

SEATTLE ARTS & LECTURES

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2021 AND 2020



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Seattle Arts & Lectures
Seattle, Washington

We have audited the accompanying financial statements of Seattle Arts & Lectures (a nonprofit organization), which comprise the statements of financial position as of June 30, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seattle Arts & Lectures as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Jones & Associates PLLC, CPAs".

Jones & Associates PLLC, CPAs
March 21, 2022

TEL 206.525.5170
17544 Midvale Ave N, Suite 100
Shoreline, WA 98133
www.judyjonescpa.com

SEATTLE ARTS & LECTURES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 546,185	\$ 570,939
Investments	1,070,774	1,056,996
Accounts receivable	22,500	16,706
Pledges receivable	186,930	69,092
Prepaid expenses and other assets	118,836	72,548
Total current assets	1,945,225	1,786,281
Pledges receivable, noncurrent	57,000	2,500
Property and equipment, net	19,047	31,763
	\$ 2,021,272	\$ 1,820,544
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 155,211	\$ 62,311
Deferred revenue	57,633	140,374
Total current liabilities	212,844	202,685
 NET ASSETS		
Without donor restrictions	1,553,942	1,284,453
With donor restrictions	254,486	333,406
	1,808,428	1,617,859
	\$ 2,021,272	\$ 1,820,544

**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
	<u>2,390,449</u>	<u>228,987</u>	<u>2,619,436</u>
Net assets released from restriction			
Satisfaction of program restriction	257,640	(257,640)	-
Satisfaction of time restrictions	50,267	(50,267)	-
	<u>307,907</u>	<u>(307,907)</u>	<u>-</u>
Total revenue and support	<u>2,698,356</u>	<u>(78,920)</u>	<u>2,619,436</u>
EXPENSES			
Program services	1,470,057	-	1,470,057
Management and general	463,856	-	463,856
Fundraising	494,954	-	494,954
Total expenses	<u>2,428,867</u>	<u>-</u>	<u>2,428,867</u>
CHANGE IN NET ASSETS	269,489	(78,920)	190,569
NET ASSETS			
Beginning of year	<u>1,284,453</u>	<u>333,406</u>	<u>1,617,859</u>
End of year	<u>\$ 1,553,942</u>	<u>\$ 254,486</u>	<u>\$ 1,808,428</u>

SEATTLE ARTS & LECTURES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Program service fees			
Public events	\$ 1,279,916	\$ -	1,279,916
Education programs	115,095	-	115,095
Total program service fees	1,395,011	-	1,395,011
Contributions	396,388	98,797	495,185
Gifts in-kind	693,087	-	693,087
Special events	216,630	175,483	392,113
Government grants and contracts	188,450	-	188,450
Investment return and other	23,828	-	23,828
	2,913,394	274,280	3,187,674
Net assets released from restriction			
Satisfaction of program restriction	147,492	(147,492)	-
Satisfaction of time restrictions	81,191	(81,191)	-
	228,683	(228,683)	-
Total revenue and support	3,142,077	45,597	3,187,674
EXPENSES			
Program services	1,803,130	-	1,803,130
Management and general	741,522	-	741,522
Fundraising	502,328	-	502,328
Total expenses	3,046,980	-	3,046,980
CHANGE IN NET ASSETS	95,097	45,597	140,694
NET ASSETS			
Beginning of year	1,189,356	287,809	1,477,165
End of year	\$ 1,284,453	\$ 333,406	\$ 1,617,859

SEATTLE ARTS & LECTURES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Management and General	Fund- raising	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
Advertising	-	-	-	7,257	-	7,257
In kind advertising	-	-	-	184,384	-	184,384
Artists' fees	172,875	183,553	356,428	2,050	200	358,678
In kind artists' fees	-	15,000	15,000	-	-	15,000
Food and beverage	3,886	439	4,325	541	6,460	11,326
In kind food and beverage	-	-	-	-	6,750	6,750
Design and printing	50,888	1,982	52,870	-	14,911	67,781
In kind printing	2,342	-	2,342	-	2,705	5,047
Book bundles	162,221	-	162,221	-	-	162,221
Program production	122,673	117	122,790	-	21,224	144,014
Technology support	44,717	16,823	61,540	13,013	28,025	102,578
Occupancy	15,205	7,808	23,013	5,753	12,328	41,094
Hall rental	909	75	984	-	-	984
Office and telephone	13,270	6,801	20,071	5,013	12,131	37,215
Credit card and bank fees	26,762	179	26,941	4,849	4,870	36,660
Professional fees	15,337	14,115	29,452	50,221	44,560	124,233
In kind professional fees	9,664	1,368	11,032	1,008	2,160	14,200
Artists' travel	273	-	273	-	-	273
Depreciation	4,705	2,416	7,121	1,780	3,815	12,716
Postage and mailing	16,419	704	17,123	326	2,330	19,779
Staff travel	785	3,411	4,196	296	636	5,128
In kind auction items	-	-	-	-	52,210	52,210
Book purchases	1,875	602	2,477	102	5,190	7,769
Program development	1,736	103	1,839	-	362	2,201
Hiring costs and payroll fees	-	-	-	60,771	-	60,771
	<u>\$ 1,031,906</u>	<u>\$ 438,151</u>	<u>\$ 1,470,057</u>	<u>\$ 463,856</u>	<u>\$ 494,954</u>	<u>\$ 2,428,867</u>

