

**THE UNION FOR CONTEMPORARY ART, INC.**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED DECEMBER 31, 2020**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Union for Contemporary Art, Inc.  
Omaha, Nebraska

### Report on the Financial Statements

We have audited the accompanying financial statements of The Union for Contemporary Art, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 auditors' 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 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 The Union for Contemporary Art, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Lutz & Company, P.C.*

March 3, 2021

**THE UNION FOR CONTEMPORARY ART, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 714,754
Unconditional Promises to Give	907,495
Total Current Assets	<u>1,622,249</u>

**PROPERTY AND EQUIPMENT**

Leasehold Improvements	1,071,720
Furniture and Equipment	370,862
Construction in Progress	15,037
	<u>1,457,619</u>
Less Accumulated Depreciation	(331,778)
Total Property and Equipment	<u>1,125,841</u>

**OTHER ASSETS**

Unconditional Promises to Give, Less Current Portion	50,000
Total Other Assets	<u>50,000</u>

**\$ 2,798,090**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 6,985
Accrued Wages and Vacation	28,022
Other Accrued Expenses	5,790
Refundable Advance	12,500
Total Current Liabilities	<u>53,297</u>

**LONG-TERM LIABILITIES**

Long-Term Debt	150,000
Total Liabilities	<u>203,297</u>

**COMMITMENTS AND CONTINGENCIES**

-

**NET ASSETS**

Without Donor Restrictions	
Undesignated	1,418,435
Total Without Donor Restrictions	<u>1,418,435</u>
With Donor Restrictions	
Purpose Restrictions	218,863
Time Restricted for Future Periods	957,495
Total With Donor Restrictions	<u>1,176,358</u>
Total Net Assets	<u>2,594,793</u>

**\$ 2,798,090**

The accompanying notes to financial statements  
are an integral part of these statements

**THE UNION FOR CONTEMPORARY ART, INC.  
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING REVENUES AND SUPPORT</b>			
Contributions and Grants	\$ 636,659	\$ 1,356,263	\$ 1,992,922
Other Income	9,763	-	9,763
Paycheck Protection Program (PPP) Revenue	86,000	-	86,000
Loss on Disposal of Property and Equipment	(2,977)	-	(2,977)
Net Assets Released from Restriction			-
Satisfaction of Program Restrictions	448,838	(448,838)	-
Expiration of Time Restrictions	503,035	(503,035)	-
Total Operating Revenues and Support	<u>1,681,318</u>	<u>404,390</u>	<u>2,085,708</u>
<b>OPERATING EXPENSES</b>			
Program Services	898,919	-	898,919
Management and General	285,440	-	285,440
Fundraising	120,226	-	120,226
Total Operating Expenses	<u>1,304,585</u>	<u>-</u>	<u>1,304,585</u>
<b>CHANGES IN NET ASSETS</b>	376,733	404,390	781,123
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,041,702</u>	<u>771,968</u>	<u>1,813,670</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,418,435</u></u>	<u><u>\$ 1,176,358</u></u>	<u><u>\$ 2,594,793</u></u>

The accompanying notes to financial statements  
are an integral part of these statements

