

CONSOLIDATED FINANCIAL STATEMENTS

**JOSHUA M. FREEMAN FOUNDATION AND
FREEMAN ARTS PAVILION, INC.**

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

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors
Joshua M. Freeman Foundation and Freeman Arts Pavilion, Inc.
Selbyville, Delaware

Opinion

We have audited the accompanying consolidated financial statements of the Joshua M. Freeman Foundation and Freeman Arts Pavilion, Inc. (the Organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position on page 23 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2022, on our consideration of the Joshua M. Freeman Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Joshua M. Freeman Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Joshua M. Freeman Foundation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

May 13, 2022

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,461,802	\$ 6,934,963
Investments	5,222,115	2,441,647
Accrued interest	19,614	858
Due from related parties	24,522	8,589
Grants and contributions receivable	296,398	116,547
Pledges receivable	428,666	519,500
Prepaid expenses and other assets	5,499	17,404
Right-of-use asset	<u>47,128</u>	<u>-</u>
Total current assets	<u>13,505,744</u>	<u>10,039,508</u>
FIXED ASSETS		
Land	1,257,500	1,257,500
Furniture and equipment	1,164,700	1,648,893
Signage	98,564	98,564
Vehicles	<u>9,946</u>	<u>9,946</u>
	2,530,710	3,014,903
Less: Accumulated depreciation and amortization	<u>(846,989)</u>	<u>(1,144,782)</u>
Net fixed assets	<u>1,683,721</u>	<u>1,870,121</u>
NONCURRENT AND OTHER ASSETS		
Restricted cash	124,200	148,132
Right of use asset, net of current portion	150,047	-
Pledges receivable, net of current portion and present value discount	216,894	564,818
Construction in progress	<u>2,633,676</u>	<u>1,976,891</u>
Total noncurrent and other assets	<u>3,124,817</u>	<u>2,689,841</u>
TOTAL ASSETS	<u>\$ 18,314,282</u>	<u>\$ 14,599,470</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 121,684	\$ 117,694
Deferred revenue	-	400
Refundable advances	515,000	115,000
Lease liability	<u>40,517</u>	<u>-</u>
Total current liabilities	677,201	233,094
NONCURRENT LIABILITIES		
Lease liability, net of current portion	<u>164,608</u>	<u>-</u>
Total liabilities	<u>841,809</u>	<u>233,094</u>
NET ASSETS		
Without donor restrictions	6,705,255	2,678,002
With donor restrictions	<u>10,767,218</u>	<u>11,688,374</u>
Total net assets	<u>17,472,473</u>	<u>14,366,376</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,314,282</u>	<u>\$ 14,599,470</u>

See accompanying notes to consolidated financial statements.

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Operating revenue, net of cost of goods sold of \$221,107	\$ 6,194,231	\$ -	\$ 6,194,231
Fundraising and sponsorships, net of cost of auction items of \$24,483	1,652,307	-	1,652,307
Grants and pledges - Government, corporate, foundations and other	2,340,292	700,892	3,041,184
Interest and investment gain, net	2,479	15,887	18,366
Net assets released from donor restrictions	<u>1,637,935</u>	<u>(1,637,935)</u>	<u>-</u>
Total support and revenue	<u>11,827,244</u>	<u>(921,156)</u>	<u>10,906,088</u>
EXPENSES			
Program Services	7,122,340	-	7,122,340
Management and General	299,645	-	299,645
Fundraising	<u>378,006</u>	<u>-</u>	<u>378,006</u>
Total expenses	<u>7,799,991</u>	<u>-</u>	<u>7,799,991</u>
Changes in net assets	4,027,253	(921,156)	3,106,097
Net assets at beginning of year	<u>2,678,002</u>	<u>11,688,374</u>	<u>14,366,376</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,705,255</u>	<u>\$ 10,767,218</u>	<u>\$ 17,472,473</u>