SEATTLE ARTS & LECTURES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services			Management and General	Fund- raising	Total
	Public Programs	Education	Total			
Salaries and payroll taxes	\$ 316,017	\$ 161,521	\$ 477,538	\$ 80,810	\$ 216,309	\$ 774,657
Employee benefits	26,089	13,527	39,616	7,493	18,416	65,525
Total payroll expenses	342,106	175,048	517,154	88,303	234,725	840,182
Advertising	14,776	85	14,861	-	87	14,948
In kind advertising	-	-	-	576,805	-	576,805
Artists' fees	131,150	273,806	404,956	-	-	404,956
In kind artists' fees	-	20,000	20,000	-	-	20,000
Food and beverage	36,356	2,550	38,906	1,391	47,149	87,446
In kind food and beverage	25,168	675	25,843	-	3,052	28,895
Design and printing	61,995	9,056	71,051	507	13,603	85,161
In kind printing	-	764	764	687	3,511	4,962
Book bundles	252,446	-	252,446	-	-	252,446
Program production	92,753	3,873	96,626	91	25,414	122,131
In kind program production	-	-	-	-	5,000	5,000
Technology support	40,247	19,142	59,389	10,368	30,893	100,650
Occupancy	14,034	7,368	21,402	3,859	9,824	35,085
Hall rental	29,144	1,568	30,712	369	557	31,638
In kind hall rental	-	700	700	1,000	-	1,700
Office and telephone	15,035	7,047	22,082	5,694	17,121	44,897
Credit card and bank fees	27,100	-	27,100	2,275	11,594	40,969
Professional fees	40,875	33,857	74,732	43,360	48,291	166,383
In kind professional fees	12,000	2,100	14,100	1,100	2,800	18,000
Artists' travel	14,502	373	14,875	10	25	14,910
Depreciation	5,362	2,815	8,177	1,475	3,753	13,405
Postage and mailing	16,348	1,541	17,889	562	5,487	23,938
Photography	4,638	246	4,884	24	62	4,970
Staff travel	4,363	7,113	11,476	479	794	12,749
In kind auction items	-	-	-	-	37,725	37,725
Bad debt	-	-	-	3,144	-	3,144
Program development	7,500	99	7,599	-	10	7,609
Venue facility fees	43,341	-	43,341	-	-	43,341
	<u>\$ 1,233,138</u>	<u>\$ 569,992</u>	<u>\$ 1,803,130</u>	<u>\$ 741,522</u>	<u>\$ 502,328</u>	<u>\$ 3,046,980</u>

**SEATTLE ARTS & LECTURES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from program fees and other earned income	\$ 826,149	\$ 1,182,478
Cash received from contributions and grants	1,266,391	1,269,935
Cash paid to employees, artists and suppliers	(2,091,948)	(2,354,907)
	592	97,506
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(25,878)	(1,056,996)
Proceeds from sale of investments	532	-
	(25,346)	(1,056,996)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(24,754)	(959,490)
 CASH AND CASH EQUIVALENTS		
Beginning of the year	570,939	1,530,429
End of the year	\$ 546,185	\$ 570,939
 SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Gain on forgiveness of note payable	\$ 162,810	\$ -

SEATTLE ARTS & LECTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 1 – Nature of Activities and Summary of 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, 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. 12,296 people virtually attended the program during the year.
- Writers in the Schools (WITS) – Online programming continued 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 in-school, yearlong residencies with local professional writers. WITS directly served approximately 3,910 students and 118 teachers at 23 public schools in the Seattle, Highline, Bellevue, and Port Townsend school districts, as well as at Seattle Children’s. 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.
- 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. These events reached 629 people.
- Women You Need to Know – A three-part series featuring and celebrating amazing women authors, artists and thinkers. The series reached 3,271 people during the year.
- SAL Presents – A diverse program featuring timely, topical conversations and other literary surprises with authors, artists, and prominent thinkers. The program served 8,711 people.
- Journalism Series – A three-part series which shines a spotlight on journalism and journalists and the importance of the free press. Created in partnership with National Book Award-winning writer and correspondent Timothy Egan and renowned journalist Sam Howe Verhovek. This series served 3,184 people.