**THE UNION FOR CONTEMPORARY ART, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2020

	Program Services										Supporting Services			Totals	
	Abundance Garden	Co-Op Studios	Exhibition	Fellowship	Neighborhood Arts	Performing Arts	Radical HeARTS	Youth Outreach	Populus Fund	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	2020
Advertising	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ -	\$ 60	\$ 4,670	\$ 1,958	\$ 7,048	\$ 3,635	\$ 60	\$ 3,695	\$ 10,743
Art Supplies and Materials	1,673	2,599	280	1,190	210	1,006	14,342	4,699	-	314	26,313	762	210	972	27,285
Production Materials	-	-	-	-	-	332	-	-	-	-	332	-	-	-	332
Bank Charges and Fees	231	231	231	231	231	231	-	231	-	231	1,848	-	231	561	2,409
Interest	-	-	-	-	-	-	-	-	-	-	-	1,993	-	1,993	-
Commissions and Fees	120	402	120	120	120	-	-	120	-	498	1,620	120	120	240	1,860
Dues and Subscriptions	536	536	536	536	536	536	19	1,734	-	536	5,505	536	536	1,072	6,577
Education and Training	45	45	45	295	45	115	-	214	-	45	849	45	45	90	939
Honorariums	-	2,730	1,900	24,000	-	1,650	6,750	13,033	-	4954	55,017	9,416	-	9,416	64,433
Grant Payments	-	-	-	-	-	-	-	-	98,000	-	98,000	-	-	-	98,000
Insurance	2,530	2,530	2,530	2,530	2,530	2,530	-	2,530	-	2,530	20,240	11,055	2,530	13,585	33,825
Legal and Professional Fees	1,912	1,912	1,912	1,912	1,912	4,112	-	1,912	-	1,912	17,496	1,912	1,912	3,824	21,320
Meals and Entertainment	54	54	84	54	54	54	-	54	-	54	462	54	65	119	581
Office Expenses	2,239	4,528	2,239	3,030	2,239	2,473	2,519	2,239	-	2,261	23,767	2,299	2,279	4,578	28,345
Outside Services	590	590	1,859	-	590	590	2,557	899	2,176	4,015	13,866	1,219	-	1,219	15,085
Payroll Related Expenses and Benefits	28,738	178,519	56,792	48,688	37,606	88,846	-	82,666	-	29,533	551,388	158,307	98,540	256,847	808,235
Postage and Shipping	226	340	226	226	226	454	-	485	-	530	2,713	226	1,334	1,560	4,273
Gifts and Appreciation	238	238	238	268	238	350	-	238	-	265	2,073	271	238	509	2,582
Building Expenses	2,063	2,063	2,063	2,063	2,063	2,063	-	2,063	-	2,064	16,505	2,064	2,064	4,128	20,633
Repairs and Maintenance	232	232	232	232	232	232	-	233	-	233	1,858	233	233	466	2,324
Equipment Rental	-	-	31	-	-	-	55	-	-	-	86	106	(55)	51	137
Stationery and Printing	1,250	1,250	1,298	1,332	1,250	1,638	1,164	1,786	-	1,250	12,218	-	6,479	6,479	18,697
Taxes and Licenses	1	1	1	1	1	1	-	1	-	1	8	2	2	4	12
Training	-	-	-	-	-	-	-	-	-	12,000	12,000	-	-	-	12,000
Travel	1	175	1	1	1	1	-	35	-	1	216	20	1	21	237
Mileage	-	-	-	-	-	-	-	-	-	-	22	22	-	22	-
Utilities	3,402	3,402	3,402	3,402	3,402	3,402	-	3,402	-	3,402	27,216	3,402	3,402	6,804	34,020
Depreciation	-	-	-	-	-	-	-	-	-	-	-	80,371	-	80,371	80,371
Miscellaneous	-	-	-	-	-	275	-	-	-	-	275	7,040	-	7,040	7,315
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 46,141</b>	<b>\$ 202,437</b>	<b>\$ 76,080</b>	<b>\$ 90,171</b>	<b>\$ 53,546</b>	<b>\$ 110,796</b>	<b>\$ 27,681</b>	<b>\$ 118,634</b>	<b>\$ 104,846</b>	<b>\$ 68,587</b>	<b>\$ 898,919</b>	<b>\$ 285,440</b>	<b>\$ 120,226</b>	<b>\$ 405,666</b>	<b>\$ 1,304,585</b>

The accompanying notes to financial statements  
are an integral part of these statements

**THE UNION FOR CONTEMPORARY ART, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Changes in Net Assets	\$ 781,123
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By Operating Activities	
Depreciation	80,371
Loss on Disposal of Property and Equipment	2,977
(Increase) Decrease in Assets:	
Unconditional Promises to Give	(419,460)
Increase (Decrease) in Liabilities:	
Accounts Payable	6,620
Accrued Wages and Vacation	14,350
Other Accrued Expenses	2,863
Refundable Advance	12,500
Net Cash Provided By Operating Activities	<u>481,344</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Insurance Proceeds Received	19,833
Purchase of Property and Equipment and Construction in Progress	<u>(55,077)</u>
Net Cash Used In Investing Activities	<u>(35,244)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from Issuance of Long-Term Debt	<u>150,000</u>
Net Cash Provided By Financing Activities	<u>150,000</u>
Net Increase in Cash and Cash Equivalents	596,100
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>118,654</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><b>\$ 714,754</b></u>

