	236,520	-	236,520
Investment return and other	6,957	-	6,957
Total Support	2,390,449	228,987	2,619,436
Net assets released from restrictions			
Satisfaction of program restrictions	257,640	(257,640)	-
Satisfaction of time restrictions	50,267	(50,267)	-
	307,907	(307,907)	-
Total Revenue and Support	2,698,356	(78,920)	2,619,436
Expenses			
Program services	1,470,057	-	1,470,057
Management and general	463,857	-	463,857
Fundraising	494,953	-	494,953
Total Expenses	2,428,867	-	2,428,867
Change in Net Assets	269,489	(78,920)	190,569
Net Assets			
Net Assets - Beginning of Year	1,284,453	333,406	1,617,859
Net Asset - End of Year	\$ 1,553,942	\$ 254,486	\$ 1,808,428

See notes to financial statements.

SEATTLE ARTS & LECTURES

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services			Management and General	Fundraising	Total
	Public Programs	Education	Total			
Salaries and payroll taxes	\$ 243,634	\$ 163,024	\$ 406,658	\$ 170,568	\$ 252,706	\$ 829,932
Employee benefits	27,026	16,908	43,934	19,233	27,671	90,838
Total payroll expenses	270,660	179,932	450,592	189,801	280,377	920,770
Artists fees	146,558	206,764	353,322	1,900	750	355,972
In-kind advertising	-	-	-	217,017	-	217,017
Professional fees	39,131	11,791	50,922	66,007	68,827	185,756
Book bundles	128,857	-	128,857	-	1,209	130,066
Program production	108,456	5,669	114,125	-	11,915	126,040
Technology support	38,823	18,395	57,218	22,036	28,227	107,481
Design and printing	63,448	8,811	72,259	247	25,471	97,977
In-kind auction items	-	-	-	-	94,190	94,190
Food and beverage	4,825	1,882	6,707	1,435	42,641	50,783
Occupancy	12,311	7,763	20,074	8,580	12,257	40,911
Office and telephone	10,146	4,340	14,486	11,107	8,736	34,329
Credit card and bank fees	13,996	-	13,996	4,510	12,799	31,305
Artists' travel	27,797	787	28,584	-	50	28,634
Postage and mailing	19,362	1,778	21,140	611	6,169	27,920
In-kind artists' fees	-	26,000	26,000	-	-	26,000
Hall rental	22,308	1,350	23,658	-	-	23,658
Hiring costs and payroll fees	-	-	-	14,891	-	14,891
Depreciation	3,815	2,416	6,231	2,670	3,815	12,716
Photography	3,700	700	4,400	480	4,534	9,414
Advertising	9,199	39	9,238	65	61	9,364
Staff travel	1,444	4,438	5,882	623	1,113	7,618
In-kind printing	-	-	-	-	5,578	5,578
In-kind food and beverage	-	336	336	-	4,680	5,016
In-kind program production	-	-	-	-	4,800	4,800
Book purchases	1,482	484	1,966	113	2,412	4,491
Total Expenses	\$ 926,318	\$ 483,675	\$ 1,409,993	\$ 542,093	\$ 620,611	\$ 2,572,697

SEATTLE ARTS & LECTURES

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services			Management and General	Fundraising	Total
	Public Programs	Education	Total			
Salaries and payroll taxes	\$ 331,232	\$ 165,591	\$ 496,823	\$ 113,740	\$ 246,307	\$ 856,870
Employee benefits	34,132	17,064	51,196	12,752	27,780	91,728
Total payroll expenses	365,364	182,655	548,019	126,492	274,087	948,598
Artists fees	172,875	183,553	356,428	2,050	200	358,678
In-kind advertising	-	-	-	184,384	-	184,384
Professional fees	15,337	14,115	29,452	50,221	44,560	124,233
Book bundles	162,221	-	162,221	-	-	162,221
Program production	124,409	220	124,629	-	21,585	146,214
Technology support	44,717	16,823	61,540	13,013	28,025	102,578
Design and printing	50,888	1,982	52,870	-	14,911	67,781
Food and beverage	3,888	439	4,327	541	6,460	11,328
Occupancy	15,205	7,808	23,013	5,753	12,328	41,094
Office and telephone	13,268	6,801	20,069	5,013	12,131	37,213
Credit card and bank fees	26,762	179	26,941	4,849	4,870	36,660
Artists' travel	273	-	273	-	-	273
Postage and mailing	16,419	704	17,123	326	2,330	19,779
In-kind artists' fees	-	15,000	15,000	-	-	15,000
Hall rental	909	75	984	-	-	984
Hiring costs and payroll fees	-	-	-	60,772	-	60,772
Depreciation	4,705	2,416	7,121	1,780	3,815	12,716
Advertising	-	-	-	7,257	-	7,257
Staff travel	785	3,411	4,196	296	636	5,128
In-kind printing	2,342	-	2,342	-	2,705	5,047
In-kind food and beverage	-	-	-	-	6,750	6,750
Book purchases	1,875	602	2,477	102	5,190	7,769
In-kind professional fees	9,664	1,368	11,032	1,008	2,160	14,200
In-kind auction items	-	-	-	-	52,210	52,210
Total Expenses	<u>\$ 1,031,906</u>	<u>\$ 438,151</u>	<u>\$ 1,470,057</u>	<u>\$ 463,857</u>	<u>\$ 494,953</u>	<u>\$ 2,428,867</u>