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Operating revenue, net of cost of goods sold of \$20,506	\$ 334,697	\$ -	\$ 334,697
Fundraising and sponsorships, net of cost of auction items of \$5,210	1,297,737	-	1,297,737
Grants and pledges - Government, corporate, foundations and other	57,460	3,342,478	3,399,938
Contribution of land	370,000	-	370,000
Interest and investment (loss) gain, net	(65,090)	57,864	(7,226)
Net assets released from donor restrictions	<u>238,849</u>	<u>(238,849)</u>	<u>-</u>
Total support and revenue	<u>2,233,653</u>	<u>3,161,493</u>	<u>5,395,146</u>
EXPENSES			
Program Services	1,339,076	-	1,339,076
Management and General	198,713	-	198,713
Fundraising	<u>421,607</u>	<u>-</u>	<u>421,607</u>
Total expenses	<u>1,959,396</u>	<u>-</u>	<u>1,959,396</u>
Changes in net assets before other item	274,257	3,161,493	3,435,750
OTHER ITEM			
Extinguishment of debt	<u>180,487</u>	<u>-</u>	<u>180,487</u>
Changes in net assets	454,744	3,161,493	3,616,237
Net assets at beginning of year	<u>2,223,258</u>	<u>8,526,881</u>	<u>10,750,139</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,678,002</u>	<u>\$ 11,688,374</u>	<u>\$ 14,366,376</u>

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management and General	Fundraising	Total Expenses
Productions	\$ 3,888,670	\$ -	\$ -	\$ 3,888,670
Personnel	820,604	190,754	205,151	1,216,509
Events and activities	-	-	152,877	152,877
Design and print	23,863	-	11,739	35,602
Promotional costs	110,961	-	-	110,961
Professional fees	91,060	9,466	1,426	101,952
Insurance	223,879	1,086	762	225,727
Training and travel	17,922	7,431	3,328	28,681
Postage and delivery	313	449	1,365	2,127
Facility expenses	642,909	24,381	300	667,590
Bank, credit card and ticket processing fees	171,312	5,661	20,366	197,339
Accounting and audit	-	33,190	-	33,190
Depreciation and amortization	144,502	-	2,581	147,083
Telecommunications	8,433	1,215	1,314	10,962
Loss on obsolescence of capital assets	89,710	-	-	89,710
Loss on disposal of construction in progress costs	1,104,051	-	-	1,104,051
Office expense	5,258	26,012	1,280	32,550
Subtotal	7,343,447	299,645	402,489	8,045,581
Less: Cost of sales	(221,107)	-	-	(221,107)
Less: Cost of auction items	-	-	(24,483)	(24,483)
TOTAL	\$ 7,122,340	\$ 299,645	\$ 378,006	\$ 7,799,991

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services	Management and General	Fundraising	Total Expenses
Productions	\$ 281,396	\$ -	\$ -	\$ 281,396
Personnel	644,387	148,705	198,273	991,365
Events and activities	-	-	130,075	130,075
Design and print	4,976	-	6,638	11,614
Promotional costs	5,732	-	-	5,732
Professional fees	58,878	1,925	54,556	115,359
Insurance	34,085	1,036	739	35,860
Training and travel	6,043	3,638	2,504	12,185
Postage and delivery	1,030	250	1,670	2,950
Facility expenses	124,160	4,742	6,435	135,337
Bank, credit card and ticket processing fees	3,420	1,284	20,812	25,516
Accounting and audit	-	29,627	-	29,627
Depreciation and amortization	179,307	-	1,934	181,241
Telecommunications	9,938	1,040	1,412	12,390
Office expense	6,230	6,466	1,769	14,465
Subtotal	1,359,582	198,713	426,817	1,985,112
Less: Cost of sales	(20,506)	-	-	(20,506)
Less: Cost of auction items	-	-	(5,210)	(5,210)
TOTAL	\$ 1,339,076	\$ 198,713	\$ 421,607	\$ 1,959,396