The accompanying notes to financial statements  
are an integral part of these statements

**THE UNION FOR CONTEMPORARY ART, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of The Union for Contemporary Art, Inc. (the Organization) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

**Reporting Entity**

The Organization is a not-for-profit corporation organized to strengthen the cultural and social landscape of the community by using arts as a vehicle to inspire positive social change. The Organization supports the following major programs:

- *Abundance Garden* - An inviting community space for growing and gathering, sharing free and fresh produce with North Omaha neighbors.
- *Co-Op Studios* - Five Co-Op studios offer affordable access to professional artmaking equipment, resources, and development for Omaha-area artists.
- *Exhibition* - The Wanda D. Ewing Gallery promotes the work of local, regional, and international artists who are committed to producing art that is both innovative and socially engaged.
- *Fellowship* - The Inside/Outside Fellowship program provides studio space, resources, professional development and financial support to five emerging Omaha area artists every year.
- *Neighborhood Arts* - Increasing the visibility of the arts in North Omaha and inviting community participation in the development of neighborhood murals and other public art projects.
- *Performing Arts* - Curating thought-provoking theatre that reflects authentic and diverse narratives about experiences within the African diaspora.
- *Radical HeARTS* - The Organization’s response to COVID-19 through connected minds and dedicated hands.
- *Youth Outreach* - Inspiring North Omaha children and teens to be agents for change in their lives and communities through arts education and civic engagement.
- *Populus Fund* – A new regranting initiative organized in order to support innovative artist projects throughout Omaha-Lincoln methods. Founded to provide essential support for projects that expand our understanding of how art exists in the world, address community needs, and exemplify new ways of working in, for, and with the public.

The Organization supports other programs as well including “Undesign the Redline” and other miscellaneous public programs throughout the year.



**THE UNION FOR CONTEMPORARY ART, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended December 31, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation**

The Organization maintains its accounts on the accrual basis of accounting.

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restriction – 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.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as released from restriction.

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

**Measure of Operations**

In the statement of activities and change in net assets, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities.

**Cash and Cash Equivalents**

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statement of cash flows.

**THE UNION FOR CONTEMPORARY ART, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended December 31, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Unconditional Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows. Management reports promises to give net of allowance for uncollectible promises on its financial statements. The Organization considers promises to give to be 100% collectible; therefore, no allowance for uncollectible amounts has been established.

**Property and Equipment**

Property and equipment are recorded at cost. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. The cost of assets disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Leasehold Improvements	15
Furniture and Equipment	3-7

Construction in Progress represents assets paid for at year end but not yet completed or placed into service.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restriction. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

**Compensated Absences**

Employees of the Organization are entitled to certain amounts of paid personal time off. In the event of termination, an employee is reimbursed for accumulated unused paid time off. The Organization's policy is to recognize the cost of the compensated absences when actually earned by the employees and is included in the accompanying financial statements.

**THE UNION FOR CONTEMPORARY ART, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended December 31, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue and Revenue Recognition**

The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers” (“Topic 606”). This standard applies to all contracts with customers, except for customers that are within the scope of other standards, such as leases, insurance, collaboration arrangements and financial instruments. Under Topic 606, the Organization recognizes revenue when a customer obtains controls of promised goods or services, in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services.

To determine revenue recognition for arrangements that the Organization determines are within the scope of Topic 606, the Organization performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Organization satisfies the performance obligation. The Organization only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer.

At contract inception, once the contract is determined to be within the scope of Topic 606, the Organization assesses the goods or services promised within each contract and determines those that are performance obligations. The Organization then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

A majority of the Organization’s revenue (contributions) are outside the scope of this standard. The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. All support and revenues are considered unrestricted unless stipulated by the donor or grantor. As of December 31, 2020, the Organization has approximately \$50,000 in conditional promises to give. The Organization must incur costs for a program within a specific time frame in order to be entitled to the funding.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs allocated among program and supporting services are based on management’s estimate of time and effort of programs benefited.

**THE UNION FOR CONTEMPORARY ART, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended December 31, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Advertising**

The Organization uses advertising to promote its programs, recruit volunteer mentors, and raise awareness about community-based mentoring. Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2020 was \$10,743.

