

SEATTLE ARTS & LECTURES
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2020 AND 2019



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, 2020 and 2019, 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, 2020 and 2019, 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.

Jones & Associates PLLC, CPAs

Jones & Associates PLLC, CPAs
April 27, 2021

SEATTLE ARTS & LECTURES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 570,939	\$ 1,530,429
Investments	1,056,996	-
Accounts receivable	16,706	14,638
Pledges receivable	69,092	240,515
Prepaid expenses and other assets	72,548	89,554
Total current assets	1,786,281	1,875,136
Pledges receivable, noncurrent	2,500	27,332
Property and equipment, net	31,763	45,168
	\$ 1,820,544	\$ 1,947,636
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 62,311	\$ 93,736
Deferred revenue	140,374	376,735
Total current liabilities	202,685	470,471
 NET ASSETS		
Without donor restrictions	1,284,453	1,189,356
With donor restrictions	333,406	287,809
	1,617,859	1,477,165
	\$ 1,820,544	\$ 1,947,636

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
	<u>2,913,394</u>	<u>274,280</u>	<u>3,187,674</u>
Net assets released from restriction			
Satisfaction of program restriction	147,492	(147,492)	-
Satisfaction of time restrictions	81,191	(81,191)	-
	<u>228,683</u>	<u>(228,683)</u>	<u>-</u>
Total revenue and support	<u>3,142,077</u>	<u>45,597</u>	<u>3,187,674</u>
EXPENSES			
Program services	1,803,130	-	1,803,130
Management and general	741,522	-	741,522
Fundraising	502,328	-	502,328
Total expenses	<u>3,046,980</u>	<u>-</u>	<u>3,046,980</u>
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	<u>\$ 1,284,453</u>	<u>\$ 333,406</u>	<u>\$ 1,617,859</u>

SEATTLE ARTS & LECTURES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Program service fees			
Public events	\$ 1,175,736	\$ -	1,175,736
Education programs	157,689	-	157,689
Total program service fees	1,333,425	-	1,333,425
Contributions	562,921	214,149	777,070
Gifts in-kind	910,055	-	910,055
Special events	512,975	-	512,975
Government grants and contracts	35,300	15,660	50,960
Investment return and other	319	-	319
	<u>3,354,995</u>	<u>229,809</u>	<u>3,584,804</u>
Net assets released from restriction			
Satisfaction of program restriction	136,429	(136,429)	-
Satisfaction of time restrictions	87,434	(87,434)	-
	<u>223,863</u>	<u>(223,863)</u>	<u>-</u>
Total revenue and support	<u>3,578,858</u>	<u>5,946</u>	<u>3,584,804</u>
EXPENSES			
Program services	1,853,061	-	1,853,061
Management and general	828,019	-	828,019
Fundraising	541,112	-	541,112
Total expenses	<u>3,222,192</u>	<u>-</u>	<u>3,222,192</u>
CHANGE IN NET ASSETS	356,666	5,946	362,612
NET ASSETS			
Beginning of year	832,690	281,863	1,114,553
End of year	<u>\$ 1,189,356</u>	<u>\$ 287,809</u>	<u>\$ 1,477,165</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
Book purchases	1,899	166	2,065	19	851	2,935
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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services			Management and General	Fund- raising	Total
	Public Programs	Education	Total			
Salaries and payroll taxes	\$ 302,437	\$ 116,840	\$ 419,277	\$ 37,079	\$ 194,086	\$ 650,442
Employee benefits	23,440	8,930	32,370	2,982	13,926	49,278
Total payroll expenses	325,877	125,770	451,647	40,061	208,012	699,720
Advertising	16,992	-	16,992	-	12	17,004
In kind advertising	-	-	-	734,356	-	734,356
Artists' fees	189,200	256,835	446,035	100	-	446,135
In kind artists' fees	-	23,000	23,000	-	-	23,000
Food and beverage	58,880	3,466	62,346	799	79,172	142,317
In kind food and beverage	29,540	1,688	31,228	-	4,605	35,833
Design and printing	62,235	12,939	75,174	155	17,075	92,404
In kind printing	1,767	1,174	2,941	80	6,168	9,189
Book bundles	164,853	-	164,853	-	-	164,853
Program production	134,477	5,518	139,995	33	30,678	170,706
In kind program production	-	-	-	-	9,977	9,977
Technology support	55,473	22,588	78,061	7,246	34,476	119,783
Occupancy	14,927	6,166	21,093	1,946	9,411	32,450
Hall rental	98,468	2,367	100,835	808	242	101,885
In kind hall rental	2,594	900	3,494	-	2,406	5,900
Office and telephone	19,367	7,673	27,040	7,603	11,795	46,438
Credit card and bank fees	38,658	89	38,747	23	11,688	50,458
Professional fees	26,168	26,231	52,399	32,115	26,390	110,904
In kind professional fees	11,600	1,900	13,500	600	2,900	17,000
Artists' travel	48,351	130	48,481	-	-	48,481
Depreciation	6,166	2,547	8,713	805	3,887	13,405
Postage and mailing	14,379	1,841	16,220	341	3,206	19,767
Photography	7,401	1,513	8,914	110	1,449	10,473
Staff travel	12,017	7,459	19,476	313	2,641	22,430
In kind auction items	-	-	-	-	74,800	74,800
Book purchases	1,710	167	1,877	25	122	2,024
Bad debt	-	-	-	500	-	500
	<u>\$ 1,341,100</u>	<u>\$ 511,961</u>	<u>\$ 1,853,061</u>	<u>\$ 828,019</u>	<u>\$ 541,112</u>	<u>\$ 3,222,192</u>