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 3,106,097	\$ 3,616,237
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	147,083	181,241
Realized and unrealized loss on investments	63,085	87,522
Loss on obsolescence of capital assets	89,710	-
Loss on disposal of construction in progress costs	1,104,051	-
Extinguishment of debt	-	(180,487)
Donated land	-	(370,000)
Receipt of donated capital assets	(15,000)	-
Net change in right of use asset and operating lease liability	7,951	-
Change in discount on noncurrent pledges receivable	(3,742)	(37,228)
(Increase) decrease in:		
Accrued interest	(18,756)	1,122
Due from related parties	(15,933)	(8,589)
Grants and contributions receivable	(179,851)	(9,802)
Pledges receivable	442,500	135,500
Prepaid expenses and other assets	11,905	(12,101)
Increase (decrease) in:		
Accounts payable and accrued liabilities	3,988	32,741
Deferred revenue	(400)	(528)
Refundable advances	<u>400,000</u>	<u>100,000</u>
Net cash provided by operating activities	<u>5,142,688</u>	<u>3,535,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed income investments	(5,285,199)	-
Sales of investments and redemption of certificates of deposit	2,441,647	926,676
Purchase of land	-	(887,500)
Purchase of furniture and equipment	(35,393)	(2,500)
Payments for construction in progress	<u>(1,760,836)</u>	<u>(699,630)</u>
Net cash used by investing activities	<u>(4,639,781)</u>	<u>(662,954)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>-</u>	<u>180,487</u>
Net cash provided by financing activities	<u>-</u>	<u>180,487</u>
Net increase in cash and cash equivalents	502,907	3,053,161
Cash and cash equivalents at beginning of year	<u>7,083,095</u>	<u>4,029,934</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR, INCLUDING RESTRICTED CASH OF \$124,200 AND \$148,132 ON DECEMBER 31, 2021 AND 2020, RESPECTIVELY	<u><u>\$ 7,586,002</u></u>	<u><u>\$ 7,083,095</u></u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Right-of-Use Asset	<u><u>\$ 243,125</u></u>	<u><u>\$ -</u></u>
Operating Lease Liability for Right-of-Use Asset	<u><u>\$ 243,125</u></u>	<u><u>\$ -</u></u>
Donated Land	<u><u>\$ -</u></u>	<u><u>\$ 370,000</u></u>

See accompanying notes to consolidated financial statements.

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization

Joshua M. Freeman Foundation (JMFF) is a not-for-profit organization, incorporated in the State of Delaware in 2007. Its purpose is creating opportunities that elevate the human spirit. Its current principal activity is presenting a variety of performances at the Freeman Arts Pavilion, a seasonal, open air performance space at Bayside in Sussex County, Delaware. Additionally, the Arts Access Initiative program partners with schools in the area to build a relevant, impactful arts education program that will provide a layered approach to the schools' current curriculum by presenting opportunities for students to experience diverse arts.

As a result of the impact of COVID-19 on performing arts organizations, commencing in 2020 the programs offered in the schools were significantly reduced and the Freeman Arts Pavilion opened in its newer, larger venue with the physically distanced "seating pods." During 2021, the venue returned to a full season of performances managed within public health and safety guidelines and protocols.

Joshua M. Freeman Foundation established a not-for-profit supporting organization named "Freeman Arts Pavilion, Inc." The primary activity of the supporting organization is the construction, maintenance and ownership of a new larger performing arts venue near the location of the existing facility. The new venue will directly further the mission of the Joshua M. Freeman Foundation, expand programming and accommodate larger audiences.

The Board of Directors of JMFF also serves as the Board of Directors of the Freeman Arts Pavilion, Inc., who elected to implement a multi-phase plan for the new venue which allowed expanded seating in 2021. Construction for additional phases is expected to occur gradually over the coming four to six years with work being completed off-season (October through May) based on the fundraising initiatives for the capital campaign. This will allow seasonal programming at the venue to occur without interruption. Current plans provide that, when complete, the new facility will accommodate approximately 4,000 patrons, with 1,100 under roof, and feature state-of-art sound, lighting and video capabilities, an expanded concession and dining area, additional restrooms, artists' dressing rooms, and production space.

The Freeman Arts Pavilion, Inc. received final site plan approval from Sussex County Planning and Zoning on November 12, 2020 for both the Interim Phase 1 site plan allowing 550 pods and capacity of 2,200 patrons while public health restrictions are in effect, and the final plan approval with capacity for over 4,000 patrons.

Basis of presentation

The accompanying consolidated financial statements reflect the activity of Joshua M. Freeman Foundation and the Freeman Arts Pavilion, Inc. (the Organization). The financial statements have been consolidated as Joshua M. Freeman Foundation exercised significant influence over (and controls) Freeman Arts Pavilion, Inc. All intercompany transactions have been eliminated in consolidation. The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions".

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Basis of presentation (continued)

- **Net Assets Without Donor Restrictions (continued)** - Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported 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 or is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncements adopted

During 2021, the Organization early adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. The Organization applied the new standard at the inception of a new lease that began in 2021 and also the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases.

Cash and cash equivalents

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to the limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments

Investments are recorded at their readily determinable fair value. Unrealized and realized gains and losses are included in investment gain (loss) net of investment expenses paid to external investment advisors in the Consolidated Statements of Activities and Changes in Net Assets.