SEATTLE ARTS & LECTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Nature of Activities (Continued) –

- 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 books in the summer of 2021.

Basis of Accounting and Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting and report 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 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. There were no perpetually restricted net assets at June 30, 2021 and 2020.

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 and cash equivalents. At June 30, 2021 and 2020, cash and cash equivalents are composed of checking and savings accounts. 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
JUNE 30, 2021 AND 2020

Note 1 – Nature of Activities and 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. Pledges receivable that are expected to be collected in more than one year have not been discounted to the present value of estimated cash flows based on the Organization’s determination that the discount would not be material to the financial statements. 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.

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.

SEATTLE ARTS & LECTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued) – 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, 2021 and 2020. 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 contributions 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.

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).

SEATTLE ARTS & LECTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Subsequent Events – Subsequent events were evaluated through March 21, 2022, which is the date the financial statements were available to be issued.

Note 2 – 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:

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 546,185	\$ 570,939
Investments	1,070,774	1,056,996
Accounts and pledges receivable	266,430	88,298
	1,883,389	1,716,233
Less those unavailable for general expenditures within one year:		
Receivables collectible beyond one year	(57,000)	(2,500)
Financial assets available within one year	\$ 1,826,389	\$ 1,713,733

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 3 – Investments

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

	2021	2020
US government bonds	\$ 676,511	\$ 540,184
Corporate bonds	360,802	378,075
Foreign bonds	11,186	-
Money market	22,275	138,737
	\$ 1,070,774	\$ 1,056,996

SEATTLE ARTS & LECTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 4 – Pledge Receivable

Pledge receivable are composed of the following at June 30:

	2021	2020
Receivable in less than one year	\$ 186,930	\$ 69,092
Receivable in one to five years	57,000	2,500
	<u>\$ 243,930</u>	<u>\$ 71,592</u>

Note 5 – Property and Equipment

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

	2021	2020
Computer equipment	\$ 4,272	\$ 4,272
Website design	63,580	63,580
	<u>67,852</u>	<u>67,852</u>
Less accumulated depreciation	(48,805)	(36,089)
	<u>\$ 19,047</u>	<u>\$ 31,763</u>

Note 6 – Net Assets with Donor Restrictions

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

	2021	2020
Time restriction	\$ 136,965	\$ 60,766
Literary Arts Series	30,000	-
Writers in the Schools program	22,021	49,832
Public Programs Series	20,000	20,000
Journalism	20,000	15,000
Community Curated Series	13,000	-
SAL Presents	12,500	-
Words Matter	-	187,808
	<u>\$ 254,486</u>	<u>\$ 333,406</u>

SEATTLE ARTS & LECTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 7 – Gifts In-Kind

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

	2021	2020
Donated advertising	\$ 184,384	\$ 576,805
Donated auction items	52,210	37,725
Other donated goods	11,797	38,857
Total donated goods	<u>248,391</u>	<u>653,387</u>
Donated facilities	-	1,700
Donated services	29,200	38,000
	<u>\$ 277,591</u>	<u>\$ 693,087</u>

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

	2021	2020
Program services	\$ 28,374	\$ 61,406
Management and general	185,392	579,592
Fundraising	63,825	52,089
	<u>\$ 277,591</u>	<u>\$ 693,087</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.

Note 8 – Lease Commitment

In October 1, 2021, the Organization amended its non-cancelable operating lease for office space through December 31, 2024. Rent expense under this lease was \$41,094 and \$35,085 during the years ended June 30, 2021 and 2020, respectively. Under this lease, the future minimum lease payments due for the year ending June 30 are as follows:

2022	\$ 32,517
2023	48,780
2024	50,310
2025	25,410
	<u>\$ 157,017</u>

SEATTLE ARTS & LECTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 9 – Related Party Transaction

A member of the Organization’s Board of Directors during the years ended June 30, 2021 and 2020 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 \$63,532 and \$68,719 for printing during the years ended June 30, 2021 and 2020, respectively.

Note 10 – 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 impact of the COVID-19 pandemic over the last two years on the Organization has been profound. The Organization closed its Seattle office in early March 2020, and, though some staff are slowly returning, the bulk of our work has been remote since that time. The Organization shifted all of its programming, including public program events, youth education programs, and fundraising events, to a virtual format which continued through the entirety of the 2021 fiscal year.

Going forward, the impact of COVID-19 and recovery from the extended pandemic on the Organization will depend on developments that are uncertain and difficult to plan for, including: the impact of new variants of the virus; the comfort and desire of audiences to come back to in-person events; and the country’s overall economic recovery and the impact on public and private funding. The Organization’s Board has approved use of reserves if needed in the year ended June 30, 2022 and is planning on a multi-year timeline to a full recovery.