**SEATTLE ARTS & LECTURES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from program fees and other earned income	\$ 1,182,478	\$ 1,551,593
Cash received from contributions and grants	1,269,935	1,329,611
Cash paid to employees, artists and suppliers	(2,354,907)	(2,297,569)
	97,506	583,635
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,056,996)	-
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(959,490)	583,635
 CASH AND CASH EQUIVALENTS		
Beginning of the year	1,530,429	946,794
End of the year	\$ 570,939	\$ 1,530,429

SEATTLE ARTS & LECTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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 championing the literary arts by inspiring and engaging readers and writers of all generations in the greater Puget Sound region. The Organization provides children and adults with opportunities to meet writers and cultural thinkers; to read and reflect upon novels, poems, and other literary works; to encounter new ideas and artistic creations; to develop their own writing; and to engage in meaningful and open discussions about literature, culture, and society. These activities are essential to the development of a more creative, thoughtful, and democratic society.

During the year ended June 30, 2020, the Organization sponsored eight major programs, all of which pivoted online after March 2020 due to the COVID-19 pandemic:

- Literary Arts Series – The Organization’s hallmark program, the Literary Arts Series brings to Seattle leading cultural thinkers and writers of our time. 13,305 people attended the program during the year, including our online events with Luis Alberto Urrea, Carol Anderson, and Min Jin Lee.
- Writers in the Schools (WITS) – The Organization’s award-winning language arts education program, dedicated to improving reading and writing in K-12 public schools through in-school residencies with local professional writers. WITS directly served approximately 5,001 students and 169 teachers at 32 public schools in the Seattle, Highline, Shoreline, Bellevue, Lake Washington, and Port Townsend school districts, as well as at Children’s Hospital. Once schools shut down in March, writers continued to support schools online, through 37 asynchronous lesson plans, 6 paper form lessons, and 19 live video sessions shared without charge with teachers, students, and the community at large. The program also hosted the Seattle Youth Poet Laureate program in collaboration with Urban Word from NYC, mentoring a cohort of 8 writers and supporting Seattle’s Youth Poet Laureate in community-wide leadership, speaking opportunities, and the publication of their first book.
- Poetry Series – This series presents distinguished established and emerging poets for readings and conversations, including an online event with Rick Barot. These events reached 2,016 people.
- Women You Need to Know – A three-part series featuring and celebrating women authors, artists, iconoclasts, and thinkers. The series reached 1,691 people during the year, and the final series event was postponed until Spring 2021.
- SAL Presents – A diverse program that brings an evolving roster of artists and prominent thinkers speaking about their latest work, as well as other literary surprises. The program served 7,541 people.
- Hinge – Hinge aims to increase relevancy and accessibility by featuring authors from and for the next generation via low-cost ticket options. Topics range from pop culture to social justice. The series reached 945 people during the year.

SEATTLE ARTS & LECTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Nature of Activities (Continued) –

- 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 4,479 people, including SAL’s first ever online event with Elizabeth Kolbert.
- Summer Book Bingo – A free summer reading program for adults and kids, presented in partnership with the Seattle Public Library which this year was released early in response to community requests, and engaged readers from our region in reading almost 13,000 books in the summer of 2020.

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, 2020 and 2019.