Receivables

Accounts, grants and contributions and pledges receivable are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Receivables (continued)

Amortization of the discounts is included in grants and pledges revenue. Conditional promises to give are not included as support until the conditions are substantially met. All receivables are considered by management to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets

Fixed asset acquisitions in excess of \$5,000 are capitalized and are stated at cost. Furniture and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. The cost of maintenance and repairs is recorded as expenses are incurred.

Construction in progress

The Organization records acquisitions of certain long-term assets (including construction costs) as Construction in progress in the "Noncurrent and Other Assets" section in the accompanying Consolidated Statements of Financial Position. At the time such assets are placed in service, they will be transferred into fixed assets (and released from donor restrictions), and will be depreciated over the estimated useful lives of the assets.

Income taxes

Joshua M. Freeman Foundation has been recognized as an exempt organization under Section 501 (c)(3) of the Internal Revenue Code effective as of March 7, 2007 and is further classified as a public charity under Section 170(b)(1)(A)(vi). The Freeman Arts Pavilion, Inc. has been recognized as an exempt organization under Section 501 (c)(3) of the Internal Revenue Code and is further classified as a public charity under 509(a)(3). JMFF is not a private foundation.

Uncertain tax positions

For the years ended December 31, 2021 and 2020, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Revenue recognition

Operating revenue is recorded on an accrual basis and consists of ticket and concession sales from programs that are primarily offered at the Freeman Arts Pavilion. Fundraising and sponsorship revenue includes charitable contributions and other support and is recognized in the year it is received from the donor.

A significant portion of the Organization's revenue is received through awards from individuals, foundations, corporations, the United States Government and the Delaware state government. Contributions and grants are recognized in the appropriate category of net assets in the period received.

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue recognition (continued)

The Organization performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Awards received by the Organization that are unconditional contributions with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Awards qualifying as conditional contributions contain a right of return or right of release from obligation provision and a defined barrier (or barriers), and the entity has limited discretion over how funds transferred should be spent. Accordingly, revenue is recognized when the condition or conditions are satisfied (when the related barrier has been overcome); these transactions are nonreciprocal and classified as conditional, and are recognized as contributions when the revenue becomes unconditional. During the year ended December 31, 2021, the Organization received assistance (under conditional awards) from the US Government totaling \$2,299,535. There was no such assistance during 2020.

Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. As of December 31, 2021 and 2020, total refundable advances aggregated \$515,000 and \$115,000, respectively.

Use of estimates

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

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Expenses directly attributed to a specific functional area of the Organization are reported as expenses of those functional areas which include the following:

- Program Services - costs related to the production of performances and arts education
- Fundraising - costs related to all fundraising efforts and related development activities
- Management and General - costs not directly applicable to program services or fundraising

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Functional allocation of expenses (continued)

At year-end, certain management and general expenses are allocated to program services and fundraising based on the allocation of staff hours worked as recorded in bi-weekly timesheets throughout the year since they have been identified as providing support to both program services and the fundraising functions, and include office expenses such as utilities and supplies.

Fair value measurement

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Economic uncertainties

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organization's operations. The overall potential impact is unknown at this time.

New accounting pronouncement not yet adopted

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets. The Organization plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its consolidated financial statements.

2. INVESTMENTS

Investments consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income (corporate and government bonds/securities)	\$ 5,285,199	\$ 5,222,115	\$ -	\$ -
Certificates of deposit	<u>-</u>	<u>-</u>	<u>2,427,000</u>	<u>2,441,647</u>
TOTAL INVESTMENTS	<u>\$ 5,285,199</u>	<u>\$ 5,222,115</u>	<u>\$ 2,427,000</u>	<u>\$ 2,441,647</u>

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

2. INVESTMENTS (Continued)

During the years ended December 31, 2021 and 2020, interest and investment gain (loss) included the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 81,626	\$ 80,646
Investment fees	(175)	(350)
Realized and unrealized losses on investments	<u>(63,085)</u>	<u>(87,522)</u>
NET INTEREST AND INVESTMENT GAIN (LOSS)	<u>\$ 18,366</u>	<u>\$ (7,226)</u>

3. PLEDGES RECEIVABLE

The Organization has received written promises to give of which \$650,000 and \$1,092,500 remained outstanding as of December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, pledges due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 1.10% and 2.59%, respectively. Pledges are due as follows at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 428,666	\$ 519,500
One to five years	<u>221,334</u>	<u>573,000</u>
Total pledges receivable	650,000	1,092,500
Less: Allowance to discount balance to present value	<u>(4,440)</u>	<u>(8,182)</u>
NET PLEDGES RECEIVABLE	<u>\$ 645,560</u>	<u>\$ 1,084,318</u>