SEATTLE ARTS & LECTURES

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash received from:		
Program fees and other earned income	\$ 629,520	\$ 826,149
Contributions and grants	2,060,717	1,266,391
Paid to employees, artists and suppliers	<u>(2,254,362)</u>	<u>(2,091,948)</u>
Net Cash Provided by Operating Activities	435,875	592
Cash Flows from Investing Activities		
Purchases of investments	(257,572)	(25,878)
Proceeds from sale of investments	<u>-</u>	<u>532</u>
Net Cash Used by Investing Activities	(257,572)	(25,346)
Net Change in Cash and Cash Equivalents	<u>178,303</u>	<u>(24,754)</u>
Cash and Cash Equivalents - beginning of year	<u>546,185</u>	<u>570,939</u>
Cash and Cash Equivalents - end of year	<u>\$ 724,488</u>	<u>\$ 546,185</u>
Supplemental Information		
Gain on forgiveness of note payable		<u>\$ 162,810</u>

SEATTLE ARTS LECTURES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Founded in 1987, Seattle Arts & Lectures (the Organization) is a nonprofit organization devoted to cultivating transformative experiences through story and language with readers and writers of all generations. From inspiring K-12 students to find, share, and be confident in their authentic writing voices and experiences, to inviting the best writers, poets, and thinkers of our time to grace our city, our stages, our screens, and our classrooms, we are building and engaging our community in envisioning a future in which story and language continuously and courageously revitalize equity, justice, and belonging.

During the year ended June 30, 2022, the Organization sponsored nine major programs, conducted both in-person and virtually. During the year ended June 30, 2021, the Organization sponsored seven major programs, all conducted virtually due to the COVID-19 pandemic.

Literary Arts Series – The Organization’s hallmark program, the Literary Arts Series is one of the premier literary series in the nation presenting original talks with the leading fiction and non-fiction writers of our time. During the year ended June 30, 2022, most programs were produced both in-person and virtually. A total of 6,691 tickets were issued and estimated attendance was 10,036 (unaudited), as many couples or families purchased one ticket to watch virtually from home. During the year ended June 30, 2021, 12,296 virtual tickets for individuals and households were issued.

Writers in the Schools (WITS) – During the year ended June 30, 2022, in-school programming resumed through the Organization's award-winning literary arts education program, Writers in the Schools, dedicated to inspiring students and improving reading and writing in public K-12 classrooms and hospital rooms through on-site, year-long residencies with local professional writers. For the year ended June 30, 2022, WITS directly served approximately 4,200 students and 190 teachers at 25 public schools in the Seattle, Highline, Lake Washington, Snoqualmie Valley, and Port Townsend school districts, as well as at Seattle Children's. For the year ended June 30, 2021, WITS directly served approximately 3,910 students and 118 teachers at 23 public schools.

Youth Poet Laureate (YPL) – The program also hosted the Seattle Youth Poet Laureate program in collaboration with Urban Word from NYC, mentoring a cohort of 11 writers and supporting Seattle’s Youth Poet Laureate in community-wide leadership, speaking opportunities, and the publication of their first book. The YPL Program aims to identify youth writers and leaders who are committed to poetry, performance, civic and community engagement, education, and equity across the Puget Sound Region. At community events throughout the year, Youth Poet Laureates share their powerful voices, leadership, and love of community, and also publish a collection of their poems in collaboration with Poetry Northwest.

SEATTLE ARTS LECTURES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Poetry Series – This series ensures that this essential literary form thrives on all levels in this community by presenting the best and most influential contemporary poets for readings and conversations. In the year ended June 30, 2022, the Organization issued 1,085 tickets and an estimated 1,627 (unaudited) watched virtually. In the year ended June 30, 2021, 629 virtual tickets for individuals and households were issued.

Women You Need to Know – A three-part series featuring and celebrating amazing women authors, artists and thinkers. For the year ended June 30, 2022, SAL issued 1,081 tickets and estimate 1,621 (unaudited) people attended in-person or virtually. For the year ended June 30, 2021, 3,271 virtual tickets for individuals and households were issued.