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, 2020 and 2019, cash and cash equivalents consist 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, 2020 AND 2019

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 consist 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, 2020 AND 2019

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, 2020 and 2019. 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 consist 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, 2020 AND 2019

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

New Accounting Pronouncements – The Financial Accounting Standards Board (FASB) issued two Accounting Standard Updates (ASUs) that will affect the Organization’s revenue recognition.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09, and all subsequently-issued clarifying ASUs, replaced most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (U.S. GAAP). ASU 2014-09 also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted ASU 2014-09 effective July 1, 2019, using the modified retrospective approach. There was no cumulative effect from the initial application recognized as an adjustment to opening net assets as a result of the adoption, and the adoption did not have a significant impact on the financial statements for the year ended June 30, 2020.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance in evaluating whether transactions should be accounted for as nonexchange or exchange transactions. In addition, ASU 2018-08 provides guidance for the identification and recognition of conditional nonexchange transactions. The Organization adopted ASU 2018-08 effective July 1, 2019, using the modified prospective approach. The adoption did not have a significant impact on the financial statements for the year ended June 30, 2020.

Subsequent Events – Subsequent events were evaluated through April 27, 2021, 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:

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 570,939	\$ 1,530,429
Investments	1,056,996	-
Accounts and pledges receivable	88,298	282,485
	1,716,233	1,812,914
Less those unavailable for general expenditures within one year:		
Receivables collectible beyond one year	(2,500)	(27,332)
Financial assets available within one year	\$ 1,713,733	\$ 1,785,582

SEATTLE ARTS & LECTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 – 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 3 – Investments

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

	2020	2019
US government bonds	\$ 540,184	\$ -
Corporate bonds	378,075	-
Money market	138,737	-
	<u>\$ 1,056,996</u>	<u>\$ -</u>

Note 4 – Pledge Receivable

Pledge receivable consists of the following at June 30:

	2020	2019
Receivable in less than one year	\$ 69,092	\$ 240,515
Receivable in one to five years	2,500	27,332
	<u>\$ 71,592</u>	<u>\$ 267,847</u>

Note 5 – Property and Equipment

Property and equipment consists of the following at June 30:

	2020	2019
Computer equipment	\$ 4,272	\$ 4,272
Website design	63,580	63,580
	67,852	67,852
Less accumulated depreciation	(36,089)	(22,684)
	<u>\$ 31,763</u>	<u>\$ 45,168</u>

SEATTLE ARTS & LECTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 6 – Net Assets with Donor Restrictions

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

	2020	2019
Words Matter	\$ 187,808	\$ -
Time restriction	60,766	110,485
Writers in the Schools program	49,832	50,324
Public Programs Series	20,000	7,000
Journalism	15,000	15,000
Literary Arts Series	-	62,500
SAL Presents	-	30,000
Poetry Series	-	12,500
	<u>\$ 333,406</u>	<u>\$ 287,809</u>

Note 7 – Gifts In-Kind

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

	2020	2019
Donated advertising	\$ 576,805	\$ 734,356
Donated auction items	37,725	74,800
Other donated goods	38,857	49,999
Total donated goods	<u>653,387</u>	<u>859,155</u>
Donated facilities	1,700	5,900
Donated services	38,000	45,000
	<u>\$ 693,087</u>	<u>\$ 910,055</u>

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

	2020	2019
Program services	\$ 61,406	\$ 76,569
Management and general	579,592	735,036
Fundraising	52,089	98,450
	<u>\$ 693,087</u>	<u>\$ 910,055</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.

SEATTLE ARTS & LECTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 8 – Lease Commitment

In March 2020, the Organization amended its non-cancelable operating lease for office space through May 2021. Rent expense under this lease was \$35,085 and \$32,450 during the years ended June 30, 2020 and 2019, respectively. Under this lease, the future minimum lease payments due for the year ending June 30, 2021 are \$35,596.

Note 9 – Related Party Transaction

A member of the Organization’s Board of Directors during the years ended June 30, 2020 and 2019 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 \$68,719 and \$70,466 for printing during the years ended June 30, 2020 and 2019, respectively.

Note 10 – Risks and Uncertainties

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. The impact of the COVID-19 pandemic on the Organization has been profound. The Organization closed its Seattle office in early March 2020, and all staff have worked remotely since that time. The Organization shifted all of its programming, including public program events, youth education programs, and fundraising events, to a virtual format.

Despite the immense challenges presented by the pandemic, the Organization was able to end FY2020 with a surplus due to strong subscription and ticket sales early in the season, a \$128,300 Payroll Protection Program loan through the Small Business Administration as part of the CARES Act (which the Organization recognized as government grant revenue in FY2020, as it expects to meet qualifications to have the full loan amount forgiven), and two very successful virtual fundraisers in the spring.

Going forward, the impact of COVID-19 on the Organization will depend on developments that are uncertain and difficult to plan for, including: the duration and spread of the outbreak; the impact of new variants of the virus; the availability, delivery, and acceptance of vaccines; the process for reopening schools and performance venues; 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, 2021.