4. PAYCHECK PROTECTION PROGRAM

In April 2020, JMFF received loan proceeds totaling \$180,487 under the Paycheck Protection Program (PPP) through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The promissory note required monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. During the year ended December 31, 2020, JMFF used the proceeds for purposes consistent with PPP, and applied for forgiveness after completing the 24-week period. In December 2020, JMFF received full forgiveness of the loan and has recorded revenue from extinguishment of debt in the accompanying 2020 Consolidated Statement of Activities and Changes in Net Assets.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Facility Planning and Development	\$ 10,352,918	\$ 11,427,992
Program Services	<u>414,300</u>	<u>260,382</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 10,767,218</u>	<u>\$ 11,688,374</u>

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During the year ended December 31, 2021, JMFF awarded the Freeman Arts Pavilion grants totaling \$1,338,000 (for facility planning and development). As the financial statements are presented on a consolidated basis, this award activity has been eliminated in consolidation.

There were no awards provided by JMFF to the Freeman Arts Pavilion during the year ended December 31, 2020.

6. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions during the years ended December 31, 2021 and 2020 by incurring expenses which satisfied the restricted purposes specified by the donors:

	<u>2021</u>	<u>2020</u>
Facility Planning and Development	\$ 1,370,053	\$ 5,211
Program Services	<u>267,882</u>	<u>233,638</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,637,935</u>	<u>\$ 238,849</u>

7. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY)

Financial assets available for use within one year of the Consolidated Statements of Financial Position for general expenditures comprise the following as of December 31, 2021:

	<u>Joshua M. Freeman Foundation</u>	<u>Freeman Arts Pavilion, Inc.</u>	<u>Total</u>
Cash and cash equivalents	\$ 5,306,753	\$ 2,155,048	\$ 7,461,801
Investments	-	5,222,115	5,222,115
Accrued interest	-	19,614	19,614
Due from related parties	24,522	-	24,522
Grants and contributions receivable	296,398	-	296,398
Pledges receivable	<u>428,666</u>	<u>-</u>	<u>428,666</u>
Total financial assets available within one year	6,056,339	7,396,777	13,453,116
Less: Amounts unavailable for general expenditures within one year due to donor restrictions	<u>(393,188)</u>	<u>(8,977,201)</u>	<u>(9,370,389)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR (FINANCIAL DEFICIT)	<u>\$ 5,663,151</u>	<u>\$ (1,580,424)</u>	<u>\$ 4,082,727</u>

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

7. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY) (Continued)

Financial assets available for use within one year of the Consolidated Statements of Financial Position for general expenditures comprise the following as of December 31, 2020:

	Joshua M. Freeman Foundation	Freeman Arts Pavilion, Inc.	Total
Cash and cash equivalents	\$ 1,997,715	\$ 4,937,248	\$ 6,934,963
Investments	-	2,441,647	2,441,647
Accrued interest	-	858	858
Due from related parties	8,589	-	8,589
Grants and contributions receivable	116,547	-	116,547
Pledges receivable	<u>519,500</u>	<u>-</u>	<u>519,500</u>
 Total financial assets available within one year	 2,642,351	 7,379,753	 10,022,104
 Less: Amounts unavailable for general expenditures within one year due to donor restrictions	 <u>(215,334)</u>	 <u>(8,783,199)</u>	 <u>(8,998,533)</u>
 FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR (FINANCIAL DEFICIT)	 <u>\$ 2,427,017</u>	 <u>\$ (1,403,446)</u>	 <u>\$ 1,023,571</u>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2021 and 2020, JMFF has financial assets equal to approximately seven and six months, respectively, of operating expenses. The donor restricted contributions for the Freeman Arts Pavilion, Inc. are available to fund the design and construction of the new venue, and are being invested to create liquidity as the capital expenditures are incurred.

8. RETIREMENT PLAN

The Organization provides retirement benefits to its employees through a defined contribution plan covering all full-time employees after six months of employment. Contributions to the plan during the years ended December 31, 2021 and 2020 totaled \$23,894 and \$20,931, respectively.