SAL Presents – A diverse program featuring timely, topical conversations with authors, artists, and thinkers promoting new books, as well as free events focused on racial equity and social justice, and events celebrating the work of our local WITS Writers-in-Residence. For the year ended June 30, 2022, SAL issued 11,421 tickets and estimate 16,951 (unaudited) attended in-person or virtually. For the year ended June 30, 2021, 8,711 virtual tickets for individuals and households were issued.

Journalism Series – A three-part series which shines a spotlight on journalism and journalists and the importance of the free press. The series was created in partnership with National Book Award-winning writer and correspondent Timothy Egan and renowned journalist Sam Howe Verhovek. During the year ended June 30, 2022, SAL issued 1,356 tickets and estimate 2,034 (unaudited) people attended in-person or virtually. For the year ended June 30, 2021, 3,184 virtual tickets for individuals and households were issued.

Community Curated Series – A new three-part series designed to showcase local BIPOC writers and to engage new and existing audiences by bringing that year's curator's vision for a series to life. Last year's creator was bestselling author Ijeoma Oluo and we partnered with Langston as the host for this series. For the year ended June 30, 2022, SAL issued 2,347 tickets and estimate 4,776 (unaudited) people attended in-person or virtually.

Summer Book Bingo – A free summer reading program for adults and kids, presented in partnership with the Seattle Public Library. This program engaged readers from our region in reading over 17,500 (unaudited) books in the summer of 2022.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (financial accounting standards).

SEATTLE ARTS LECTURES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

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.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

When a restriction expires, 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains certain cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Investments

The Organization carries investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in investment return in the change in net assets in the accompanying statement of activities.

SEATTLE ARTS LECTURES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.

Level 3: Inputs that are not observable that reflect management's assumptions and estimates.

Fair value measurements apply to the Organization's investments in bonds and money market funds, which are all classified within Level 1 of the fair value hierarchy.

Accounts Receivable

Accounts receivable are composed primarily of amounts due from school districts for services provided. All account balances are due in less than one year. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. No allowance for uncollectible balances has been established by management based upon the Organization's historical experience in the collection of balances due.

Pledges Receivable

Pledges receivable are unconditional promises to give and are recognized as revenues and assets in the period received. No allowance for uncollectible pledges has been established by management based upon the Organization's historical experience in the collection of balances due.

Property and Equipment

Property and equipment is carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. The Organization capitalizes assets if the cost or value at time of donation is \$1,000 or more with a useful life greater than one year. Depreciation is computed using the straight-line method, currently over a period of three to five years.

SEATTLE ARTS LECTURES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is recognized when earned. Contributions (including those received at special events) are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Revenue from government grants and contracts are recognized based on billings submitted for reimbursement and are subject to audit and retroactive adjustment made by the funding agencies. There were no adjustments resulting from government audits during the years ended June 30, 2022 and 2021. Amounts received in advance are deferred to the applicable period in which the related expenditures incurred.

Revenue from public events and educational programming is recognized when control of these services is transferred to its customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the services provided. Amounts received in advance are deferred to the applicable period in which the related services are performed.

Public events and educational programming may give rise to performance obligations for the Organization. Revenue from contracts with performance obligations is recognized when the Organization satisfies a performance obligation by transferring a promised good or service to a customer at a point in time or over time. For the Organization, these revenues are composed of subscriptions, admissions, and other earned revenue, which do not have a significant financing component, and the consideration amount is not variable.

Gifts In-Kind

Gifts in kind include donated services, facilities and goods that are recorded as contribution revenue, and a corresponding expense, at their estimated fair value at the date of donation. Gifts in kind of donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed when the related program activity occurs. In accordance with accounting principles generally accepted in the United States of America, advertising expenses are classified as management and general in the statement of functional expenses.

SEATTLE ARTS LECTURES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of Functional Expenses

The financial statements present direct costs for expenses that support our programs, administration, and fundraising efforts, as well as an allocated portion of overhead and general expenses. Those allocated expenses include office rent, overhead for phones, copier, computers, and activities that support all departments and activities. These allocations are based on salary distributions calculated from time and effort reporting of all staff.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Subsequent Events

Subsequent events were evaluated through February 16, 2023, which is the date the financial statements were available to be issued.

NOTE C - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 724,488	\$ 546,185
Investments	1,310,579	1,070,774
Accounts and pledges receivable	<u>319,882</u>	<u>266,430</u>
	2,354,949	1,883,389
Less those unavailable for general expenditures within one year:		
Receivables collectable beyond one year	<u>(158,731)</u>	<u>(57,000)</u>
Financial assets available within one year	<u>\$ 2,196,218</u>	<u>\$ 1,826,389</u>

SEATTLE ARTS LECTURES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE C – LIQUIDITY AND AVAILABILITY (Continued)

The Organization’s financial assets experience influxes based on event sales and large fundraising events, as well as expense variations depending on when events occur, but much less dramatically than income. Over the years, the Organization has implemented strategies to manage and even out these variances, including adding a fundraiser in the fall to raise cash earlier in the year to assist during the times when ticket sales are traditionally quieter. The Organization has recently changed the curation strategy to garner more sales earlier in the year. In addition, the Organization has built a 6-month informal cash reserve, which can be drawn if necessary.