**Income Taxes**

The Organization has received exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. As such, no provision for income taxes is reflected in the financial statements.

The Organization files Form 990, *Return of Organization Exempt from Income Tax*, in the U.S. Federal and state jurisdictions. As of December 31, 2020, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years subsequent to 2017 remain subject to examination by major tax jurisdictions.

The Organization has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

**Subsequent Events**

Management has evaluated subsequent events through March 3, 2021, which is the date the financial statements were available to be issued.

**Recently Adopted Accounting Pronouncements**

The Organization has adopted ASU No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, as amended, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue and therefore, there was no material impact on the Organization's statement of financial position, and the related statement of activities and change in net assets, functional expenses, or cash flows.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard was issued in order to clarify and improve the scope and the accounting guidance for contributions received and made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and distinguishing between conditional and unconditional contributions. The Organization implemented ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation.

**THE UNION FOR CONTEMPORARY ART, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended December 31, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Upcoming Accounting Standard Pronouncements**

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*: a revision of the 2010 ASU, *Leases (Topic 840)*, which once again revises a previous change to lease accounting standards. The FASB will require an entity to classify the right to use a leased asset as an asset and the obligation to make lease payments as a liability. The revised ASU contains other factors in determining the proper recording of related expenses. The FASB also decided on a dual approach for lessee accounting, with lease classification determined in accordance with the principle in existing lease requirements (that is, determining whether a lease is effectively an installment purchase by the lessee). A lessee therefore would account for most existing capital/finance leases as Type A leases (that is, recognizing amortization of the right-of-use (ROU) asset separately from interest on the lease liability) and most existing operating leases as Type B leases (that is, recognizing a single total lease expense). Both Type A leases and Type B leases result in the lessee recognizing a ROU asset and a lease liability. The new guidance is effective for fiscal years beginning after December 15, 2021.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organization. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires enhanced disclosures by category of gifts-in-kind. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021.

**NOTE B – CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Organization to credit risk consist of cash, and unconditional promises to give. The Organization maintains cash balances in financial institutions in which balances sometimes exceed the federally insured limits.

**NOTE C – LIQUIDITY AND AVAILABILITY**

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To manage any unanticipated liquidity needs, the Organization has credit cards that could be utilized.

**THE UNION FOR CONTEMPORARY ART, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended December 31, 2020**

**NOTE C – LIQUIDITY AND AVAILABILITY (Continued)**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

Cash and Cash Equivalents	\$	714,754
Current Portion of Unconditional Promises to Give		907,495
		1,622,249
Less those unavailable for general expenditure within one year, due to contractual or donor-imposed restrictions:		
Purpose Restricted Net Assets		(218,862)
Time Restricted Net Assets with Purpose Restrictions		(424,071)
	\$	979,316

**NOTE D – UNCONDITIONAL PROMISES TO GIVE**

The maturities of unconditional promises to give are as follows at December 31, 2020:

Receivable in Less than One Year	\$	907,495
Receivable in One to Five Years		50,000
	\$	957,495

**NOTE E – ECONOMIC INJURY DISASTER LOAN**

On July 12, 2020, the Organization executed the standard loan document required for securing a loan (the “EIDL Loan”) from the U.S. Small Business Administration (SBA) under its Economic Injury Disaster Loan (“EIDL”) assistance program in light of the impact of the COVID-19 impact on the Organization. Pursuant to that certain Loan Authorization and Agreement (the “SBA Loan Agreement”), the principal amount of the EIDL Loan is up to \$150,000, with proceeds to be used for working capital purposes. The Organization has requested and received the full \$150,000 for disbursement. Interest accrues at a rate of 2.75% per annum and only accrues on the funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly beginning July 21, 2021 in the amount of \$641. Payments are applied to accrued interest first and are then allocated to the principal balance. The balance of principal and interest is payable thirty years from the date of the promissory note. The full balance remains outstanding at year end. See below for further details.