9. RELATED PARTY ACTIVITIES

Michelle Freeman, Chairman of the Boards of the Organization, as well as majority owner and Chairman of Carl M. Freeman Associates, Inc. (CMFA), a for-profit corporation controlled by the Freeman family, contributed \$88,956 and \$93,008 to the Organization during 2021 and 2020, respectively. Included in these contributions were in-kind donations of \$63,271 and \$74,773 during 2021 and 2020, respectively, for items used for the Organization's fundraising events, as discussed further in Note 10. In addition, during 2020, CMFA donated a parcel of land to the Organization, with an appraised value of \$220,000.

In both 2021 and 2020, CMFA provided to the Organization, at no cost, a golf course for a fundraising event valued at \$7,500 each year. In addition, CMFA has a program to match its employee charitable donations up to \$1,000 per employee per year. As part of this program, CMFA donated \$135 and \$130 to the Organization during the years ended December 31, 2021 and 2020, respectively.

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

9. RELATED PARTY ACTIVITIES (Continued)

Since its inception, the Organization received contributions in the amount of \$11,195,426 from the Carl M. Freeman Foundation, Inc. (CMFF), a 501(c)(3) private foundation whose principal sponsor is the Freeman family. Of that amount, \$5,310,426 was for operations and \$5,885,000 was for the facility capital improvements to expand and enhance the capacity of the Joshua M. Freeman Foundation's operations in a new arts pavilion. In 2020, CMFF made an additional commitment of \$10,000,000 for the capital project which is conditional upon fundraising and construction milestones. This commitment has not yet been recognized as revenue. Two of the three CMFF Trustees also serve as Directors of the Organization. During the years ended December 31, 2021 and 2020, the Organization received cash contributions totaling \$5,000 and \$3,005,000, respectively, as well as contributions of land totaling \$150,000 (appraised value) from CMFF.

All of the Organization's employees are deemed to be co-employed by JMFF and TriNet (a Professional Employer Organization). Certain JMFF employees also provide services to CMFF for which JMFF is reimbursed.

In addition, certain CMFA employees provide support services to the Organization. All personnel services are purchased by the Organization at cost.

During the years ended December 31, 2021 and 2020, the Organization incurred the following expenses:

	<u>2021</u>	<u>2020</u>
Shared Personnel Services - CMFA	\$ <u>8,534</u>	\$ <u>8,045</u>

10. IN-KIND CONTRIBUTIONS

The Organization receives donations of auction items for its fundraising events as well as in-kind donations of advertising space and other goods and services. During 2021, the Organization received a donation of a box office and a walk-in cooler (from CMFF) valued at \$10,000 and \$5,000, respectively. The values of such items are recorded as contributions at their actual sales price or retail value, respectively. Further, as discussed in Note 9, the Organization recorded a contribution from CMFA for use of its golf course and office space at the estimated market value for use of these facilities.

The total value of these in-kind contributions has been recognized as income and expense (the box office and the walk-in cooler received in 2021 were recorded as capital assets) in the accompanying consolidated financial statements (in "Fundraising and Sponsorships") during the years ended December 31, 2021 and 2020, totaling \$149,809 and \$116,978, respectively.

11. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

11. FAIR VALUE MEASUREMENT (Continued)

Investments recorded in the Consolidated Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used or transfers between levels as of December 31, 2021 and 2020.

- *Fixed Income* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, by level within the fair value hierarchy, the Organization's investments as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Investments - Fixed Income	<u>\$5,222,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,222,115</u>

The table below summarizes, by level within the fair value hierarchy, the Organization's investments as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Investments - Certificates of Deposit	<u>\$ -</u>	<u>\$ 2,441,647</u>	<u>\$ -</u>	<u>\$ 2,441,647</u>

12. COMMITMENTS

The Organization entered into a lease agreement with CMFF for use of certain land, buildings and improvements in Sussex County, DE owned by CMFF. The Organization uses this real property for its programming at the Freeman Arts Pavilion. Under this agreement, all rent has been waived; however, the Organization is obligated to pay for all operating and necessary maintenance expenses. This lease was terminated in December 2021. This was replaced with an annual lease signed on January 1, 2022 at the same terms as the original lease that was terminated in 2021.

The Organization entered into a lease agreement with a subsidiary of CMFA (Sussex Sports Amenities, L.L.C.) for use of land adjacent to the property leased from CMFF as described above. The agreement expired in September 2020 and was extended to March 2021 and was subsequently cancelled in December 2020 due to the purchase of the land by the Organization.