NOTE D – INVESTMENTS

The Organization’s investments are composed of the following Level 1 assets at June 30:

	<u>2022</u>	<u>2021</u>
US government bonds	\$ 799,294	\$ 676,511
Corporate bonds	427,212	360,802
Foreign bonds	20,241	11,186
Money market	<u>63,832</u>	<u>22,275</u>
	<u>\$ 1,310,579</u>	<u>\$ 1,070,774</u>

NOTE E – PLEDGES RECEIVABLE

Pledges receivable are composed of the following at June 30:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 146,690	\$ 186,930
Receivable in one to five years	<u>174,000</u>	<u>57,000</u>
	320,690	243,930
Less discounts	<u>(15,269)</u>	<u>-</u>
	<u>\$ 305,421</u>	<u>\$ 243,930</u>

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment are composed of the following at June 30:

	<u>2022</u>	<u>2021</u>
Computer Equipment	\$ 4,272	\$ 4,272
Website Design	<u>63,580</u>	<u>63,580</u>
	67,852	67,852
Less accumulated depreciation	<u>(61,521)</u>	<u>(48,805)</u>
	<u>\$ 6,331</u>	<u>\$ 19,047</u>

SEATTLE ARTS LECTURES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are composed of the following at June 30:

	<u>2022</u>	<u>2021</u>
Time	\$ 538,195	\$ 136,965
Literary Arts Series	-	30,000
Writers in the Schools	-	22,021
Public Programs Series	20,000	20,000
Journalism	-	20,000
Community Curated Series	-	13,000
SAL Presents	<u>27,500</u>	<u>12,500</u>
	<u>\$ 585,695</u>	<u>\$ 254,486</u>

NOTE H – GIFTS IN-KIND

Gifts in-kind are composed of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Donated Advertising	\$ 217,017	\$ 184,384
Donated Auction Items	94,190	52,210
Other Donated Goods	<u>15,394</u>	<u>11,797</u>
Total Donated Goods	326,601	248,391
Donated Services	<u>26,000</u>	<u>29,200</u>
	<u>\$ 352,601</u>	<u>\$ 277,591</u>

Gifts in-kind were used for the following purposes during the years ended June 30:

	<u>2022</u>	<u>2021</u>
Program Services	\$ 26,336	\$ 28,374
Management and General	217,017	185,392
Fundraising	<u>109,248</u>	<u>63,825</u>
	<u>\$ 352,601</u>	<u>\$ 277,591</u>

Donated advertising for upcoming programs is included in management and general on the statement of functional expenses as required by accounting principles generally accepted in the United States of America. Donated auction items are valued at the gross selling price received. Other donated goods are valued at the fair market value of goods received. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

SEATTLE ARTS LECTURES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE I - LEASE COMMITMENT

In October 1, 2021, the Organization extended its non-cancelable operating lease for office space through December 31, 2024. Rent expense under this lease was \$40,911 and \$41,094 during the years ended June 30, 2022 and 2021, respectively. Under this lease, the future minimum lease payments are as follows for the years ending June 30:

2023	\$ 48,780
2024	50,310
2025	<u>25,410</u>
	<u>\$ 124,500</u>

NOTE J - RELATED PARTY TRANSACTIONS

A member of the Organization's Board of Directors during the years ended June 30, 2022 and 2021 was also the Chief Executive Officer of the Organization's primary printing vendor. This vendor has been providing printing services to the Organization for many years prior to the current year related party transactions. The Organization paid the vendor \$81,126 and \$63,532 for printing during the years ended June 30, 2022 and 2021, respectively.

NOTE K - RISKS AND UNCERTAINTIES

In December 2019, a novel strain of coronavirus (COVID-19) was reported. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. The continued impacts of the COVID-19 pandemic have been profound and are still shifting and being understood. During the year ended June 30, 2022, there are several factors the Organization has been tracking, planning for, and managing, and will continue to going forward. These include changed buying habits and event attendance patterns for our public programs, shifting workforce patters and employee turnover, and the potential of a looming economic recession.

Due to increased contributed support, two Paycheck Protection Program forgivable loans, and other significant government pandemic relief funding, the Organization has maintained its 6-month cash operating reserve, despite the challenges of the COVID-19 pandemic over the past few years. The Board of Directors has authorized modest use of the funds, if necessary, over the next expected two to three years until the Organization has recovered from the effects of the pandemic and rebalanced income streams to better serve the mission of the Organization as well as provide more financial stability.