**THE UNION FOR CONTEMPORARY ART, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended December 31, 2020**

**NOTE E – ECONOMIC INJURY DISASTER LOAN (Continued)**

Long-term debt consists of the following at December 31, 2020:

EIDL Loan, secured by substantially all business assets, monthly payments of \$641 including principal and interest at 2.75% beginning July 2021 until maturity in July 2050.	\$ 150,000
Total Long-Term Debt	\$ 150,000
Less Current Portion of Long-Term Debt	-
	\$ 150,000

The maturity of long-term debt for the years ending after December 31, 2020 is as follows:

Year Ending December 31,	Amount
2021	\$ -
2022	1,577
2023	3,656
2024	3,758
2025	3,862
Thereafter	137,147
	\$ 150,000

**NOTE F – PAYCHECK PROTECTION PROGRAM REVENUE**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates.

On April 13, 2020, the Organization qualified for and received funding pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act for an aggregate principal amount of approximately \$86,000 (the “PPP Funding”). The PPP Funding had interest at a fixed rate of 1.0% annum, with the first six months of interest deferred, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration (SBA).

**THE UNION FOR CONTEMPORARY ART, INC.  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
Year Ended December 31, 2020**

**NOTE F – PAYCHECK PROTECTION PROGRAM REVENUE (Continued)**

The principal amount of the PPP Funding was subject to forgiveness under the Paycheck Protection Program upon the Organization’s request to the extent that the proceeds were used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization accounted for this transfer of assets as a conditional contribution and thus the full amount was recorded as a refundable advance until the conditions surrounding the funding were substantially met. The Organization concluded that conditions regarding qualification, certification, qualifying expenses, and any other SBA PPP program conditions had been met and applied for forgiveness in September 2020. In October 2020, the Organization was notified that full forgiveness was granted and the Organization recorded the amount as “Paycheck Protection Program (PPP) Revenue” in the statement of activities and change in net assets.

**NOTE G – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes or periods as of December 31, 2020:

Promises to give which are unavailable for expenditure until due	\$ 957,495
Purpose restrictions:	
Youth Program	95,396
Performance Art Collective	1,705
Radical HeARTS	86,707
Undesign the Redline	35,055
Net Assets with Donor Restrictions	<u>\$ 1,176,358</u>

Included in the \$957,495 of time restricted net assets is \$424,071 that is also restricted for specific programs as noted below. Once the funds are received, they will be moved to their respective program restriction.

Exhibition	\$ 40,000
Fellowship	84,000
Co- Op Studios	40,071
Performance Art Collective	85,000
Undesign the Redline	75,000
Populus Fund	100,000
	<u>\$ 424,071</u>



**THE UNION FOR CONTEMPORARY ART, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended December 31, 2020**

**NOTE H – OPERATING LEASES**

The Organization entered into a lease agreement for office space commencing on January 2, 2017 and set to expire in December 2026. The agreement provides for an optional extension for two consecutive additional periods of five years each upon written notice to the Landlord. The original lease agreement required the Organization to pay \$2,000 per month for their office building until October of 2018 when an amendment was made to the lease agreement. The amendment removed the monthly rent requirement but shifted responsibility for all repairs and maintenance of the property to the Organization. The total amount paid for Building expenses and Repairs and Maintenance for the year ended December 31, 2020 was \$22,957.

**NOTE I – INSURANCE CLAIMS**

The Organization experienced an insurance claim during the year ended December 31, 2020.

The Organization experienced flooding which damaged the flooring of the building which they occupy. The estimated cost of the original floor was \$25,000 with a net book value of \$22,810 prior to the damage. The Organization submitted a claim for insurance and was awarded \$19,833 for the claim. The Organization took the insurance proceeds and used it for a down payment on the new floor which was in progress as of year-end and included in “Construction in Progress” on the accompanying statement of financial position.

**NOTE J – SUBSEQUENT EVENT**

On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act, 2021. The Act includes updated guidance for first-draw Paycheck Protection Program (PPP) loans taken out in 2020 and allows for first-draw PPP loan borrowers to apply for a second-draw PPP Loan. Similar to the first-draw PPP Loan, the second-draw PPP Loan is implemented by the Small Business Administration (“SBA”) with support from the Department of the Treasury. The second-draw PPP Loan provides funds to pay payroll costs, including benefits. Funds can also be used to pay mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations. Subsequent to year-end, the Organization applied for a loan amount of \$142,774 and was accepted to participate in the program.

**Lutz**