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

12. COMMITMENTS (Continued)

The Organization entered into lease agreements with another subsidiary of CMFA (CMF Bayside L.L.C.) for use of land located on Lake View Drive, adjacent to the Freeman Arts Pavilion and land located behind the former post office. The agreements expired in September 2020 and were extended to March 2021 and was subsequently cancelled in December 2020 due to the purchase of the land by the Organization.

In January 2021, the Organization entered into a five-year lease agreement with CMFF for rental of office space. Base annual rent is \$66,990 per year with annual increases of 3%. The lease also includes abated rent of 33.33% in years one through three and 20% in years four and five.

ASU 2019-01, *Leases* (Topic 842), changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. The Organization elected to early implement the ASU and elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. The Organization also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. The Organization adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, the Organization recorded a right-of-use asset in the amount of \$243,125 as of December 31, 2021. The Organization recorded a corresponding operating lease liability in the amount of \$243,125 by calculating the present value using the discount rate of 3%.

Future minimum lease payments are as follows:

Year Ended December 31,

2022	\$	46,002
2023		49,750
2024		58,561
2025		<u>64,088</u>
	\$	<u>218,401</u>

In connection with the aforementioned accounting treatment, rent (lease) expense for the year ended December 31, 2021 totaled \$52,613.

As of December 31, 2021 the aggregate balance of the lease asset and liability totaled \$197,175 and \$205,125, respectively.

13. CONTINGENCY

The Organization receives awards from various agencies of the United States Government. Such awards are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

14. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 13, 2022, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

JOSHUA M. FREEMAN FOUNDATION AND FREEMAN ARTS PAVILION, INC.

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021**

	ASSETS			
	JMFF	Freeman Arts Pavilion	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,306,754	\$ 2,155,048	\$ -	\$ 7,461,802
Investments	-	5,222,115	-	5,222,115
Accrued interest	-	19,614	-	19,614
Due from related parties	24,522	-	-	24,522
Grants and contributions receivable	296,398	-	-	296,398
Pledges receivable	428,666	-	-	428,666
Due from JMFF	-	649,781	(649,781)	-
Prepaid expenses and other assets	5,499	-	-	5,499
Right-of-use asset	47,128	-	-	47,128
Total current assets	<u>6,108,967</u>	<u>8,046,558</u>	<u>(649,781)</u>	<u>13,505,744</u>
FIXED ASSETS				
Land	-	1,257,500	-	1,257,500
Furniture and equipment	1,164,700	-	-	1,164,700
Signage	98,564	-	-	98,564
Vehicles	9,946	-	-	9,946
	1,273,210	1,257,500	-	2,530,710
Less: Accumulated depreciation and amortization	(846,989)	-	-	(846,989)
Net fixed assets	<u>426,221</u>	<u>1,257,500</u>	<u>-</u>	<u>1,683,721</u>
NONCURRENT AND OTHER ASSETS				
Restricted cash	124,200	-	-	124,200
Right-of-use asset, net of current portion	150,047	-	-	150,047
Pledges receivable, net of current portion	216,894	-	-	216,894
Construction in progress	-	2,633,676	-	2,633,676
Total noncurrent assets and other assets	<u>491,141</u>	<u>2,633,676</u>	<u>-</u>	<u>3,124,817</u>
TOTAL ASSETS	<u>\$ 7,026,329</u>	<u>\$ 11,937,734</u>	<u>\$ (649,781)</u>	<u>\$ 18,314,282</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 107,662	\$ 14,022	\$ -	\$ 121,684
Due to Freeman Arts Pavilion	649,781	-	(649,781)	-
Refundable advances	515,000	-	-	515,000
Lease liability	40,517	-	-	40,517
Total current liabilities	<u>1,312,960</u>	<u>14,022</u>	<u>(649,781)</u>	<u>677,201</u>
NONCURRENT LIABILITIES				
Lease liability, net of current portion	164,608	-	-	164,608
Total liabilities	<u>1,477,568</u>	<u>14,022</u>	<u>(649,781)</u>	<u>841,809</u>
NET ASSETS				
Without donor restrictions	4,756,027	1,949,228	-	6,705,255
With donor restrictions	792,734	9,974,484	-	10,767,218
Total net assets	<u>5,548,761</u>	<u>11,923,712</u>	<u>-</u>	<u>17,472,473</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,026,329</u>	<u>\$ 11,937,734</u>	<u>\$ (649,781)</u>	<u>\$ 18,314,282</u>